AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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

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MOORE
El Sayed El Ayouty & Co.
Certified Public Accountants

AlKharashi & Co.
Certified Accountants And Auditors

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Amana Cooperative Insurance Company
(A Saudi Joint Stock Company)

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 of the audited financial statements which indicates that for the year ended 31 December 2023, the Company has posted a net comprehensive income of SAR 31.48 million (2022: Comprehensive loss of SAR 45.63 million), the Company's accumulated losses as at 31 December 2023, are 43.39 % (31 December 2022: 49.92 %) of the Company's share capital. These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, the accompanying financial statements are prepared using the going-concern assumption based on management's assessment on the company's abilities to continue as a going concern. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Amana Cooperative Insurance Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

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

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 for insurance contracts issued amounted to **SAR 52.9 million** and **SAR 2.3 million** (2022: **SAR 71.9 million** and **SAR 3.2 million**) respectively, and estimate of present value of cash flows and risk adjustment for non-financial risk for reinsurance contract held amounts to **SAR 3.1 million** and **SAR 0 million** (2022: **SAR 4.6 million** and **SAR 0 million**) respectively, as reported in Note 5.1 and Note 5.2 respectively 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 are based on the best- estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.	We performed the following procedures: • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence. • Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. • Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilized by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records. • Involved our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following:

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Amana Cooperative Insurance Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

We have 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 material nature of the amounts involved. *Refer to notes 3 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 assets/ liabilities and reinsurance contract assets/ liabilities. Also, refer to note 5.1 & 5.2 for the movement in insurance and reinsurance contract liabilities respectively.*	i. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences; ii. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and iii. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed. • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.
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 01 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 01 January 2022 amounting to **SAR 5.35 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.	We performed the following procedures: • Obtained an understanding of the Company's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Company's accounting policies, systems, processes and controls. • Evaluated and assessed management's process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate. • Evaluated whether management's allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses. • Evaluated the risk adjustment for non-financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Amana Cooperative Insurance Company
(A Saudi Joint Stock Company) (continued)

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). 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 01 January 2022 amounting to **SAR 34.15 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 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 notes 3 for the 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 and assessed management's conclusions regarding the Company's business model for different portfolios of investments and the appropriateness of the Company's determination of ECL under IFRS 9. • Assessed the adequacy of the transition adjustments impact for both IFRS 17 and IFRS 9 on the opening retained earnings as at 01 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 actuarial and accounting specialists and experts.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Amana Cooperative Insurance Company
(A Saudi Joint Stock Company) (continued)

Other information included in the Company's 2023 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as endorsed in Kingdom of Saudi Arabia, the applicable requirements of the Regulations for Companies, and the Company's By-laws, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Company's financial reporting process.

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Amana Cooperative Insurance Company
(A Saudi Joint Stock Company) (continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activity within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We solely remain responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Amana Cooperative Insurance Company
(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.

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Dated: March 29, 2024
corresponding to: Ramdhan 19, 1445H

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

ASSETS	Notes	31 December 2023	31 December 2022 (Restated*)	1 January 2022 (Restated*)
			SAR' 000	
Cash and cash equivalents	9	**173,259**	153,756	47,040
Short term deposits	10	**76,216**	-	10,000
Insurance contract assets	5	**30,420**	18,533	17,707
Reinsurance contract assets	5	**3,526**	5,557	20,595
Investments designated as FVOCI	12a	**44,907**	144,023	50,291
Investments held at amortised cost	12b	**17,555**	12,525	44,198
Prepayments and other receivables	14	**31,288**	31,713	11,582
Property and equipment	15	**5,568**	6,391	6,085
Intangible assets	15	**741**	667	575
Statutory deposit	22	**64,500**	64,500	19,500
Accrued income on statutory deposit		**2,931**	3,787	2,989
TOTAL ASSETS		**450,911**	441,452	230,562
LIABILITIES				
Insurance contract liabilities	5	**122,658**	134,353	178,158
Reinsurance contract liabilities	5	**4,981**	8,132	5,658
Accrued expenses and other liabilities	13	**20,675**	31,942	32,125
Employees' end-of-service benefits (EOSB)	21	**5,181**	5,022	5,342
Provision for zakat and income tax	20	**11,789**	7,009	3,559
Accrued income payable to Insurance Authority		**2,931**	3,787	2,989
TOTAL LIABILITIES		**168,215**	190,245	227,831
EQUITY				
Share capital	23	**430,000**	430,000	130,000
Accumulated losses		**(186,568)**	(214,663)	(163,521)
Fair value reserve for FVOCI investments	17	**41,697**	38,820	37,703
Total Shareholders' Equity		**285,129**	254,157	4,182
Re-measurement of EOSB related to insurance operations	20	**(2,433)**	(2,950)	(1,451)
TOTAL EQUITY		**282,696**	251,207	2,731
TOTAL LIABILITIES AND EQUITY		**450,911**	441,452	230,562

Commitments and Contingencies 16

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

Finance Manager **Board Member** **Managing Director**

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

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	2023	2022 (Restated*)
		SAR' 000	
REVENUES			
Insurance Revenue	6	184,638	237,700
Insurance Service expenses	6	(160,767)	(267,935)
Insurance service result before reinsurance contracts held		23,871	(30,235)
Allocation of reinsurance premiums	6	(6,177)	(27,590)
Amounts (recoverable)/Payable from reinsurers for incurred claims	6	(149)	12,298
Net expense from reinsurance contracts held		(6,326)	(15,292)
Insurance service result		17,545	(45,527)
Net investment income		7,334	1,823
Net credit impairment loss on financial assets		(88)	(11)
Net investment income		7,246	1,812
Finance expenses from insurance contracts issued	5.1	(1,681)	1,961
Net insurance finance income / (expenses)		(1,681)	1,961
Net insurance and investment result		23,110	(41,754)
Other operating income		22,047	17,099
Other operating expenses	8.1	(14,438)	(20,078)
Total Income / (loss) for the year attributable to shareholders before zakat		30,719	(44,733)
Provision for Zakat	20	(5,280)	(3,450)
Net Income / (loss) for the year, after zakat, attributable to the shareholders		25,439	(48,183)
Earnings/ (loss) per share (expressed in SAR per share) note 29			
Basic and diluted earnings/ (loss) per share (expressed in SAR per share)		0.59	(1.70)
Weighted average number of ordinary outstanding shares (in 'thousands)		43,000	28,330

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

Finance Manager | Board Member | Managing Director

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

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

	Notes	2023	2022 (Restated*)
Total income/ (loss) for the year attributable to the shareholders		25,439	(48,183)
Other comprehensive income / (loss):			
Items that will not be reclassified to statement of income in			
Net changes in fair value of investments measured at FVOCI – equity instruments	12a	**5,533**	4,045
Re-measurement gain/ (loss) on defined benefit obligations		**517**	(1,499)
Other comprehensive income for the year, net of tax		**6,050**	2,546
Total comprehensive income/ (loss) for the year		**6,050**	2,546
Total comprehensive income/ (loss) attributable to the shareholders		**31,489**	(45,637)

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

Finance Manager

Board Member

Managing Director

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

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital	Statutory reserve	Accumulated losses	Fair value reserve for FVOCI investments	Total Shareholders' Equity	Re-measurement of EOSB obligations	Total equity
				SAR' 000			
2022							
Balance at January 1, 2022 (Audited)	130,000	-	(157,227)	2,594	(24,633)	(1,451)	(26,084)
Transition impact IFRS-17	-	-	(5,346)	-	(5,346)	-	(5,346)
Transition impact IFRS-9	-	-	(948)	35,109	34,161	-	34,161
Balance at January 1, 2022 (Restated)	130,000	-	(163,521)	37,703	4,182	(1,451)	2,731
Comprehensive income/ (loss) for the year:							
Net changes in fair value of investments measured at FVOCI – equity	-	-	-	4,045	4,045	-	4,045
Sale of investments measured at fair value through OCI	-	-	2,928	(2,928)	-	-	-
Re-measurement gain/ (loss) on defined benefit obligations	-	-	-	-	-	(1,499)	(1,499)
Total loss for the year attributable to the shareholders	-	-	(48,183)	-	(48,183)	-	(48,183)
Total comprehensive income/ (loss) for the year attributable to shareholders	-	-	(45,255)	1,117	(44,138)	(1,499)	(45,637)
Increase in Share Capital	300,000	-	-	-	300,000	-	300,000
Transaction cost for Increase in Share Capital	-	-	(5,887)	-	(5,887)	-	(5,887)
Balance at December 31, 2022 (Restated)	430,000	-	(214,663)	38,820	254,157	(2,950)	251,207
2023							
Balance at January 1, 2023 (Restated)	430,000	-	(214,663)	38,820	254,157	(2,950)	251,207
Comprehensive income/ (loss) for the year:							
Net profit for the year attributable to the shareholders	-	-	25,439	-	25,439	-	25,439
Sale of investments measured at fair value through OCI	-	-	2,656	(2,656)	-	-	-
Net changes in fair value of investments measured at FVOCI – equity	-	-	-	5,533	5,533	-	5,533
Re-measurement gain/ (loss) on defined benefit obligations	-	-	-	-	-	517	517
Total comprehensive income/ (loss) for the year attributable to shareholders	430,000	-	(186,568)	41,697	285,129	(2,433)	282,696
Balance at December 31, 2023	430,000	-	(186,568)	41,697	285,129	(2,433)	282,696

Finance Manager

Board Member

Managing Director

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

AMANA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 SAR' 000	2022 (Restated*) SAR' 000
Cash flows from operating activities			
Profit / (loss) for the year before zakat		30,719	(44,733)
Adjustments for non-cash items:			
Depreciation and amortization	15	1,811	1,936
Property and equipment writeoff during the year	15	117	-
Provision for end-of-service benefits	21	1,482	1,717
Investments held at amortised cost	12b	(54)	(127)
ECL Provision		63	5
Changes in operating assets and liabilities:			
Insurance contracts assets		(11,887)	(826)
Reinsurance contracts assets		2,031	15,038
Insurance contracts liabilities		(11,695)	(43,805)
Reinsurance contracts liabilities		(3,151)	2,474
Prepayments and other receivables		425	(20,131)
Accrued expenses and other liabilities		(11,267)	(183)
Zakat and income tax paid	20	(500)	-
Employees' end-of-service benefits paid	21	(806)	(3,536)
Net cash outflow from operating activities		(2,712)	(92,171)
Cash flows from investing activities			
Proceeds from sale of investment held at FVOCI		104,649	12,476
Additions in sale of investment held at FVOCI		-	(102,163)
Proceeds from maturity of short-term deposit		-	10,000
Addition in maturity of short-term deposit	10	(76,264)	-
Proceeds from held at amortised cost		-	31,795
Addition in held at amortised cost	12b	(4,997)	-
Additions in property, equipment and intangible assets	15	(1,179)	(2,334)
Change in statuary deposit		-	(45,000)
Transaction cost for Capital Increase		-	(5,887)
Net cash inflow from investing activities		22,209	(101,113)
Cash flows from financing activities			
Issue of right shares		-	300,000
Net cash from financing activities		-	300,000
Net change in cash and cash equivalents		19,497	106,716
Cash and cash equivalents at the beginning of the year		153,762	47,040
Cash and cash equivalents at the end of the year		173,259	153,756

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

Finance Manager **Board Member** **Managing Director**

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Amana Cooperative Insurance Company (the "Company") is a Saudi joint stock company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/35 dated Jumada Al-Akher 3, 1431 H (corresponding to May 17, 2010), and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010288711 dated Jumada Al-Akher 10, 1431 H (corresponding to May 24, 2010). The Company's head office is at Salah-uddin Al-Ayubi Street P.O. Box 27986, Riyadh 11427, Kingdom of Saudi

The purpose of the Company is to transact cooperative insurance operations. Its principal lines of business include medical, motor, marine, fire, engineering, accident and liability and protection insurance.

On 2 Jumada II, 1424H, corresponding to July 31, 2003, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). During March 2008,Insurance Authority (IA) then known as SAMA, as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

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

The share capital of the Company as of December 31, 2023, is amounted to SAR 430 million comprising of 43 million shares of SAR 10 each (December 31, 2022: SAR 430 million comprising of 43 million shares of SAR 10 each). Refer note 24.

2. BASIS OF PREPARATION

(a) Basis of preparation
These financial statements of the Company for the year ended December 31, 2023, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") 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 annaual 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, Property and equipment, intangible assets, statutory deposit, and employees' end-of-service benefits. 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 the 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 26 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations and is not required under IFRSs. The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statements of financial position, statement 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.

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

These financial statements are prepared under the historical cost convention, except for the measurement of investments carried at fair value through statement of income (FVTPL) and investments carried at fair value through other comprehensive income (FVOCI), investment in equity accounted investments which is accounted for under the equity method, defined benefits obligation recorded at the present value using the projected unit credit method and liability of incurred claims (LIC) and assets for incurred claims (AIC) recorded at the present value at the current discount rates.

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

Going concern

The Company has posted a net comprehensive income of SAR 31.48 million (2022: Comprehensive loss of SAR 45.63 million), the Company's accumulated losses as at December 31, 2023, are 43.39% (December 31, 2022: 49.92%) of the Company's share capital and as of the same date the Company's solvency reached 210% (December 31, 2022: 105.66%). These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. In this respect the management has prepared three years forecast which exhibits net profits from year 2024. Accordingly, these financial statements have been prepared on going concern assumptions.

(c) Functional & presentation currency

Amounts in these financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands except where otherwise mentioned. Saudi Arabian Riyals (SAR) is the functional currency of the Company as well. 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.

(d) Seasonality of operations

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

(e) Critical accounting judgments, estimates and assumptions

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

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Insurance and reinsurance contracts

i. PAA Eligibility Assessment

The Company has applied the Premium Allocation Approach (PAA) only for contracts with a coverage period of 12 months or less. As this policy applies uniformly to all contracts based on their length, assessments to identify material differences between the model outcomes, for contracts where the coverage period was more than one year, have been deemed unnecessary.

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical Accounting Judgments, Estimates and Assumptions (continued)

ii. Liability for remaining coverage

Acquisition cash flows

For insurance acquisition cash flows, the Company is eligible to whether it recognize insurance acquisition cash flows as an expense when it incurs those costs or to include those cash flows within the liability for remain coverage (and hence amortize those cash flows over the coverage period).

The company had opted to recognize an asset for insurance acquisition cash flows paid and amortized those cash flows over the coverage period.

Significant financing component

The Company has assessed its Liability for Remaining Coverage (LRC) and Assets for remaining coverage (ARC) and concluded that no significant financing component exists within LRC and ARC respectively. Therefore, the Company has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates, for contracts with a coverage period longer than one year.

Expected premium receipts adjustment

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as of the date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded in the LRC.

iii. 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.

Estimates of salvage recoveries and subrogation reimbursements are also considered as an allowance in the measurement of the LIC. The allowance is the assessment of the amount that can be recovered from the third party.

These are projected using a combination of chain ladder technique and as a proportion of the corresponding claims.

iv. Onerosity determination

For contracts measured under GMM and VFA, A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense. For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical Accounting Judgments, Estimates and Assumptions (continued)

iv. Onerosity determination (continued)

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratios. This input is most relevant for the Medical and Motor insurance portfolio;
- Historical combined ratio of similar and comparable sets of contracts for Motor, P&C and Medical portfolios in particular;
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Company also relies on the same group of contracts' weighted actual emerging experience.

v. Expense attribution

The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Company has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

vi. Estimates of future cash flows

The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

The following assumptions were used when estimating future cash flows:

- **Mortality and morbidity rates (insurance risk and reinsurance business)**

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type. An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

- **Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the expected level of expenses will reduce future expected profits of the Company. The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical Accounting Judgments, Estimates and Assumptions (continued)

vi. Estimates of future cash flows (continued)

- Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

vii. 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.

viii. Risk adjustment for non-financial risk

Risk adjustment reflects the compensation that is required for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

For non-life insurance contracts, the Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

ix. Sensitivities on major assumptions considered while applying IFRS 17

The sensitivity analysis is done to evaluate 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 nonlinear.

The sensitivity analysis performed during the year and has been presented under Note 25.

x. Amortization of the contractual service margin

Under GMM/ VFA approach, the CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognize as it provides services in the future. The amount of the CSM for a group of insurance contracts is recognized in the statement of income as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group

Allocating the CSM at the end of the period (before recognizing any amounts in statement of income to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future

- Recognizing in statement of income the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which the Company determines by considering the quantity of the benefits provided and the expected coverage duration. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. The Company then allocates them based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical Accounting Judgments, Estimates and Assumptions (continued)

xi. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios, and the relevant inputs used.

(f) Standards, interpretations and amendments to accounting and reporting standards which are effective in current year

The following standards, amendments and interpretations are effective for the year ended 31 December 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures and impact of IFRS 17 as disclosed in note 3.1.

	Effective from annual period beginning on or after:
- IFRS 17 Insurance Contracts	1 January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
- Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)	1 January 2023
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	Issued on 23 May 2023 with immediate effectiveness

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

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

	Effective from annual period beginning on or after:
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
- IFRS S2 Climate-related Disclosures	1 January 2024
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2024
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
- Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are summarized below.

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

The Company has applied following standards/IFRIC including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments:

- IFRS 17 "Insurance Contracts"
- IFRS 9 "Financial Instruments"

The nature and effects of the key changes in the Company's accounting policies prepared for IFRS 9 and 17 are summarized below:

i) IFRS 17 Insurance Contracts

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

Changes to classification and measurement

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

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

Insurance and reinsurance contracts classification

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

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the contractual terms expect to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the contractual terms expect a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Investment components in Savings and Participating products comprise policyholder account values less applicable surrender fees.

The Company uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the variable fee approach (VFA).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts classification (continued)

The VFA modifies the accounting model in IFRS 17 (referred to as the GMM) to reflect that the consideration an entity receives for the contracts is a variable fee.

Direct participating contracts issued are contracts with direct participation features where the Company holds the pool of underlying assets and accounts for these Groups of contracts under the VFA.

Fair Value Gains on Unit-Linked Investments: These gains are directly related to insurance contracts issued and may not represent realized gains on investments. Their presentation aims to provide a more comprehensive view of our financial performance.
All insurance contracts originated by the Company are without direct participation features.

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

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired and reinsurance contracts held, unless specifically stated otherwise.

Unit of account

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into Groups of contracts that are issued within a calendar year (annual cohorts) and are:

- contracts that are onerous at initial recognition (if any)
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- a Group of remaining contracts. These Groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such Groups are not subsequently reconsidered (if any).

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same Group without performing an individual contract assessment.

Contracts issued within participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to Groups of contracts that have no significant possibility of becoming onerous at the time of initial recognition.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Recognition

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

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a Group of contracts becomes onerous.

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; or
- the initial recognition of any underlying insurance contract.

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

Surplus Distribution

The Company has reclassified the opening balance of surplus distribution payable to its policyholders into the liability for incurred claims. The surplus arising for the period, if any, will be treated or adjusted in fulfillment cash flows and it will be allocated to each line of business on a rational basis. The actual allocation of surplus over the relevant LOBs might vary as it will be done after the year end closure as per the Surplus distribution policy issued by the Insurance Authority (IA) previously known as SAMA.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of Groups of insurance contracts. This assessment is reviewed every reporting period. 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. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

b. both of the following criteria are satisfied:

i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond 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.

Measurement Model Application

The Company applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds for which the coverage period is less than one year. For other contracts issued and held where the coverage period is more than one year, the Company performs PAA Eligibility testing as mentioned in section 2 to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Company applied PAA on contract issued and reinsurance contracts held that pass the testing.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Measurement Model Application (continued)

When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Insurance contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing as mentioned in section 2.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows).

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortization of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year.

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted unless they are expected to be paid in one year or less from the date the claims are incurred.

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

a. the LRC; and
b. the LIC,

The carrying amount of a Group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims,

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

a. increased for premiums received in the period;
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
d. increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. increased for ceding premiums paid in the period; and
b. decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

Insurance contracts not measured under the PAA

On initial recognition, the contracts not measured under PAA are recorded as a total of group of insurance contracts:

a. the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
b. the CSM.

The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of:

- the fulfilment cash flows,
- any cash flows arising at that date and
- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows)

If the total is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

The liability for remaining coverage comprises

- the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and
- any remaining CSM at that date.

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services – Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
- Changes relating to current or past services – Recognised in the insurance service result in profit or loss
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows – Recognised as insurance finance income or expenses

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Insurance contracts not measured under the PAA (continued)

The CSM of each group of contracts is calculated at each reporting date as follows:

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- the CSM of any new contracts that are added to the group in the year;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  a) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
  b) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between
  a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
  b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

Direct participating contracts

Direct participating contracts are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Insurance contracts not measured under the PAA (continued)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

  a) the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;

  b) a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or

  c) an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses)
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

Reinsurance contracts not measured under the PAA

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises:

- the fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- any remaining CSM at that date.

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

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of:

- the fulfilment cash flows;
- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows
- any cash flows arising at that date; and
- any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Reinsurance contracts not measured under the PAA (continued)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

Insurance acquisition costs

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a Group of insurance contracts and that are:
- costs directly attributable to individual contracts and Groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognized, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a Group of insurance contracts when the insurance contracts are subsequently recognized.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Insurance acquisition costs (continued)

The acquisition costs are generally capitalized and recognized in the statement of income over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Company incurs those costs. The company has elected not to choose the option and has capitalized the costs which would then be recognized over the life of contracts. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

Insurance revenue

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

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  i. amounts related to the loss component;
  ii. repayments of investment components;
  iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
  iv. insurance acquisition expenses;
  b. changes in the risk adjustment for non-financial risk, excluding:
  i. changes included in insurance finance income (expenses);
  ii. changes that relate to future coverage (which adjust the CSM); and
  iii. amounts allocated to the loss component;
  c. amounts of the CSM recognized in statement of income for the services provided in the period; and
  d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes. flows such as insurance acquisition cash flows and premium-based taxes.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a Group of contracts.

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

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits excluding investment components;
- other incurred directly attributable insurance service expenses;
- Insurance acquisitions costs incurred and amortization of insurance acquisition cash flows;
- changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- changes that relate to future service (i.e. losses/reversals on onerous Groups of contracts from changes in the loss components).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) IFRS 17 Insurance Contracts (continued)

Insurance finance income or expenses

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

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a. interest accreted on the FCF and the CSM;
b. the effect of changes in interest rates and other financial assumptions; and
c. foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

a. changes in the fair value of underlying items;
b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a. interest accreted on the LIC; and
b. the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Net income (expenses) from reinsurance contracts held

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

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable insurance service expenses;
- effect of changes in risk of reinsurer non-performance;
- for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not
- adjust the CSM for the Group of underlying insurance contracts); and
- changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- changes in the risk adjustment for non-financial risk, excluding:
  changes included in finance income (expenses) from reinsurance contracts held; and
  changes that relate to future coverage (which adjust the CSM);
- amounts of the CSM recognized in statement of income for the services received in the period; and
- ceded premium experience adjustments relating to past and current service.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) IFRS 9 Financial Instruments

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 entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The classification of financial assets are:

(a) Financial assets carried at amortized cost;
(b) Financial assets carried at fair value through other comprehensive income (FVOCI); and
(c) Financial assets carried at fair value through profit or loss (FVTPL)

(a) 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:
(i) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.
The details of these conditions are outlined below.

(i) 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.

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 realized 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.

(ii) SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

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

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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) IFRS 9 Financial Instruments (Continued)

(b) Financial assets at fair value through other comprehensive income (FVOCI):

Debt instruments at FVOCI

The Company applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

This category only includes debt instruments, which the Company intends to hold for the foreseeable future, and which may be sold in response to needs for liquidity or in response to changes in market conditions. The Company classified its debt instruments at FVOCI. Debt instruments at FVOCI are subject to an impairment assessment under IFRS 9.

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.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. In addition, on initial recognition the Company may irrevocably designate a financial asset as FVTPL that otherwise meets the requirements to be measured at amortized cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of statement of income.

Recognition, subsequent measurement and derecognition

Debt instrument at amortized cost

After initial measurement, financial assets are measured at amortized cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Financing income, foreign exchange gains and losses and impairment when the investments are impaired are recognized in the profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition is recognized in the profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) IFRS 9 Financial Instruments (Continued)

Debt instrument at amortized cost (continued)

Debt instruments that are measured at FVOCI category are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in the statement of comprehensive income. Interest income and foreign exchange gains and losses are recognized in the statement of income in the same manner as for financial assets measured at amortized cost.

On derecognition, cumulative gains or losses previously recognized in the statement of comprehensive income are reclassified from the statement of comprehensive income to the statement of income.

Equity instruments that are measured at FVOCI category are subsequently measured at fair value. Dividends are recognized as income in the statement of income when the Company's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in the statement of comprehensive income and are never reclassified to the statement of income. Cumulative gains and losses recognized in the statement of comprehensive income are transferred to retained earnings on disposal of an investment.

Financial assets at fair value through other comprehensive income

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets that are measured at FVTPL category are subsequently measured at fair value. Changes in fair value are recorded in the statement of income. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using a contractual interest rate. Dividend income is recorded in the statement of income when the right to the payment has been established.

Derecognition of financial assets

The Company derecognizes 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.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred assets and the associated liabilities are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of income or statement of comprehensive income as the case may be.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) IFRS 9 Financial Instruments (Continued)

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The Company applies the expected credit losses ('ECL') on its financial assets measured at amortised cost and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognises a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
  Expected credit losses are recognized in two stages, 12-month expected credit losses and Lifetime expected credit losses.

If there is objective evidence that an impairment loss on a financial asset exists, the impairment for assets carried at amortized cost, impairment is based on estimated future cash flows that are discounted at the original effective commission rate.

Credit impaired financial assets:

At each reporting date, the Company assesses whether financial assets measured at amortized cost and debt investments at 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.

Recognition:

Losses are recognized in statement of income and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset (either partially or in full), the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed in statement of income.

Presentation of loss allowances in the statement of financial position:

Loss allowances for expected credit losses are presented as follows:

- financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets;
- 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 amortized cost is recognized in the statement of comprehensive income with a corresponding charge to the statement of income.

The calculation of ECLs

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

- 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.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) IFRS 9 Financial Instruments (Continued)

The calculation of ECLs (continued)

- 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.

The Company allocates its assets subject to ECL calculations to one of these categories, determined as follows:

Stage 1- 12-month ECL (12mECL):
The 12mECL is calculated as the portion of lifetime ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate effective interest rate (EIR).

Stage 2- LTECL:
When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

Stage 3- Credit impaired:
For debt instruments considered credit-impaired, the Company recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

Forward looking information
In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such

- GDP growth
- Inflation

- Write-offs
Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to expected credit loss expense. There were no write-offs over the period reported in these financial statements.

- Receivable from brokers / agents
Insurance contracts sold via brokers where brokers have collected the premiums from the insured and not yet paid to the Company are classified as "receivable from brokers / agents". The balances are outside the contract boundary of insurance contracts issued and are subject to impairment assessment based on simplified approach of IFRS 9. Under IFRS 9 simplified approach, the Company measures the loss allowance at an amount equal to lifetime expected credit losses for Insurance receivables embedded within the LRC.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the insurance contracts liabilities net of related deferred policy acquisition costs. In performing these tests management uses current best estimates of future contractual cash flows and claims handling and administration expenses. Any deficiency in the carrying amounts is immediately charged to the statement of income by establishing a premium deficiency reserve arising from liability adequacy tests accordingly.

- Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

- Property and equipment

Property and equipment is measured at cost net of accumulated depreciation and accumulated impairment in value if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. Expenditure for repair and maintenance is charged to the statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalised. Depreciation is charged to the statement of income on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are:

	Years
Leasehold improvements	5
Furniture and fittings	5
Computer and office equipment	4
Motor Vehicles	4

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of income.

Capital work-in-progress includes projects that to be commissioned in future. When commissioned, capital work-in-progress will be transferred to the respective category within property and equipment, and depreciated in accordance with the Company's policy.

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

- 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 are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

- Provisions, accrued expenses and other liabilities

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Impairment of non-financial assets
Assets that have an indefinite useful life. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

- Investment property
Investment property represents land and buildings that are held for capital appreciation purposes. Land and buildings are stated at cost less recognized impairment loss, if any.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property.

- Foreign currencies
Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Arabian Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as of the date of the initial transaction and are not subsequently restated. Foreign exchange gains or losses on available-for-sale investments are recognized in "Other operating income" in the statement of income and statement of comprehensive income.

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Zakat and taxes

Zakat and income tax are provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. Zakat provision is charged to the statement of income. Zakat is computed on the Saudi shareholder's share of the zakat base, while income tax is calculated on the foreign shareholder's share of adjusted net income. Income tax is charged to the statement of income. The Company is settling the zakat and income tax annually to ZATCA whereas Zakat and income tax is accrued on a quarterly basis.

- Deferred income tax:

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax 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 recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. The deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

- Cash flow statement

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

- Operating segments

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

- Medical insurance provides coverage for health insurance.
- Motor insurance provides coverage for vehicles' insurance.
- Property & Casualty insurance provides coverage for Property, Engineering, Marine and other general insurance.

Segment performance is evaluated based on statement of income which, in certain respects, is measured differently from statement of income in the financial statements.

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Leases

The Company assesses whether the contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these short-term leases and leases of low value assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount 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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest 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 right-of-use 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 remeasured 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 remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The Company did not make any such adjustments during the periods presented.

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

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Leases (continued)

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

- Other operating income

Income from Haj and Umrah fund is recognized as other operating income on the basis of quarterly financial statements released by the Fund Manager.

- Statutory reserve

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

- Intangible assets

'Intangible assets are shown at historical cost less accumulated amortization. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Company amortises intangible assets with a limited useful life using straight-line method over 4 years.

4. TRANSITIONAL NOTE

This is the Company's first annual financial report prepared in accordance with the requirements of IFRS 17 and IFRS 9.

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

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

At 1 January 2022, the Company applied the following approaches to identify and measure certain groups of contracts in the Property & Casualty, Motor and Medical / Health segments on transition to IFRS 17.

Contract measured	Full retrospective approach (FRA) from 2017 to 2021

4. TRANSITIONAL NOTE (CONTINUED)

EXPLAINATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES

Reconciliation of interim condensed statement of financial position as at 1 January 2022:

Statement of Financial Position	1st January 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Pro-adoption of IFRS 17 & IFRS 9
ASSETS		Reclassification	Re-measurement	Reclassification	Re-measurement	
	SAR' 000					
Cash and cash equivalents	47,040	-	-	-	-	47,040
Short term deposits	10,000	-	-	-	-	10,000
Premiums and reinsurances' receivable	87,543	(87,543)	-	-	-	-
Reinsurers' share of unearned premiums	1,433	(1,433)	-	-	-	-
Reinsurers' share of outstanding claims	1,267	(1,267)	-	-	-	-
Reinsurers' share of claims incurred but not reported	1,205	(1,205)	-	-	-	-
Insurance contract assets	-	-	17,707	-	-	17,707
Reinsurance contract assets	-	-	20,595	-	-	20,595
Deferred policy acquisition costs	12,606	(12,606)	-	-	-	-
Available-for-sale investments	15,182	-	-	(15,182)	-	-
Held-to-maturity investments	44,198	-	-	(44,198)	-	-
Investments designated as FVOCI	-	-	-	15,182	35,109	50,291
Investments held at amortised cost	-	-	-	44,198	-	44,198
Prepayments and other assets	14,812	-	(3,230)	-	-	11,582
Property and equipment	6,085	-	-	-	-	6,085
Intangible assets	575	-	-	-	-	575
Statutory deposit	19,500	-	-	-	-	19,500
Accrued income on statutory deposit	2,989	-	-	-	-	2,989
TOTAL ASSETS	264,435	(104,054)	35,072	-	35,109	230,562
LIABILITIES						
Policyholders claims payable	3,488	(3,488)	-	-	-	-
Accrued expenses and other liabilities	42,013	(9,888)	-	-	-	32,125
Reinsurance balances payable	8,176	(8,176)	-	-	-	-
Unearned premiums	113,295	(113,295)	-	-	-	-
Insurance contract liabilities	-	-	178,158	-	-	178,158
Reinsurance contract liabilities	-	-	5,658	-	-	5,658
Unearned reinsurance commission	242	(242)	-	-	-	-
Outstanding claims	21,401	(21,401)	-	-	-	-
Claims incurred but not reported	58,250	(58,250)	-	-	-	-
Premiums deficiency reserve	27,167	(27,167)	-	-	-	-
Other technical reserve	3,818	(3,818)	-	-	-	-
Employees' end-of-service benefits (EOSB)	5,342	-	-	-	-	5,342
Surplus distribution payable	779	(779)	-	-	-	-
Provision for zakat and income tax	3,559	-	-	-	-	3,559
Accrued income payable to Insurance Authority	2,989	-	-	-	-	2,989
TOTAL LIABILITIES	290,519	(246,504)	183,816	-	-	227,831
SHAREHOLDERS' EQUITY						
Share capital	130,000	-	-	-	-	130,000
Accumulated loss	(157,227)	-	(5,346)	-	(948)	(163,521)
Fair value reserve for FVOCI investments	2,594	-	-	-	35,109	37,703
TOTAL SHAREHOLDERS'	(24,633)	-	(5,346)	-	34,161	4,182
Re-measurement of EOSB related to insurance operations	(1,451)	-	-	-	-	(1,451)
TOTAL EQUITY	(1,451)	-	-	-	-	(1,451)
TOTAL LIABILITIES AND EQUITY	264,435	(246,504)	178,470	-	34,161	230,562

4. TRANSITIONAL NOTE (CONTINUED)

Reconciliation of interim condensed statement of financial position as at 31 December 2022:

Statement of Financial Position	31st December 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Pro-adoption of IFRS 17 & IFRS 9
ASSETS		Reclassification	Re-measurement	Reclassification	Re-measurement	
	SAR' 000					
Cash and cash equivalents	153,762	-	-	-	(6)	153,756
Short term deposits	-	-	-	-		-
Premiums and reinsurances' receivable	70,316	(70,316)	-	-	-	-
Reinsurers' share of unearned premiums	1,436	(1,436)	-	-	-	-
Reinsurers' share of outstanding claims	1,688	(1,688)	-	-	-	-
Reinsurers' share of claims incurred but not reported	744	(744)	-	-	-	-
Insurance contract assets	-	-	18,533	-	-	18,533
Reinsurance contract assets	-	-	5,557	-	-	5,557
Deferred policy acquisition costs	13,376	(13,376)	-	-	-	-
Available-for-sale investments	106,243	-	-	(106,243)	-	-
Held-to-maturity investments	12,530	-	-	(12,530)	-	-
Investments designated as FVOCI	-	-	-	106,243	37,780	144,023
Investments held at amortised cost	-	-	-	12,530	(5)	12,525
Prepayments and other assets	35,151	-	(3,438)	-	-	31,713
Property and equipment	6,391	-	-	-	-	6,391
Intangible assets	667	-	-	-	-	667
Statutory deposit	64,500	-	-	-	-	64,500
Accrued income on statutory deposit	3,787	-	-	-	-	3,787
TOTAL ASSETS	**470,591**	**(87,560)**	**20,652**	**-**	**37,769**	**441,452**
LIABILITIES						
Policyholders claims payable	3,582	(3,582)	-	-	-	-
Accrued expenses and other liabilities	42,280	(10,338)	-	-	-	31,942
Reinsurance balances payable	9,212	(9,212)	-	-	-	-
Unearned premiums	95,240	(95,240)	-	-	-	-
Insurance contract liabilities	-	-	134,353	-	-	134,353
Reinsurance contract liabilities	-	-	8,132	-	-	8,132
Unearned reinsurance commission	214	(214)	-	-	-	-
Outstanding claims	24,357	(24,357)	-	-	-	-
Claims incurred but not reported	46,210	(46,210)	-	-	-	-
Premiums deficiency reserve	14,318	(14,318)	-	-	-	-
Other technical reserve	1,228	(1,228)	-	-	-	-
Employees' end-of-service benefits (EOSB)	5,022	-	-	-	-	5,022
Surplus distribution payable	410	(410)	-	-	-	-
Provision for zakat and income tax	7,009	-	-	-	-	7,009
Accrued income payable to Insurance Authority	3,787	-	-	-	-	3,787
TOTAL LIABILITIES	**252,869**	**(205,109)**	**142,485**	**-**	**-**	**190,245**
SHAREHOLDERS' EQUITY						
Share capital	430,000	-	-	-	-	430,000
Accumulated loss	(210,368)	-	(4,284)	(2,928)	2,917	(214,663)
Fair value reserve for investments at FVOCI	1,040	-	-	2,928	34,852	38,820
TOTAL SHAREHOLDERS'	**220,672**	**-**	**(4,284)**	**-**	**37,769**	**254,157**
Re-measurement of EOSB related to insurance operations	(2,950)	-	-	-	-	(2,950)
TOTAL EQUITY	**(2,950)**	**-**	**-**	**-**	**-**	**(2,950)**
TOTAL LIABILITIES AND EQUITY	**470,591**	**(205,109)**	**138,201**	**-**	**37,769**	**441,452**

4. TRANSITION NOTE (CONTINUED)

Reconciliation of interim condensed statement of financial position as at 31 December 2022:

For the year December 31, 2022	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17 Re-classification	IFRS 17 Re-measurement	IFRS 9 Re-classification	IFRS 9 Re-measurement	Post adoption of IFRS 17 & IFRS 9
			SAR' 000			
Insurance revenue	-	-	237,700	-	-	237,700
Insurance service expenses	-	-	(267,935)	-	-	(267,935)
Net expenses from reinsurance contracts	-	-	(15,292)	-	-	(15,292)
Insurance service result	-	-	(45,527)	-	-	(45,527)
Gross premium written	230,515	(230,515)	-	-	-	-
Less: reinsurance ceded - Local	(602)	602	-	-	-	-
Less: reinsurance ceded - Foreign	(2,978)	2,978	-	-	-	-
Less: XOL	(24,280)	24,280	-	-	-	-
Net premiums written	202,655	(202,655)	-	-	-	-
Changes in unearned premium - net	18,056	(18,056)	-	-	-	-
Net premiums earned	220,711	(220,711)	-	-	-	-
Reinsurance commission income	628	(628)	-	-	-	-
Other underwriting income	17,715	(18,331)	616	-	-	-
TOTAL REVENUES / NET INSURANCE SERVICE RESULT	**239,054**	**(239,670)**	**(44,911)**	**-**	**-**	**(45,527)**
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid (including settlement expense)	(219,339)	219,339	-	-	-	-
Less: Reinsurers' share	12,099	(12,099)	-	-	-	-
Net Claims Paid	(207,240)	207,240		-	-	-
Changes in outstanding claims	5,489	(5,489)	-	-	-	-
Changes in reinsurers' share of outstanding claims	420	(420)	-	-	-	-
Changes in IBNR	3,587	(3,587)	-	-	-	-
Changes in reinsurers' share of IBNR	(452)	452	-	-	-	-
Net Claims incurred	(198,196)	198,196		-	-	-
Changes in premiums deficiency reserve	12,849	(12,849)	-	-	-	-
Changes in other technical reserves	2,589	(2,589)	-	-	-	-
Policy acquisition costs	(29,885)	29,885	-	-	-	-
Inspection and supervision fees	(8,820)	8,820	-	-	-	-
Net income (expenses) from reinsurance contracts held	**(23,267)**	**23,267**	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	**(221,463)**	**221,463**	-	-	-	-
Net investment income	-	-	-	1,823	-	1,823
Credit loss allowance	-	-	-	-	(11)	(11)
Net investment income	-	-	-	1,823	(11)	1,812
Finance income from insurance contracts issued	-	-	1,961	-	-	1,961
Net finance income	-	-	1,961	-	-	1,961
Net underwriting income/(loss) / Insurance and investment results	**17,591**	**(18,207)**	**(42,950)**	**1,823**	**(11)**	**(41,754)**
OTHER OPERTAING (EXPENSES) / INCOME						
Reversal of allowance for doubtful debts	(8,874)	8,874	-	-	-	-
General and administrative expenses	(57,263)	57,263	-	-	-	-
Investment income	1,823	-	-	(1,823)	-	-
Realized loss from sale of available-for-sale investments	2,928	-	-	-	(2,928)	-
Other operating income	-	17,099	-	-	-	17,099
Other operating expenses	-	-	(15,953)	-	(4,125)	(20,078)
TOTAL OTHER OPERATING (EXPENSES) / INCOME	**(61,386)**	**83,236**	**(15,953)**	**(1,823)**	**(7,053)**	**(2,979)**
(Loss) before surplus & zakat	(43,795)	65,029	(58,903)	-	(7,064)	(44,733)
Income attributed to the insurance operations (transfer to surplus payable)	-	-	-	-	-	-
Income attributed to the shareholders before zakat	(43,795)	65,029	(58,903)	-	(7,064)	(44,733)
Zakat charge	(3,450)	-	-	-	-	(3,450)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT	**(47,245)**	**65,029**	**(58,903)**	**-**	**(7,064)**	**(48,183)**

4. TRANSITION OF STATEMENTS (CONTINUED)

Reclassification and remeasurement impact on the statement of financial position on adoption of IFRS 17

Impact on Equity:

Drivers of Changes in Equity	Impact on equity on transition to IFRS 17 on January 1, 2022
Insurance contract liabilities	Decrease by SR 7.1 million
Reinsurance contract assets	Increase by SR 0.05 million
Discounting impact	Increase by SR 1.7 million
Total Impact	**Decrease by SR 5.35 million**

Impact on Insurance Contract Liabilities:

Drivers of Changes	Impact on liabilities on transition to IFRS 17 on January 1, 2022
Additional Deferred Acquisition Costs	Decrease by SR 6.3 million
Risk Adjustment	Increase by SR 3.9 million
Loss Component	Increase by SR 9.5 million
Discounting impact	Decrease by SR 1.7 million
Total Impact	**Increase by SR 5.3 million**

Impact on Reinsurance Contract Assets

Drivers of Changes	Impact on assets on transition to IFRS 17 on January 1, 2022
Reinsurance Risk Adjustment & Discounting	Increase by SR 0.07 million
Reinsurance Default Provision	Decrease by SR 0.02 million
Total Impact	**Increase by SR 0.05 million**

4. TRANSITION OF STATEMENTS (CONTINUED)

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

Impairment of financial Assets and revaluation:

The following tables reconciles the impairment allowance and provision recorded as per the measurement of IAS 39 as of 31 December 2021 to opening ECL allowance determined in accordance with IFRS 9 as of 1 January 2022 to arrive at the final impact on equity due to transition to IFRS 9:

Impact on Equity:

Drivers of Changes in Equity	**Impact on equity on transition to IFRS 9 on January 1, 2022**
Classification / Re-classification impact on Financial Assets at FVOCI	Increase by SR 35.1 million
Remeasurement impact on insurance assets	Decrease by SR 0.95 million
Total Impact	**Increase by SR 34.15 million**

Particulars	**Re-classification**	**Re-measurement**	**1 January 2022 (IFSR 9)**
Financial Assets at Amortized Costs (IFRS 9)			
Expected Credit Loss on other Receivables	-	(948)	(948)
Total Impact	-	**(948)**	**(948)**
Financial Assets at FVOCI (IFRS 9)			
Fair Value changes on the assets reclassified from available for sale to FVOCI	35,109	-	35,109
Total Impact	**35,109**	**-**	**35,109**

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17

	Valuation Approach	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
			SAR' 000	
Insurance contract balances				
– Insurance contract assets				
5.1.1 - Medical	PAA	**15,500**	12,004	17,137
5.1.2 - Motor	PAA	**13,653**	5,842	22
5.1.3 - Property & Casualty	PAA	1,267	687	548
Total Insurance contract assets		30,420	18,533	17,707
– Insurance contract liabilities				
5.1.1 - Medical	PAA	**94,387**	72,714	84,712
5.1.2 - Motor	PAA	24,846	57,188	89,250
5.1.3 - Property & Casualty	PAA	3,425	4,451	4,196
Total Insurance contract liabilities		122,658	134,353	178,158
Total Insurance contract assets & liabilities, net		92,238	115,820	160,451
Reinsurance contracts				
– Reinsurance contract assets				
5.2.1 - Medical	PAA	**307**	2,318	17,819
5.2.2 - Motor	PAA	1,271	841	358
5.2.3 - Property & Casualty	PAA	1,948	2,398	2,418
Total Reinsurance contract assets		3,526	5,557	20,595
– Reinsurance contract liabilities				
5.2.1 - Medical	PAA	**1,264**	4,040	673
5.2.2 - Motor	PAA	**2,722**	3,380	4,964
5.2.3 - Property & Casualty	PAA	995	712	21
Total Reinsurance contract liabilities		4,981	8,132	5,658
Total Reinsurance contract assets & liabilities, net		1,455	2,575	(14,937)

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.1 Analysis of Insurance contract assets and liabilities for contracts measured under PAA

All segments / portfolios under PAA	As at December 31, 2023					As at December 31, 2022 (Restated)				
	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
			SAR' 000					SAR' 000		
Opening assets	(18,517)	-	(16)	-	(18,533)	(17,707)	-	-	-	(17,707)
Opening liabilities	37,958	21,196	71,919	3,280	134,353	53,750	37,254	83,273	3,881	178,158
Net opening balance	**19,441**	**21,196**	**71,903**	**3,280**	**115,820**	**36,043**	**37,254**	**83,273**	**3,881**	**160,451**
Changes in the statement of income										
Insurance revenue	(184,638)	-	-	-	(184,638)	(237,700)	-	-	-	(237,700)
Insurance service expenses										
Incurred claims	-	-	112,630	1,731	114,361	-	-	217,879	2,887	220,766
Directly attributable non-acquisition expenses	-	-	25,835	-	25,835	-	-	31,049	-	31,049
Changes relating to liabilities for incurred claims	-	-	(18,692)	(2,708)	(21,400)	-	-	(13,179)	(3,488)	(16,667)
Losses / (loss reversals) on onerous contracts	-	(11,421)	-	-	(11,421)	-	(16,058)	-	-	(16,058)
Insurance acquisition cost incurred	50,341	-	-	-	50,341	48,845	-	-	-	48,845
Surplus distribution to policyholders	-	-	3,051	-	3,051	-	-	-	-	-
Insurance service expenses	**50,341**	**(11,421)**	**122,824**	**(977)**	**160,767**	48,845	(16,058)	235,749	(601)	267,935
Insurance service result	134,297	11,421	(122,824)	977	23,871	188,855	16,058	(235,749)	601	(30,235)
Finance expenses from insurance contracts issued	-	-	(1,681)	-	(1,681)	-	-	1,961	-	1,961
Total amounts recognised in statement of income	134,297	11,421	(124,505)	977	22,190	188,855	16,058	(233,788)	601	(28,274)
Cash flows										
Premiums received	193,856	-	-	-	193,856	220,762	-	-	-	220,762
Claims paid	-	-	(117,686)	-	(117,686)	-	-	(213,743)	-	(213,743)
Directly attributable non-acquisition expenses paid	-	-	(25,835)	-	(25,835)	-	-	(31,415)	-	(31,415)
Insurance acquisition cash flows	(51,727)	-	-	-	(51,727)	(48,509)	-	-	-	(48,509)
Net closing balance	27,273	9,775	52,887	2,303	92,238	19,441	21,196	71,903	3,280	115,820
Closing liabilities	57,689	9,775	52,887	2,307	122,658	37,958	21,196	71,919	3,280	134,353
Closing assets	(30,416)	-	-	(4)	(30,420)	(18,517)	-	(16)	-	(18,533)
Net closing balance	27,273	9,775	52,887	2,303	92,238	19,441	21,196	71,903	3,280	115,820

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.1.1 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Medical

Medical	As at December 31, 2023					As at December 31, 2022 (Restated)				
	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
	SAR' 000					SAR' 000				
Opening assets	(12,004)	-	-	-	(12,004)	(17,137)	-	-	-	(17,137)
Opening liabilities	25,211	1,872	43,765	1,866	72,714	19,046	10,599	52,569	2,498	84,712
Net opening balance	**13,207**	**1,872**	**43,765**	**1,866**	**60,710**	**1,909**	**10,599**	**52,569**	**2,498**	**67,575**
Changes in the statement of income										
Insurance revenue	(136,108)	-	-	-	(136,108)	(138,001)	-	-	-	(138,001)
Insurance service expenses										
Incurred claims	-	-	82,035	1,361	83,396	-	-	101,441	1,802	103,243
Directly attributable non-acquisition expenses	-	-	20,461	-	20,461	-	-	18,841	-	18,841
Changes relating to liabilities for incurred claims	-	-	(16,900)	(1,815)	(18,715)	-	-	(8,833)	(2,434)	(11,267)
Losses / (loss reversals) on onerous contracts	-	5,784	-	-	5,784	-	(8,727)	-	-	(8,727)
Insurance acquisition cost incurred	28,223	-	-	-	28,223	26,757	-	-	-	26,757
Surplus distribution to policyholders	-	-	1,897	-	1,897	-	-	-	-	-
Insurance service expenses	**28,223**	**5,784**	**87,493**	**(454)**	**121,046**	26,757	(8,727)	111,449	(632)	128,847
Insurance service result	**107,885**	**(5,784)**	**(87,493)**	**454**	**15,062**	111,244	8,727	(111,449)	632	9,154
Finance expenses from insurance contracts issued	-	-	(347)	-	(347)	-	-	877	-	877
Total amounts recognised in statement of income	**107,885**	**(5,784)**	**(87,840)**	**454**	**14,715**	111,244	8,727	(110,572)	632	10,031
Cash flows										
Premiums received	165,279	-	-	-	165,279	149,526	-	-	-	149,526
Claims paid	-	-	(77,955)	-	(77,955)	-	-	(100,167)	-	(100,167)
Directly attributable non-acquisition expenses paid	-	-	(20,461)	-	(20,461)	-	-	(19,209)	-	(19,209)
Insurance acquisition cash flows	(33,971)	-	-	-	(33,971)	(26,984)	-	-	-	(26,984)
Net closing balance	36,630	7,656	33,189	1,412	78,887	13,207	1,872	43,765	1,866	60,710
Closing liabilities	52,130	7,656	33,189	1,412	94,387	25,211	1,872	43,765	1,866	72,714
Closing assets	(15,500)	-	-	-	(15,500)	(12,004)	-	-	-	(12,004)
Net closing balance	36,630	7,656	33,189	1,412	78,887	13,207	1,872	43,765	1,866	60,710

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.1.2 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Motor

Motor	As at December 31, 2023					As at December 31, 2022 (Restated)				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		Total	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
			SAR' 000					SAR' 000		
Opening assets	(5,842)	-	-	-	(5,842)	(22)	-	-	-	(22)
Opening liabilities	10,440	19,324	26,053	1,371	57,188	33,150	26,655	28,135	1,310	89,250
Net opening balance	**4,598**	**19,324**	**26,053**	**1,371**	**51,346**	**33,128**	**26,655**	**28,135**	**1,310**	**89,228**
Changes in the statement of income										
Insurance revenue	(43,613)	-	-	-	(43,613)	(95,189)	-	-	-	(95,189)
Insurance service expenses										
Incurred claims	-	-	29,750	339	30,089	-	-	115,512	1,055	116,567
Directly attributable non-acquisition expenses	-	-	4,988	-	4,988	-	-	11,821	-	11,821
Changes relating to liabilities for incurred claims	-	-	(1,450)	(878)	(2,328)	-	-	(2,969)	(994)	(3,963)
Losses / (loss reversals) on onerous contracts	-	(17,205)	-	-	(17,205)	-	(7,331)	-	-	(7,331)
Insurance acquisition cost incurred	21,009	-	-	-	21,009	21,115	-	-	-	21,115
Surplus distribution to policyholders	-	-	199	-	199	-	-	-	-	-
Insurance service expenses	**21,009**	**(17,205)**	**33,487**	**(539)**	**36,752**	21,115	(7,331)	124,364	61	138,209
Insurance service result	22,604	17,205	(33,487)	539	6,861	74,074	7,331	(124,364)	(61)	(43,020)
Finance expenses from insurance contracts issued	-	-	(1,335)	-	(1,335)	-	-	1,050	-	1,050
Total amounts recognised in statement of income	22,604	17,205	(34,822)	539	5,526	74,074	7,331	(123,314)	(61)	(41,970)
Cash flows										
Premiums received	26,321	-	-	-	26,321	66,755	-	-	-	66,755
Claims paid	-	-	(39,204)	-	(39,204)	-	-	(113,576)	-	(113,576)
Directly attributable non-acquisition expenses paid	-	-	(4,988)	-	(4,988)	-	-	(11,820)	-	(11,820)
Insurance acquisition cash flows	(16,756)	-	-	-	(16,756)	(21,211)	-	-	-	(21,211)
Net closing balance	(8,441)	2,119	16,683	832	11,193	4,598	19,324	26,053	1,371	51,346
Closing liabilities	5,212	2,119	16,683	832	24,846	10,440	19,324	26,053	1,371	57,188
Closing assets	(13,653)	-	-	-	(13,653)	(5,842)	-	-	-	(5,842)
Net closing balance	(8,441)	2,119	16,683	832	11,193	4,598	19,324	26,053	1,371	51,346

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.1.3 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Property & Casualty

Property & Casualty	As at December 31, 2023					As at December 31, 2022 (Restated)				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		Total	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	SAR' 000					SAR' 000				
Opening assets	(671)	-	(16)	-	(687)	(548)	-	-	-	(548)
Opening liabilities	2,307	-	2,101	43	4,451	1,554	-	2,569	73	4,196
Net opening balance	1,636	-	2,085	43	3,764	1,006	-	2,569	73	3,648
Changes in the statement of income										
Insurance revenue	(4,917)	-	-	-	(4,917)	(4,510)	-	-	-	(4,510)
Insurance service expenses										
Incurred claims	-	-	845	31	876	-	-	926	30	956
Directly attributable non-acquisition expenses	-	-	386	-	386	-	-	387	-	387
Changes relating to liabilities for incurred claims	-	-	(342)	(15)	(357)	-	-	(1,377)	(60)	(1,437)
Losses / (loss reversals) on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cost incurred	1,109	-	-	-	1,109	973	-	-	-	973
Surplus distribution to policyholders	-	-	955	-	955	-	-	-	-	-
Insurance service expenses	1,109	-	1,844	16	2,969	973	-	(64)	(30)	879
Insurance service result	3,808	-	(1,844)	(16)	1,948	3,537	-	64	30	3,631
Finance expenses from insurance contracts issued	-	-	-	-	1	-	-	34	-	34
Total amounts recognised in statement of income	3,808	-	(1,843)	(16)	1,949	3,537	-	98	30	3,665
Cash flows										
Premiums received	2,256	-	-	-	2,256	4,481	-	-	-	4,481
Claims paid	-	-	(527)	-	(527)	-	-	-	-	-
Directly attributable non-acquisition expenses paid	-	-	(386)	-	(386)	-	-	(386)	-	(386)
Insurance acquisition cash flows	(1,000)	-	-	-	(1,000)	(314)	-	-	-	(314)
Net closing balance	(916)	-	3,015	59	2,158	1,636	-	2,085	43	3,764
Closing liabilities	347	-	3,015	63	3,425	2,307	-	2,101	43	4,451
Closing assets	(1,263)	-	-	(4)	(1,267)	(671)	-	(16)	-	(687)
Net closing balance	(916)	-	3,015	59	2,158	1,636	-	2,085	43	3,764

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.2 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA

All portfolios / segments under PAA	As at December 31, 2023					As at December 31, 2022 (Restated)				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		Total	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
			SAR' 000					SAR' 000		
Opening liabilities	(8,132)	-	-	-	(8,132)	(5,637)	(21)	-	-	(5,658)
Opening assets	908	-	4,615	34	5,557	887	-	19,650	58	20,595
Net opening balance	**(7,224)**	**-**	**4,615**	**34**	**(2,575)**	**(4,750)**	**(21)**	**19,650**	**58**	**14,937**
Changes in the statement of income										
Allocation of reinsurance premiums	6,177	-	-	-	6,177	27,590	-	-	-	27,590
Amounts recoverable from reinsurance										
Incurred claims & other expenses	-	-	1,100	18	1,118	-	-	545	19	564
Changes in amounts recoverable on incurred claims	-	-	(759)	(49)	(808)	-	-	11,756	(43)	11,713
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	21	-	-	21
Change in profit commission / sliding scale commission	-	-	(459)	-	(459)	-	-	-	-	-
Total amounts recoverable from reinsurers	-	-	(118)	(31)	(149)	-	21	12,301	(24)	12,298
Net expense from reinsurance contracts held	**(6,177)**	**-**	**(118)**	**(31)**	**(6,326)**	**(27,590)**	**21**	**12,301**	**(24)**	**(15,292)**
Total changes in the statement of income	(6,177)	-	(118)	(31)	(6,326)	(27,590)	21	12,301	(24)	(15,292)
Cash flows										
Premiums paid	(1,687)	-	-	-	(1,687)	(2,016)	-	-	-	(2,016)
Claims and other recoveries	(7,239)	-	183	-	(7,056)	(22,498)	-	-	-	(22,498)
Reinsurance commission received	154	-	1,660	-	1,814	146	-	27,708	-	27,854
Profit / sliding scale commission received	-	-	(459)	-	(459)	-	-	-	-	-
Other Cash flows	(26)	-	(32)	-	(58)	(748)	-	(372)	-	(1,120)
Total cash flows	(8,798)	-	1,352	-	(7,446)	(25,116)	-	27,336	-	2,220
Net closing balance	(4,603)	-	3,145	3	(1,455)	(7,224)	-	4,615	34	(2,575)
Closing liabilities	(4,951)	-	-	(30)	(4,981)	(8,132)	-	-	-	(8,132)
Closing assets	348	-	3,145	33	3,526	908	-	4,615	34	5,557
Net closing balance	(4,603)	-	3,145	3	(1,455)	(7,224)	-	4,615	34	(2,575)

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.2.1 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Medical

	As at December 31, 2023					As at December 31, 2022 (Restated)				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
Medical	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
			SAR' 000					SAR' 000		
Opening liabilities	(4,040)	-	-	-	(4,040)	(673)	-	-	-	(673)
Opening assets	-	-	2,318	-	2,318	-	-	17,819	-	17,819
Net opening balance	(4,040)	-	2,318	-	(1,722)	(673)	-	17,819	-	17,146
Changes in the statement of income										
Allocation of reinsurance premiums	286	-	-	-	286	20,359	-	-	-	20,359
Amounts recoverable from reinsurance										
Incurred claims & other expenses	-	-	257	-	257	-	-	-	-	-
Changes in amounts recoverable on incurred claims	-	-	(599)	-	(599)	-	-	11,702	-	11,702
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	-	-	-
Total amounts recoverable from reinsurers	-	-	(342)	-	(342)	-	-	11,702	-	11,702
Net expense from reinsurance contracts held	**(286)**	-	**(342)**	-	**(628)**	**(20,359)**	-	**11,702**	-	**(8,657)**
Total changes in the statement of income	(286)	-	(342)	-	(628)	(20,359)	-	11,702	-	(8,657)
Cash flows										
Premiums paid	(3,062)	-	-	-	(3,062)	(16,992)	-	-	-	(16,992)
Claims and other recoveries	-	-	1,669	-	1,669	-	-	27,203	-	27,203
Reinsurance commission received	-	-	-	-	-	-	-	-	-	-
Profit / sliding scale commission received	-	-	-	-	-	-	-	-	-	-
Other Cash flows	-	-	-	-	-	-	-	-	-	-
Total cash flows	(3,062)	-	1,669	-	(1,393)	(16,992)	-	27,203	-	10,211
Net closing balance	(1,264)	-	307	-	(957)	(4,040)	-	2,318	-	(1,722)
Closing liabilities	(1,264)	-	-	-	(1,264)	(4,040)	-	-	-	(4,040)
Closing assets	-	-	307	-	307	-	-	2,318	-	2,318
Net closing balance	(1,264)	-	307	-	(957)	(4,040)	-	2,318	-	(1,722)

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.2.2 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Motor

	As at December 31, 2023					As at December 31, 2022 (Restated)				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
Motor	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
			SAR' 000					SAR' 000		
Opening liabilities	(3,380)	-	-	-	(3,380)	(4,964)	-	-	-	(4,964)
Opening assets	-	-	841	-	841	-	-	358	-	358
Net opening balance	(3,380)	-	841	-	(2,539)	(4,964)	-	358	-	(4,606)
Changes in the statement of income										
Allocation of reinsurance premiums	3,519	-	-	-	3,519	3,922	-	-	-	3,922
Amounts recoverable from reinsurance										
Incurred claims & other expenses	-	-	266	-	266	-	-	-	-	-
Changes in amounts recoverable on incurred claims	-	-	155	-	155	-	-	988	-	988
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	-	-	-
Total amounts recoverable from reinsurers	-	-	421	-	421	-	-	988	-	988
Net expense from reinsurance contracts held	(3,519)	-	421	-	(3,098)	(3,922)	-	988	-	(2,934)
Total changes in the statement of income	(3,519)	-	421	-	(3,098)	(3,922)	-	988	-	(2,934)
Cash flows										
Premiums paid	(4,177)	-	-	-	(4,177)	(5,506)	-	-	-	(5,506)
Claims and other recoveries	-	-	(9)	-	(9)	-	-	505	-	505
Reinsurance commission received	-	-	-	-	-	-	-	-	-	-
Profit / sliding scale commission received	-	-	-	-	-	-	-	-	-	-
Other Cash flows	-	-	-	-	-	-	-	-	-	-
Total cash flows	(4,177)	-	(9)	-	(4,186)	(5,506)	-	505	-	(5,001)
Net closing balance	(2,722)	-	1,271	-	(1,451)	(3,380)	-	841	-	(2,539)
Closing liabilities	(2,722)	-	-	-	(2,722)	(3,380)	-	-	-	(3,380)
Closing assets	-	-	1,271	-	1,271	-	-	841	-	841
Net closing balance	(2,722)	-	1,271	-	(1,451)	(3,380)	-	841	-	(2,539)

5. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

5.2.3 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Property & Casualty

Property & Casualty	As at December 31, 2023					As at December 31, 2022 (Restated)				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		Total	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
	SAR' 000					SAR' 000				
Opening liabilities	(712)	-	-	-	(712)	-	(21)	-	-	(21)
Opening assets	908	-	1,456	34	2,398	887	-	1,473	58	2,418
Net opening balance	**196**	**-**	**1,456**	**34**	**1,686**	**887**	**(21)**	**1,473**	**58**	**2,397**
Changes in the statement of income										
Allocation of reinsurance premiums	2,372	-	-	-	2,372	3,309	-	-	-	3,309
Amounts recoverable from reinsurance										
Incurred claims & other expenses	-	-	577	18	595	-	-	545	19	564
Changes in amounts recoverable on incurred claims	-	-	(315)	(49)	(364)	-	-	(934)	(43)	(977)
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	21	-	-	21
Change in profit commission / sliding scale commission	-	-	(459)	-	(459)	-	-	-	-	-
Total amounts recoverable from reinsurers	-	-	(197)	(31)	(228)	-	21	(389)	(24)	(392)
Net expense from reinsurance contracts held	**(2,372)**	**-**	**(197)**	**(31)**	**(2,600)**	**(3,309)**	**21**	**(389)**	**(24)**	**(3,701)**
Total changes in the statement of income	(2,372)	-	(197)	(31)	(2,600)	(3,309)	21	(389)	(24)	(3,701)
Cash flows										
Premiums paid	(1,687)	-	-	-	(1,687)	(2,016)	-	-	-	(2,016)
Claims and other recoveries	-	-	183	-	183	-	-	-	-	-
Reinsurance commission received	154	-	-	-	154	146	-	-	-	146
Profit / sliding scale commission received	-	-	(459)	-	(459)	-	-	-	-	-
Other Cash flows	(26)	-	(32)	-	(58)	(748)	-	(372)	-	(1,120)
Total cash flows	(1,559)	-	(308)	-	(1,867)	(2,618)	-	(372)	-	(2,990)
Net closing balance	(617)	-	1,567	3	953	196	-	1,456	34	1,686
Closing liabilities	(965)	-	-	(30)	(995)	(712)	-	-	-	(712)
Closing assets	348	-	1,567	33	1,948	908	-	1,456	34	2,398
Net closing balance	(617)	-	1,567	3	953	196	-	1,456	34	1,686

6. INSURANCE REVENUE

	2023	2022
	SAR' 000	
Contracts measured under the PAA		
Premium earned on insurance contracts issued	**184,638**	237,700
Total Insurance Revenue	**184,638**	237,700
INSURANCE SERVICE EXPENSES		
Contracts measured under the PAA		
Incurred claims	**(114,361)**	(220,766)
Directly attributable non-acquisition expenses	**(25,835)**	(31,049)
Changes relating to liabilities for incurred claims	**21,400**	16,667
Loss reversals on onerous contracts	**11,421**	16,058
Insurance acquisition cost incurred	**(50,341)**	(48,845)
Surplus distribution to policyholders	**(3,051)**	-
Total Insurance Service Expenses	**(160,767)**	(267,935)
Insurance service result before reinsurance contracts held	**23,871**	(30,235)
Allocation of reinsurance premiums		
Premium ceded on reinsurance contracts held	**(6,177)**	(27,590)
Total Insurance Service Expenses	**(6,177)**	(27,590)
Amounts recoverable from reinsurers for incurred claims	(149)	12,298
Net expense from reinsurance contracts held	**(6,326)**	(15,292)
Insurance Service Result	**17,545**	(45,527)

7. GROSS PREMIUM WRITTEN AND PREMIUM CEDED

Premium written during the year is as follows:

	For the year ended December 31, 2023			
	Medical	**Motor**	**Property & Casualty**	**Total**
	SAR' 000			
- Corporate enterprises	**8,505**	**5,127**	**1,457**	**15,089**
- Medium enterprises	**4,051**	**6,352**	**170**	**10,573**
- Small enterprises	**46,598**	**90**	**118**	**46,806**
- Very Small enterprises	**90,378**	**10,731**	**-**	**101,109**
Total Gross premiums written	**149,532**	**22,300**	**1,745**	**173,577**

	For the year ended December 31, 2022			
	Medical	Motor	Property & Casualty	Total
	SAR' 000			
- Corporate enterprises	3,243	10,360	2,673	16,276
- Medium enterprises	7,788	1,800	87	9,675
- Small enterprises	15,673	8,369	1,689	25,731
- Very Small enterprises	117,703	61,114	16	178,833
Total Gross premiums written	144,407	81,643	4,465	230,515

8. EXPENSE ALLOCATION ANALYSIS

8.1 Following is the breakdown of expenses by category:

	For the year ended December 31, 2023					
	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses	Non-attributable expenses	Total
			SAR' 000			
Allocation of expenses						
Commissions incurred on premium written during the year	-	18,145	-	**18,145**	-	**18,145**
Claims handling and other expenses	-	12,154	-	**12,154**	-	**12,154**
Other underwriting expenses	-	11,729	-	**11,729**	-	**11,729**
Expected credit loss on premium receivables	(5,474)	-	-	(5,474)	-	(5,474)
Total	(5,474)	42,028	-	36,554	-	36,554
Common general and administrative						
Staff cost	-	8,313	18,257	**26,570**	3,766	**30,336**
Depreciation and amortization	-	-	824	**824**	987	**1,811**
Professional and legal costs	-	-	2,471	**2,471**	2,095	**4,566**
Communication and technology	-	-	2,203	**2,203**	2,002	**4,205**
Rents	-	-	671	**671**	820	**1,491**
Transportation & Travel	-	-	-	-	411	**411**
Office related exp & maintenance	-	-	1,409	1,409	323	1,732
Total	-	8,313	25,835	34,148	10,404	44,552
Expenses pertaining to shareholders' operations						
Shareholder Expenses	-	-	-	-	4,034	**4,034**
Total Expenses	(5,474)	50,341	25,835	70,702	14,438	85,140

	For the year ended December 31, 2022					
	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses	Non-attributable expenses	Total
			SAR' 000			
Allocation of expenses						
Commissions incurred on premium written during the year	-	21,267	-	21,267	-	21,267
Claims handling and other expenses	-	15,335	-	15,335	-	15,335
Other underwriting expenses	-	2,191	-	2,191	-	2,191
Expected credit loss on premium receivables	8,597	-	-	8,597	-	8,597
Total	8,597	38,793	-	47,390	-	47,390
Common general and administrative						
Staff cost	-	10,052	21,286	31,338	4,969	36,307
Depreciation and amortization	-	-	713	713	1,223	1,936
Professional and legal costs	-	-	4,010	4,010	5,786	9,796
Communication and technology	-	-	1,673	1,673	2,375	4,048
Rents	-	-	848	848	763	1,611
Transportation & Travel	-	-	-	-	413	413
Office related exp & maintenance			2,519	2,519	424	2,943
Total	-	10,052	31,049	41,101	15,953	57,054
Expenses pertaining to shareholders' operations						
Shareholder Expenses	-	-	-	-	4,125	4,125
Total Expenses	8,597	48,845	31,049	88,491	20,078	108,569

8.2 The breakdown of the expenses attributed and allocated to insurance operations by major product line of business is presented below:

	For the year ended December 31, 2023				For the year ended December 31, 2022			
Allocation of expenses	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses
	SAR' 000				SAR' 000			
Medical	(3,198)	28,223	20,461	45,486	6,014	26,757	18,841	51,612
Motor	(1,419)	21,009	4,988	24,578	2,431	21,115	11,821	35,367
Property & Casualty	(857)	1,109	386	638	152	973	387	1,512
Total	(5,474)	50,341	25,835	70,702	8,597	48,845	31,049	88,491

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Insurance operations		
	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
		SAR'000	
Cash and bank balances	**20,857**	56,161	21,368
Deposits maturing within 3 months from the acquisition date	**16,716**	-	-
ECL on Cash and Cash Equivalents	**(1)**	-	-
Total	**37,572**	56,161	21,368

	Shareholders' operations		
	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
		SAR'000	
Cash and bank balances	**3,155**	2,601	25,672
Deposits maturing within 3 months from the acquisition date	**132,556**	95,000	-
ECL on Cash and Cash Equivalents	**(24)**	(6)	-
Total	**135,687**	97,595	25,672
Total cash and cash equivalents	**173,259**	153,756	47,040

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission at an average rate of 5.99% per annum as at December 31, 2023 (December 31, 2022: 4.73% per annum).

Bank balances and murabaha deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

10. SHORT TERM DEPOSITS:

	Shareholders' operations		
	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
		SAR'000	
Short term deposits	**76,264**	-	10,000
ECL on short Term Deposits	**(48)**	-	-
Total short term deposits	**76,216**	-	10,000

Deposits are maintained with financial institutions and have a maturity of more than three month and less than one year from the date of acquisition. These earn commission at an average rate of 6.01% per annum as at December 31, 2023 (December 31, 2022: 4.73% per annum).

11. RECEIVABLE FROM AGENTS

These comprise balances receivable from agents on account of the sale of insurance policies by the agent on behalf of the Company.

	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
		SAR'000	
Receivable from brokers / agents	**67,490**	44,475	48,803
Less: expected credit loss allowance	**(26,956)**	(25,211)	(12,027)
	40,534	19,264	36,776
Closing balance	**40,534**	19,264	36,776

12. INVESTMENTS

Maximum exposure to credit risk – financial instruments subject to ECL

The Company's exposures to credit risk are not collateralized. The following tables contains an analysis of the credit risk exposure of the financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below also represents the Company's maximum exposure to credit risk on these assets.

	Insurance operations		
	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR'000		
Investment measured at FVOCI	**43,484**	39,703	37,032
	43,484	39,703	37,032

	Shareholders' operations		
	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR'000		
Investment measured at FVOCI	**1,423**	104,320	13,259
Investment measured at amortized cost	**17,555**	12,525	44,198
	18,978	116,845	57,457
Total	**62,462**	156,548	94,489

12(a). The movement in investments measured at FVOCI is as follows:

Insurance Operations	**December 31, 2023**	December 31, 2022 (Restated)	January 1, 2022
	SAR'000		
Opening balance	**39,703**	37,032	1,923
Changes in fair value of investments measured at FVOCI	**3,781**	2,671	35,109
Closing balance	**43,484**	39,703	37,032

Shareholders' Operations	**December 31, 2023**	December 31, 2022 (Restated)	January 1, 2022
	SAR'000		
Opening balance	**104,320**	13,259	10,949
Purchases	**-**	102,163	2,788
Changes in fair value of investments measured at FVOCI	**1,752**	1,374	1,564
Cumulative gain on disposal of investments measure at FVOCI	**(2,656)**	(2,928)	(455)
Disposals at cost	**(101,993)**	(9,548)	(1,587)
Closing balance	**1,423**	104,320	13,259
Total	**44,907**	144,023	50,291

12. INVESTMENTS (CONTINUED)

The investment measured at FVOCI includes investment in Najm, REITs & IPOs that has been valued as follows:

	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR'000		
Cost of investment	**3,210**	105,203	12,588
Fair Value Reserve			
At the beginning of the year	**38,820**	37,703	35,109
Changes in fair value	**2,877**	1,117	2,594
Fair value reserve- closing balance	**41,697**	38,820	37,703
Total Investment at Fair Value	**44,907**	144,023	50,291

The fair value of Najm is based on the independent valuation report dated 31 December 2023. The independent valuer has been appointed by the Najm.

12(b). The movement in investments measured at amortised costs is as follows:

Shareholders' Operations	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR'000		
Opening balance	**12,530**	44,198	49,045
Purchases	**4,997**	-	-
Disposals/matured	**-**	(31,795)	(5,250)
	17,527	12,403	43,795
Add: Accrued Commission Income	**54**	127	403
Less: Impairment loss	**(26)**	(5)	-
Net closing balance	**17,555**	12,525	44,198

12(c). The breakdown of investments measured at amortised costs is as follows:

Shareholders' Operations	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR'000		
Sukuk	**17,555**	12,525	44,198
Murabaha deposits	**76,264**	-	10,000
	93,819	12,525	54,198

The term deposits having original maturity exceeding three months have been placed with reputable commercial banks and financial institutions locally. They are mostly denominated in Saudi Arabian Riyals. These deposits earn yield at rates 6.01% per annum. Term deposits are placed with counterparties that have credit ratings equivalent to AAA+ to BBB ratings under standard and Poor's Fitch and Moody's rating Methodology.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Insurance Operations	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR' 000		
Accrual against stale cheques	3,095	3,095	7,461
Accrued employees' benefits	2,459	1,346	2,231
Unallocated receipts	2,303	16,021	6,067
Provision for withholding tax	1,950	1,976	-
Medical service providers' payables	547	-	10,930
Others	6,746	7,079	2,445
	17,100	**29,517**	**29,134**

Shareholders' Operations	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR' 000		
Accrued Board of Directors (BoD) allowances	1,809	1,837	1,112
Others	1,766	588	1,879
	3,575	**2,425**	**2,991**
Total	**20,675**	**31,942**	**32,125**

14. PREPAYMENTS AND OTHER ASSETS

Insurance Operations	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR' 000		
Accrued hajj and umrah income	13,773	6,299	-
Prepaid medical insurance premiums	1,539	1,328	1,770
Employees' receivables	897	606	1,701
Prepaid rent	323	201	254
Accrued interests	26	3	3
Others	13,480	22,481	7,469
	30,038	**30,918**	**11,197**

Shareholders' Operations	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
	SAR' 000		
Accrued interests	1,221	430	361
Others	29	365	24
	1,250	795	**385**
Total	**31,288**	**31,713**	**11,582**

15. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	December 31, 2023 SAR' 000						
	Leasehold improvements	**Furniture and fittings**	**Computer and office equipment**	**Motor Vehicles**	**Capital work in progress**	**Total property and equipment**	**Intangible assets**
Cost							
1 January	6,167	2,351	7,694	219	3,417	19,848	6,599
Additions	-	13	17	-	714	744	435
Writeoffs	-	-	-	-	(117)	(117)	-
31 December 2023	6,167	2,364	7,711	219	4,014	20,475	7,034
Accumulated depreciation/amortisation							
1 January	5,021	1,910	6,307	219	-	13,457	5,932
Charge for the year	531	203	716	-	-	1,450	361
31 December 2023	5,552	2,113	7,023	219	-	14,907	6,293
Net book value:							
31 December 2023	615	251	688	-	4,014	5,568	741

	Restated December 31, 2022 SAR' 000						
	Leasehold improvements	Furniture and fittings	Computer and office equipment	Motor Vehicles	Capital work in progress	Total property and equipment	Intangible assets
Cost							
1 January	6,167	2,350	7,556	219	1,642	17,934	6,179
Additions	-	1	138	-	1,775	1,914	420
31 December 2022	6,167	2,351	7,694	219	3,417	19,848	6,599
Accumulated depreciation/amortisation							
1 January	4,645	1,713	5,272	219	-	11,849	5,604
Charge for the year	376	197	1,035	-	-	1,608	328
31 December 2022	5,021	1,910	6,307	219	-	13,457	5,932
Net book value:							
31 December 2022	1,146	441	1,387	-	3,417	6,391	667

Capital work in progress represents cost incurred for Leasehold improvements.

16. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
		(Audited & Restated)	
		SAR'000	
Capital and other commitments	**307**	728	122
	307	728	122

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Company's income or financial condition.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

The management assessed that cash and short-term deposits, premium and reinsurance receivables, receivables from related parties, trade and other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Determination of fair value and fair value hierarchy

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

a) Carrying amounts and fair value

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

Insurance operations	**December 31, 2023**				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
			SAR' 000		
Investments designated as FVOCI					
Shares	43,484	-	-	43,484	43,484
	43,484	**-**	**-**	**43,484**	**43,484**

	31 December 2022 (Restated)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
			SAR' 000		
Investments designated as FVOCI					
Shares	39,703	-	-	39,703	39,703
	39,703	-	-	39,703	39,703

	1 January 2022 (Restated)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
			SAR' 000		
Investments designated as FVOCI					
Shares	37,032	-	-	37,032	37,032
	37,032	-	-	37,032	37,032

17. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Shareholders' operations

	December 31, 2023				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
			SAR' 000		
Investments designated as FVOCI					
Shares and REIT	1,423	1,423	-	-	1,423
	1,423	**1,423**	**-**	**-**	**1,423**

	31 December 2022 (Restated)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
			SAR' 000		
Investments designated as FVOCI					
Shares and REIT	1,616	1,616	-	-	1,616
Murabaha Funds	102,704	-	102,704	-	102,704
	104,320	1,616	102,704	-	104,320

	1 January 2022 (Restated)				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
			SAR' 000		
Investments designated as FVOCI					
Shares and REIT	13,259	13,259	-	-	13,259
	13,259	13,259	-	-	13,259

The fair value of other financial assets and liabilities, not included in the table above, are not materially different from the carrying values included in the financial statements.

b) Measurement of fair value

Financial assets at FVOCI at 31 December 2023 include 689,655 shares (31 December 2022 and 2021: 689,655 shares) in Najm for Insurance Services ("Najm"). The investment is carried at fair value of SR 43.48 million as at 31 December 2023 (31 December 2022 at SR 39.70 million and 31 December 2021 at SR 37.03 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 16.5% (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.

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.

18. OPERATING SEGMENTS

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

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

Segment assets do not include cash and cash equivalents, due from shareholders' operations, prepaid expenses & other assets, property and equipment, intangible assets. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued and other liabilities, due to shareholders' operations, end of service benefit liability, related to insurance operations thereon. Accordingly, these are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

Segments do not include shareholders' assets and liabilities and equity hence, thése are presented under unallocated assets / liabilities accordingly.

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities as at December 31, 2023 and December 31, 2022, its total revenues, expenses, and net income / (loss) for the year then ended, are as follows:

18. OPERATING SEGMENTS (CONTINUED)

Financial Position

An analysis of the amounts presented on the balance sheet for insurance contracts and reinsurance contracts has been included in the table below:

	December 31, 2023						
Operating segments	Motor	Medical / Health	Property & Casualty	Unallocated	Total - Insurance operations	Shareholders' operations	Total
				SAR' 000			
Assets:							
Cash and cash equivalents	-	-	-	37,572	37,572	135,687	173,259
Short term deposits	-	-	-	-	-	76,216	76,216
Insurance contract assets	13,653	15,500	1,267	-	30,420	-	30,420
Reinsurance contract assets	1,271	307	1,948	-	3,526	-	3,526
Investments designated as FVOCI	-	-	-	43,484	43,484	1,423	44,907
Investments held at amortised cost	-	-	-	-	-	17,555	17,555
Prepayments and other receivables	-	-	-	30,038	30,038	1,250	31,288
Property and equipment	-	-	-	5,568	5,568	-	5,568
Intangible assets	-	-	-	741	741	-	741
Statutory deposit	-	-	-	-	-	64,500	64,500
Accrued income on statutory deposit	-	-	-	-	-	2,931	2,931
Total assets	14,924	15,807	3,215	117,403	151,349	299,562	450,911
Liabilities, accumulated surplus & equity:							
Insurance contract liabilities	24,846	94,387	3,425	-	122,658	-	122,658
Reinsurance contract liabilities	2,722	1,264	995	-	4,981	-	4,981
Accrued expenses and other liabilities	-	-	-	17,100	17,100	3,575	20,675
Employees' end-of-service benefits (EOSB)	-	-	-	5,181	5,181	-	5,181
Provision for zakat and income tax	-	-	-	-	-	11,789	11,789
Accrued income payable to Insurance Authority	-	-	-	-	-	2,931	2,931
Total liabilities, accumulated surplus and equity	27,568	95,651	4,420	22,281	149,920	18,295	168,215

18. OPERATING SEGMENTS (CONTINUED)

	31 December 2022 (Restated)						
Operating segments	Motor	Medical / Health	Property & Casualty	Unallocated	Total - Insurance operations	Shareholders' operations	Total
				SAR' 000			
Assets:							
Cash and cash equivalents	-	-	-	56,161	56,161	97,595	153,756
Insurance Contract Assets	5,842	12,004	687	-	18,533	-	18,533
Reinsurance Contract Assets	841	2,318	2,398	-	5,557	-	5,557
Investments designated as FVOCI	-	-	-	39,703	39,703	104,320	144,023
Investments held at amortised cost	-	-	-	-	-	12,525	12,525
Prepayments and other assets	-	-	-	30,918	30,918	795	31,713
Property and equipment	-	-	-	6,391	6,391	-	6,391
Intangible assets	-	-	-	667	667	-	667
Statutory deposit	-	-	-	-	-	64,500	64,500
Accrued income on statutory deposit	-	-	-	-	-	3,787	3,787
Total assets	6,683	14,322	3,085	133,840	157,930	283,522	441,452
Liabilities, accumulated surplus & equity:							
Insurance Contract liabilities	57,188	72,714	4,451	-	134,353	-	134,353
Reinsurance Contract liabilities	3,380	4,040	712	-	8,132	-	8,132
Accrued expenses and other liabilities	-	-	-	29,517	29,517	2,425	31,942
Employees' end-of-service benefits	-	-	-	5,022	5,022	-	5,022
Provision for zakat and income tax	-	-	-	-	-	7,009	7,009
Accrued income payable to Insurance Authority	-	-	-	-	-	3,787	3,787
Total liabilities, accumulated surplus and equity	60,568	76,754	5,163	34,539	177,024	13,221	190,245

18. OPERATING SEGMENTS (CONTINUED)

	1 January 2022 (Restated)						
Operating segments	Motor	Medical / Health	Property & Casualty	Unallocated	Total - Insurance operations	Shareholders' operations	Total
				SAR' 000			
Assets:							
Cash and cash equivalents	-	-	-	21,368	21,368	25,672	47,040
Short term deposits	-	-	-	-	-	10,000	10,000
Insurance Contract Assets	22	17,137	548	-	17,707	-	17,707
Reinsurance Contract Assets	358	17,819	2,418	-	20,595	-	20,595
Investments designated as FVOCI	-	-	-	37,032	37,032	13,259	50,291
Investments held at amortised cost	-	-	-	-	-	44,198	44,198
Prepayments and other assets	-	-	-	11,197	11,197	385	11,582
Property and equipment	-	-	-	6,085	6,085	-	6,085
Intangible assets	-	-	-	575	575	-	575
Statutory deposit	-	-	-	-	-	19,500	19,500
Accrued income on statutory deposit	-	-	-	-	-	2,989	2,989
Total assets	380	34,956	2,966	76,257	114,559	116,003	230,562
Liabilities, accumulated surplus & equity:							
Insurance Contract liabilities	89,250	84,712	4,196	-	178,158	-	178,158
Reinsurance Contract liabilities	4,964	673	21	-	5,658	-	5,658
Accrued expenses and other liabilities	-	-	-	29,134	29,134	2,991	32,125
Employees' end-of-service benefits	-	-	-	5,342	5,342	-	5,342
Provision for zakat and income tax	-	-	-	-	-	3,559	3,559
Accrued income payable to Insurance Authority	-	-	-	-	-	2,989	2,989
Total liabilities, accumulated surplus and equity	94,214	85,385	4,217	34,476	218,292	9,539	227,831

18. OPERATING SEGMENTS (CONTINUED)

	For the year ended December 31, 2023						
Operating segments	Motor	Medical	Property & Casualty	Unallocated	Insurance Operations	Shareholders' Operations	Total
				SAR' 000			
Insurance Revenue	43,613	136,108	4,917	-	184,638	-	184,638
Insurance Service expenses	(36,752)	(121,046)	(2,969)	-	(160,767)	-	(160,767)
Insurance service result before reinsurance contracts held	6,861	15,062	1,948	-	23,871	-	23,871
Allocation of reinsurance premiums	(3,519)	(286)	(2,372)	-	(6,177)	-	(6,177)
Amounts recoverable from reinsurance	421	(342)	(228)	-	(149)	-	(149)
Insurance service result	(3,098)	(628)	(2,600)	-	(6,326)	-	(6,326)
Net investment income	-	-	-	-	-	7,334	7,334
Net credit impairment loss on financial assets	-	-	-	-	-	(88)	(88)
Investment return	-	-	-	-	-	7,246	7,246
Finance expenses from insurance contracts issued	(1,335)	(347)	1	-	(1,681)	-	(1,681)
Net finance (expenses) / income	(1,335)	(347)	1	-	(1,681)	-	(1,681)
Net insurance financial result	2,428	14,087	(651)	-	15,864	7,246	23,110
Other operating income	-	9,031	12,294	722	22,047	-	22,047
Other operating expenses	-	-	-	(10,404)	(10,404)	(4,034)	(14,438)
Total income for the year attributable to the shareholders before zakat	2,428	23,118	11,643	(9,682)	27,507	3,212	30,719
Provision for Zakat	-	-	-	-	-	(5,280)	(5,280)
Total income for the year attributable to the shareholders after zakat	2,428	23,118	11,643	(9,682)	27,507	(2,068)	25,439

18. OPERATING SEGMENTS (CONTINUED)

	For the year ended December 31, 2022 (Restated)						
Operating segments	Motor	Medical	Property & Casualty	Unallocated	Insurance Operations	Shareholders' Operations	Total
				SAR' 000			
Insurance revenue	95,189	138,001	4,510	-	237,700	-	237,700
Insurance service expenses	(138,209)	(128,847)	(879)		(267,935)	-	(267,935)
Insurance service result before reinsurance contracts held	(43,020)	9,154	3,631	-	(30,235)	-	(30,235)
Allocation of reinsurance premiums	(3,922)	(20,359)	(3,309)	-	(27,590)	-	(27,590)
Amounts recoverable from reinsurance	988	11,702	(392)	-	12,298	-	12,298
Insurance service result	(2,934)	(8,657)	(3,701)	-	(15,292)	-	(15,292)
Net investment income	-	-	-	-	-	1,823	1,823
Net impairment loss on financial assets	-	-	-	-	-	(11)	(11)
Investment return	-	-	-	-	-	1,812	1,812
Finance expenses from insurance contracts issued	1,050	877	34	-	1,961	-	1,961
Net insurance finance income / (expenses)	1,050	877	34	-	1,961	-	1,961
Net insurance and investment result	(44,904)	1,374	(36)	-	(43,566)	1,812	(41,754)
Other operating income	4,840	11,969	290	-	17,099	-	17,099
Other operating expenses	-	-	-	(15,953)	(15,953)	(4,125)	(20,078)
Total loss for the year attributable to the shareholders before zakat	(44,904)	1,374	(36)	(15,953)	(59,519)	(2,313)	(44,733)
Provision for Zakat	-	-	-	-	-	(3,450)	(3,450)
Total loss for the year attributable to the shareholders after zakat	(44,904)	1,374	(36)	(15,953)	(59,519)	(5,763)	(48,183)

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

DUE FROM RELATED PARTIES	*Transactions for the year ended*		*Balance receivable / (payable) as at*	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
	SAR' 000	SAR' 000	**SAR' 000**	SAR' 000
Entities controlled, jointly controlled or significantly influenced by related parties				
El Seif companies group				
- Premium issued	**1,037**	602	**989**	1,433
- Claims incurred	**2**	-	**-**	-
	1,039	602	**989**	1,433
Globe-Med				
- Volume rebate	**2,728**	-	**-**	6,000
	2,728	-	**-**	6,000
Total	**3,767**	**602**	**989**	**7,433**
Less: expected credit loss			**(623)**	(880)
Due from related parties, net			**366**	6,553

The movement in the provision for doubtful receivables regarding related parties was as following:

	December 31, 2023	December 31, 2022
	SAR' 000	SAR' 000
Opening balance	**880**	733
Charge / (reversal) during the year	**(257)**	147
Closing balance	**623**	880

DUE TO RELATED PARTIES	*Amounts of transactions*		*Balances as at*	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
	SAR' 000	SAR' 000	**SAR' 000**	SAR' 000
Board of Directors & related committee				
Bonus and other allowances	**1,486**	1,119	**1,809**	1,518
Globe-Med (Group entity)				
Administration fees for handling medical claims and others	**6,165**	5,020	**1,589**	5,677
	7,651	6,139	**3,398**	7,195

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, and the Chief Operating Officer of the Company.

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

	December 31, 2023	December 31, 2022
	SAR' 000	SAR' 000
Salaries and other allowances	**2,233**	1,416
End of service indemnities	**945**	621
	3,178	2,037

20. PROVISION FOR ZAKAT AND INCOME TAX

The Company has filed Zakat and income tax returns with Zakat, Tax, and Customs Authority up to the year ended December 31, 2022 and obtained the required certificate that is valid up to April 30, 2024.

Status of assessments
All the assessments up to the year 2016 have been settled with ZATCA and a final clearance certificate has been obtained. During the year ended 31 December 2020, ZATCA issued zakat assessment for the years 2017 and 2018 amounting to 6.2 million. The Company has filed objection against the assessment and the management believes that the liability can be reduced to 3.7 million with a high probability. During the year ended 31 December 2020, the Company has also received assessments along with penalties in respect of Value Added Tax ("VAT") for the years 2018 and 2019 amounting to 1.6 million. The Company objected to the penalties which have been reversed by ZATCA and are under process for refund.

During the year ended 31 December 2022, ZATCA issued zakat assessments for the years 2019 and 2020 amounted 4.997 million (3.069 million and 1.929 million), the company objected against the assessments and paid 10% of the objected amounts (0.3 million and 0.2 million) as an objection requirement. The case is still under discussion with ZATCA.

Provision for zakat and income tax
Provision for zakat has been made at 2.5776% of the higher of approximate zakat base or adjusted net income and 2.5% on adjusted net income attributable to the Saudi shareholders of the Company.

Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

ZAKAT

The current year's zakat provision is based on the following:	**2023**	2022 (Restated)
	SAR' 000	
Share capital	**430,000**	280,000
Reserves, opening provisions and other adjustments	**(48,774)**	(41,565)
Book value of long term assets	**(214,663)**	(157,227)
	166,563	81,208
Adjusted income for the year (Zakat)	**45,952**	**(36,219)**
Adjusted income for the year (Tax)	**379**	-
Zakat base	**212,515**	**44,989**
Tax base	**379**	-
Saudi Shareholder's share of Zakat base @ 98.99%	**210,347**	**44,530**
Total zakat and income tax	**5,462**	**1,176**

The differences between the financial and zakatable results are mainly due to provisions, which are not allowed in the calculation of adjusted income. The movement in the zakat provision for the year was as follows:

	2023	2022 (Restated)
	SAR' 000	
Opening balance	**7,009**	3,559
Charge for the year	**5,462**	1,176
Paid during the year	**(500)**	-
(Reversal) / charge for prior year	**(182)**	2,274
Closing balance	**11,789**	7,009

21. EMPLOYEES' END-OF-SERVICE BENEFITS

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

	2023	2022
	SAR' 000	SAR' 000
Present value of defined benefit obligation	**5,181**	5,022
Movement of defined benefit obligation		
Opening balance	**5,022**	5,342
Charge to statement of income		
Current service cost	**1,279**	1,642
Interest cost	**203**	75
	1,482	1,717
Charge to statement of comprehensive income		
Actuarial loss / (gain) on employees' end-of-service benefits	**(517)**	1,499
Payment of benefits during the year	**(806)**	(3,536)
Closing balance	**5,181**	5,022

Principal actuarial assumptions	**2023**	2022
Valuation discount rate	**4.55%**	4.40%
Expected rate of increase in salary level across different age bands	**4.40%**	2.05%

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

	2023	2022
Valuation discount rate		
- Increase by 1%	**4,889**	4,590
- Decrease by 1%	**5,505**	5,530
Expected rate of increase in salary level across different age bands		
- Increase by 1%	**5,524**	5,547
- Decrease by 1%	**4,867**	4,568
Mortality rate		
- 1 year mortality rate set back	**5,182**	5,024
- 1 year mortality rate set forward	**5,179**	5,019
Employee turnover		
- Increase by 10%	**5,072**	4,905
- Decrease by 10%	**5,302**	5,151

22. STATUTORY DEPOSIT

In accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia, the Company is required to maintain a statutory deposit at 10%. Further, Insurance Authority (IA) has increased the statutory deposit by 5%. This statutory deposit cannot be withdrawn without the consent of Insurance Authority. During the year ended 2022, the company increased its paid capital to SR 430 million by right issue shares. After the aforementioned amendments to the capital, the company increased the amount of deposit to SR 64.5 million to be fully compliant with regulatory requirements. The statutory deposit is currently maintained at 15% of the new paid-up capital, SR 430 million, amounting to SR 64.5 million.

The statutory deposit is placed with a counterparty having investment grade credit rating. Accrued commission income on statutory deposit is shown as an asset and liability in the statement of financial position.

	December 31, 2023	December 31, 2022 (Restated)	January 1, 2022
		SAR' 000	
Statutory deposit	**64,500**	64,500	19,500
Less: expected credit loss allowance	**-**	-	-
	64,500	64,500	19,500

23. CAPITAL MANAGEMENT

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

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

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

As per guidelines laid out by Insurance Authority (IA) previously known as SAMA in Article 66 of the Insurance Implementing Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per Insurance Implementing Regulations:
- Minimum Capital Requirement of SAR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company's net admissible assets as of December 31, 2023 are 210% (Restated 2022: 105.66%) of the required minimum margin for solvency. Further, the Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as of December 31, 2023 consists of paid-up share capital of SAR 430 million and accumulated losses of SAR 189.2 million (December 31, 2022: paid-up share capital of SAR 430 million and accumulated losses of SAR 214.6 million.) in the statement of financial position.

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

24. SHARE CAPITAL

As of December 31, 2023, the authorized, subscribed and paid-up share capital of the Company was SR 430 million, divided into 43 million shares of SR 10 each. (December 31, 2022: SR 430 million share capital dividend into 43 million shares of SR 10 each).

On January 17, 2022, the Board of Directors had recommended an increased in the Company's capital through right issue with a total value of SR 300 million. The extra ordinary general meeting of shareholders was held on February 28, 2022, to approve the aforementioned capital increase and procedures for the issuance of right shares. On April 24, 2022, the Company obtained approval from insurnace authority previously known as SAMA. On May 23, 2022 the Capital Market authority (CMA) approved the said capital increase.

Following the Shareholders' approval on May 29, 2022, the Company announced trading of 30 million right shares during the subscription year of the priority rights starting from June 06, 2022, to June 16, 2022. The remaining offering year for the subscription of new shares was set from June 21, 2022, to June 22, 2022. On June 30, 2022 subscribed securities were deposited into the Center's Accounts of eligible securities' holders.

	December 31, 2023		31 December 2022 (Restated)	
	Authorized and issued	**Paid up**	**Authorized and issued**	**Paid up**
	No. of Shares	**SAR "000"**	**No. of Shares**	**SAR "000"**
Major shareholders	**4,376**	**43,761**	4,376	43,761
Others	**38,624**	**386,239**	38,624	386,239
Total	**43,000**	**430,000**	43,000	430,000

25. RISK MANAGEMENT

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

1-Insurance Risks
For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters and manmade accidents. For longer tail claims that take some years to settle, there is also inflation risk.

For life insurance contracts, the main risks are, as follows:
• Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
• Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
• Expense risk – risk of loss arising from expense experience being different than expected
• Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

Reinsurance Risks
The Company purchases reinsurance as part of its risk mitigation program. Reinsurance held (outward reinsurance) is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Retention limits for non-proportional excess–of–loss reinsurance vary by product line.

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

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors, CEO and reinsurnace department. The criteria may be summarized as follows:
- Minimum acceptable credit rating by recognized rating agencies (e.g. S&P) that is not lower than BBB or equivalent
- Reputation of particular reinsurance companies
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. As of December 31, 2023, December 31, 2022 and January 1, 2022, there is no significant concentration of reinsurance balances.

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

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

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

	December 31, 2023			December 31, 2022		
	Insurance contracts issued	**Reinsurance contracts held**	**Net**	Insurance contracts issued	Reinsurance contracts held	Net
		SAR' 000			SAR' 000	
Medical	94,387	(1,264)	93,123	72,714	(4,040)	68,674
Motor	24,846	(2,722)	22,124	57,188	(3,380)	53,808
Property & Casualty	3,425	(995)	2,430	4,451	(712)	3,739
Total	122,658	(4,981)	117,677	134,353	(8,132)	126,221

25. RISK MANAGEMENT (CONTINUED)
1. Insurance Risks (Continued)

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

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

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

	December 31, 2023			December 31, 2022		
	Insurance contract liabilities	**Impact on profit/(loss) before zakat and tax**	**Impact on equity**	Insurance contract liabilities	Impact on profit/(loss) before zakat and tax	Impact on equity
Insurance contract liabilities			**SAR' 000**			
Expenses increase by 5%	**90,638**	**29,370**	**278,691**	119,304	(46,663)	246,349
Expenses decrease by 5%	**87,749**	**38,146**	**287,467**	112,336	(36,946)	256,066
Yields curve shift up by 0.5 %	**89,104**	**33,926**	**283,247**	115,722	(41,903)	251,109
Yields curve shift down by 0.5 %	**89,273**	**33,590**	**282,911**	115,918	(41,707)	251,305
Loss reserve increase by 5 %	**94,444**	**28,507**	**277,828**	120,071	(46,055)	246,957
Loss reserve decrease by 5 %	**83,934**	**39,017**	**288,338**	111,570	(37,554)	255,458

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

	December 31, 2023			December 31, 2022		
	Net insurance contract liabilities	**Impact on profit/(loss) before zakat and tax**	**Impact on equity**	Net insurance contract liabilities	Impact on profit/(loss) before zakat and tax	Impact on equity
			SAR' 000			
Insurance contract liabilities	**122,658**			134,353		
Reinsurance contract Assets	**4,981**			8,132		
Net insurance contract liabilities	**117,677**			126,221		
Expenses increase by 5%	**89,184**	**29,370**	**278,691**	116,736	(46,663)	246,349
Expenses decrease by 5%	**86,295**	**38,146**	**287,467**	109,769	(36,946)	256,066
Yields curve shift up by 0.5 %	**87,651**	**33,926**	**283,247**	113,154	(41,903)	251,109
Yields curve shift down by 0.5 %	**87,819**	**33,590**	**282,911**	113,350	(41,707)	251,305
Loss reserve increase by 5 %	**92,990**	**28,507**	**277,828**	117,503	(46,055)	246,957
Loss reserve decrease by 5 %	**82,480**	**39,017**	**288,338**	109,002	(37,554)	255,458

2. Financial risk

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

These risks have been briefly explained below:

a. Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:
- The Company's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

25. RISK MANAGEMENT (CONTINUED)

1. Insurance Risks (Continued)

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 triangular analysis is by accident years spanning a number of financial years.

A) Gross Claims development	**2018 & earlier**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
2023				**SAR' 000**			
Accident year							
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	129,353	172,023	191,746	247,199	178,985	92,404	92,404
1 year later	125,747	198,241	248,662	290,960	200,355	-	200,355
2 years later	123,561	198,362	249,084	293,959	-	-	293,959
3 years later	121,290	198,496	249,009	-	-	-	249,009
4 years later	120,672	198,378	-	-	-	-	198,378
5 years later	120,390	-	-	-	-	-	120,390
6 years later	120,384	-	-	-	-	-	120,384
Gross estimates of the undiscounted amount of the claims	120,384	198,378	249,009	293,959	200,355	92,404	1,154,489
Cumulative gross claims and other directly attributable expenses paid	(120,380)	(198,372)	(248,781)	(292,372)	(195,339)	(77,499)	(1,132,743)
Gross undiscounted liabilities for incurred claims	4	6	228	1,587	5,016	14,905	21,746
Effect of discounting				(1,775)	(1,961)	1,681	(2,055)
Gross discounted liabilities for incurred claims excluding risk adjustment							23,801
Effect of the risk adjustment margin for non-financial risk							-
Gross liabilities for incurred claims							23,801

B) Net Claims development	**2018 & earlier**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
2023				**SAR' 000**			
Accident year							
Undiscounted liabilities for incurred claims , net of reinsurance							
At end of accident year	63,049	150,481	191,737	239,046	178,985	92,404	92,404
1 year later	62,535	174,231	248,654	282,807	199,919	-	199,919
2 years later	60,619	174,334	249,075	285,821	-	-	285,821
3 years later	59,615	174,468	249,000	-	-	-	249,000
4 years later	59,315	174,351	-	-	-	-	174,351
5 years later	59,143	-	-	-	-	-	59,143
6 years later	59,136	-	-	-	-	-	59,136
Net estimates of the undiscounted amount of the claims	59,136	174,351	249,000	285,821	199,919	92,404	1,060,631
Cumulative net claims and other directly attributable expenses paid	(59,132)	(174,346)	(248,772)	(284,521)	(195,319)	(77,499)	(1,039,589)
Net undiscounted liabilities for incurred claims	4	5	228	1,300	4,600	14,905	21,042
Effect of discounting				(1,775)	(1,961)	1,681	(2,055)
Net discounted liabilities for incurred claims excluding risk adjustment							23,097
Effect of the risk adjustment margin for non-financial risk							-
Net liabilities for incurred claims							23,097

25. RISK MANAGEMENT (CONTINUED)

1. Insurance Risks (Continued)

A) Gross Claims development	2017 & earlier	2018	2019	2020	2021	2022	Total
2022				SAR' 000			
Accident year							
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	79,549	80,907	198,298	247,147	304,043	222,550	-
1 year later	64,855	78,237	200,231	249,921	293,432	-	-
2 years later	60,052	77,721	198,481	249,207	-	-	-
3 years later	58,215	77,388	198,529	-	-	-	-
4 years later	57,486	77,259	-	-	-	-	-
5 years later	57,240	-	-	-	-	-	-
6 years later	42,827		-	-	-	-	-
Gross estimates of the undiscounted amount of the claims	42,827	77,259	198,529	249,207	293,432	222,550	1,083,804
Cumulative gross claims and other directly attributable expenses paid	(42,811)	(77,150)	(198,491)	(247,774)	(287,307)	(159,707)	(1,013,240)
Gross undiscounted liabilities for incurred claims	16	109	38	1,433	6,125	62,843	70,564
Effect of discounting					(1,775)	(1,961)	(3,736)
Gross discounted liabilities for incurred claims excluding risk adjustment							66,828
Effect of the risk adjustment margin for non-financial risk							-
Gross liabilities for incurred claims							66,828

B) Net Claims development	2017 & earlier	2018	2019	2020	2021	2022	Total
2022				SAR' 000			
Accident year							
Undiscounted liabilities for incurred claims , net of reinsurance							
At end of accident year	39,580	43,983	163,694	235,437	294,014	221,820	221,820
1 year later	32,060	43,587	175,872	249,912	285,280	-	285,280
2 years later	30,332	43,138	174,415	249,198	-	-	249,198
3 years later	29,572	42,955	174,496	-	-	-	174,496
4 years later	29,314	42,841	-	-	-	-	42,841
5 years later	29,226	-	-	-	-	-	29,226
6 years later	15,873	-	-	-	-	-	15,873
Net estimates of the undiscounted amount of the claims	15,873	42,841	174,496	249,198	285,280	221,820	989,508
Cumulative net claims and other directly attributable expenses paid	(15,873)	(42,740)	(174,464)	(247,765)	(280,826)	(159,707)	(921,375)
Net undiscounted liabilities for incurred claims	(0)	101	32	1,433	4,454	62,113	68,133
Effect of discounting					(1,775)	(1,961)	(3,736)
Net discounted liabilities for incurred claims excluding risk adjustment							64,397
Effect of the risk adjustment margin for non-financial risk							-
Net liabilities for incurred claims							64,397

25. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

i. Maturity profiles

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarizes the maturity profile of groups of insurance contracts issued and reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	2023						
	Up to 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
				SAR' 000			
Insurance contract Liabilities							
Medical	74,919	2,073	-	-	-	-	76,992
Motor	7,624	2,495	719	153	3	-	10,994
Property & Casualty	1,357	-	-	-	-	-	1,357
Reinsurance contract liabilities							
Medical	931	26	-	-	-	-	957
Motor	1,006	329	95	20	-	-	1,450
Property & Casualty	(799)	-	-	-	-	-	(799)
Total	85,038	4,923	814	173	3	-	87,735

	2022						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
				SAR' 000			
Insurance contract Liabilities							
Medical	59,746	964	-	-	-	-	60,710
Motor	35,606	11,654	3,358	716	12	-	51,346
Property & Casualty	2,772	547	15	-	-	-	3,334
Reinsurance contract liabilities							
Medical	-	-	-	-	-	-	-
Motor	-	-	-	-	-	-	-
Property & Casualty	(2,116)	-	-	-	-	-	(2,116)
Total	96,008	13,165	3,373	716	12	-	117,506

Maturity analysis for financial assets (contractual undiscounted cash flow basis)

The following table summarizes the maturity profile of financial assets of the Company based on the remaining undiscounted contractual cash flows, including interest receivable:

	2023						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
				SAR' 000			
Insurance Operations - Financial assets							
Cash and cash equivalents	**37,572**	-	-	-	-	-	**37,572**
Investments designated as FVOCI	**43,484**	-	-	-	-	-	**43,484**
Prepayments and other receivables	**30,038**	-	-	-	-	-	**30,038**
Due from shareholders' operations	**37,699**	-	-	-	-	-	**37,699**
	148,793	-	-	-	-	-	**148,793**
Shareholders' Operations - Financial assets							
Cash and cash equivalents	**135,687**	-	-	-	-	-	**135,687**
Short term deposit	**76,216**	-	-	-	-	-	**76,216**
Investment measured at FVOCI	**1,423**	-	-	-	-	-	**1,423**
Investment measured at amortized cost	-	-	-	**17,555**	-	-	**17,555**
Prepayments and other assets	**1,250**	-	-	-	-	-	**1,250**
Statutory deposit	**64,500**	-	-	-	-	-	**64,500**
Accrued income on statutory deposit	**2,931**	-	-	-	-	-	**2,931**
	282,007	-	-	**17,555**	-	-	**232,131**
Total	**430,800**	-	-	**17,555**	-	-	**380,924**

25. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

	2022 - Restated						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
				SAR' 000			
Insurance Operations - Financial assets							
Cash and cash equivalents	56,161	-	-	-	-	-	56,161
Investment measured at FVOCI	39,703	-	-	-	-	-	39,703
Prepayments and other assets	30,918	-	-	-	-	-	30,918
Due from shareholders' operations	53,924	-	-	-	-	-	53,924
	180,706	-	-	-	-	-	180,706
Shareholders' Operations - Financial assets							
Cash and cash equivalents	97,595	-	-	-	-	-	97,595
Investment measured at FVOCI	104,320	-	-	-	-	-	104,320
Investment measured at amortized cost	-	-	-	-	12,525	-	12,525
Prepayments and other assets	795	-	-	-	-	-	795
Statutory deposit	64,500	-	-	-	-	-	64,500
Accrued income on statutory deposit	3,787	-	-	-	-	-	3,787
	270,997	-	-	-	12,525	-	215,235
Total	451,703	-	-	-	12,525	-	395,941

b. 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;
- Price risk; and
- Commission rate risk.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Saudi Arabian Riyals (SAR) and its exposure to foreign exchange risk arises primarily with respect to the US dollar. The Company's financial assets are primarily denominated in the SAR.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuation as the majority of monetary assets and liabilities are in currencies linked to the SAR. In addition, Company's foreign currency transactions are primarily in US dollars which is pegged with SAR and therefore the financial instruments are not sensitive to currency fluctuations.

The Company mitigates some of the foreign currency risk associated with insurance contracts by holding reinsurance contracts denominated in the same currencies as its insurance contract liabilities.

	2023			2022 (Restated)		
	Saudi Riyals	**US Dollars**	**Total**	Saudi Riyals	US Dollars	Total
			SAR' 000			
Insurance Operations - Financial assets						
Cash and cash equivalents	**37,572**	-	**37,572**	56,161	-	56,161
Insurance contract assets	**30,420**	-	**30,420**	18,533	-	18,533
Reinsurance contract assets	**3,526**	-	**3,526**	5,557	-	5,557
Investment measured at FVOCI	**43,484**	-	**43,484**	39,703	-	39,703
Prepayments and other assets	**30,038**	-	**30,038**	30,918	-	30,918
Due from shareholders' operations	**37,699**	-	**37,699**	53,924	-	53,924
	182,739	-	**182,739**	204,796	-	204,796
Shareholders' Operations - Financial assets						
Cash and cash equivalents	**135,687**	-	**135,687**	97,595	-	97,595
Short term deposit	**76,216**	-	**76,216**	-	-	-
Investment measured at FVOCI	**1,423**	-	**1,423**	104,320	-	104,320
Investment measured at amortized cost	-	**17,555**	**17,555**	-	12,525	12,525
Accrued income on statutory deposit	**2,931**	-	**2,931**	3,787	-	3,787
Prepayments and other assets	**1,250**	-	**1,250**	795	-	795
	217,507	**17,555**	**235,062**	206,497	12,525	219,022
Total	**400,246**	**17,555**	**417,801**	411,293	12,525	423,818

25. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

b. Market Risk (continued)

	2023			2022 (Restated)		
	Saudi Riyals	**US Dollars**	**Total**	Saudi Riyals	US Dollars	Total
			SAR' 000			
Insurance Operations - Financial Liabilities						
Insurance contract liabilities	**122,658**	**-**	**122,658**	134,353	-	134,353
Reinsurance contract liabilities	**4,981**	**-**	**4,981**	8,132	-	8,132
Accrued expenses and other liabilities	**17,100**	**-**	**17,100**	29,517	-	29,517
Employees' end-of-service benefits (EOSB)	**5,181**	**-**	**5,181**	5,022	-	5,022
	149,920	**-**	**149,920**	177,024	-	177,024
Shareholders' Operations - Financial Liabilities						
Accrued expenses and other liabilities	**3,575**	**-**	**3,575**	2,425	-	2,425
Due to insurance operation	**37,699**	**-**	**37,699**	53,924	-	53,924
Accrued income payable to Insurance Authority	**2,931**	**-**	**2,931**	3,787	-	3,787
Provision for zakat and income tax liabilities	**11,789**	**-**	**11,789**	7,009	-	7,009
	55,994	**-**	**55,994**	67,145	-	67,145
Total	**205,914**	**-**	**205,914**	244,169	-	244,169

ii. Price risk

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

iii. Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company has no significant concentration of commission rate risk.

c. Credit Risk

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

Credit risk measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The key judgements and assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed below:

Significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met.

Quantitative criteria:

- Downward movement in the external credit rating by two notches;
- Downward movement in the external credit rating by one notch if the revised external credit rating becomes below "investment grade";
- Contractual payments are more than 30 days past due ;

Qualitative criteria:

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the counterparty that results in a significant decrease in the counterparty's ability to meet its obligations to the Company;
- A group company of the counterparty has defaulted and in the Company's opinion repayment capacity of the counterparty would also be significantly impacted.

25. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

c. Credit Risk (continued)

Definition of default and credit-impaired assets

The Company defines a financial instruments as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

- Contractual payments are more than 90 days past due;
- Counterparty's refusal to pay the amounts due.

Qualitative criteria:

- Information about the bankruptcy of the counterparty;
- Legal case on recovery proceedings;

The criteria above have been applied to all financial assets. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve month. This period has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the KSA and selected private-sector and academic forecasters. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company considers scenarios in range of 3-5 years horizon (consistent with forecast available from public sources) beyond which long term average macroeconomic conditions prevail. Externally available macroeconomic forecast from Global Rating Agencies and the Insurance Authority are used for making base case forecast. For other scenarios, adjustment are made to base case forecast based on expert judgement. The Company uses multiple scenarios and probabilities are assigned to each scenario based on expert judgement.

Based on the detailed analysis of the Companies exposures to the credit risk, the management of the Company have opted to benefit from the practical expedient in calculating the expected credit losses provided by IFRS 9 for financial assets with low credit risk. The management of the Company measures impairment using 12-month expected credit losses for its financial assets subject to impairment. The low credit risk financial assets of the Company meet the following requirements of IFRS 9 to measure impairment using 12-month expected credit losses:

- Low credit risk of default;
- The counterparties have a strong capacity to meet their obligations in the near term;
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparties to fulfil their contractual cash flow obligations.

The Company uses external credit risk ratings of well-known and reputable rating agencies to assess the probability of default of individual counterparties.

The Company does not recognise lifetime expected credit losses on a financial instrument simply because it was considered to have low credit risk in the previous reporting period and is not considered to have low credit risk at the reporting date. In such a case, the Company will determine whether there has been a significant increase in credit risk since initial recognition and thus whether lifetime expected credit losses are required to be recognised.

Measuring expected credit losses

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the exposure.

25. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

Maximum exposure to credit risk – financial instruments subject to ECL

The following tables contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below, also represents the Company's maximum exposure to credit risk on these assets.

	2023			2022- Restated		
	Gross	ECL	Net	Gross	ECL	Net
	SAR "000"					
Insurance Operations - Financial assets						
Cash and cash equivalents	37,573	(1)	37,572	56,161	-	56,161
Receivable from agents	67,490	(26,956)	40,534	44,475	(25,211)	19,264
Investment measured at FVOCI	43,484	-	43,484	39,703	-	39,703
Prepayments and other assets	30,038	-	30,038	30,918	-	30,918
Due from shareholders' operations	37,699	-	37,699	53,924	-	53,924
	216,284	(26,957)	189,327	225,181	(25,211)	199,970
Shareholders' Operations - Financial assets						
Cash and cash equivalents	135,711	(24)	135,687	97,595	(6)	97,589
Short term deposits	76,264	(48)	76,216	-	-	-
Investment measured at FVOCI	1,423	-	1,423	104,320	-	104,320
Investment measured at amortized cost	-	-	-	12,525	(5)	12,520
Prepayments and other assets	1,250	-	1,250	795	-	795
	214,648	(72)	214,576	215,235	(11)	215,224
TOTAL	430,932	(27,029)	403,903	440,416	(25,222)	415,194

26. SUPPLEMENTARY INFORMATION

26.1 Statement of financial position

	31 December 2023			31 December 2022 (Restated)			1 January 2022 (Restated)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' operations	Total
		SAR' 000			SAR' 000			SAR' 000	
ASSETS									
Cash and cash equivalents	37,572	135,687	173,259	56,161	97,595	153,756	21,368	25,672	47,040
Short term deposit	-	76,216	76,216	-	-	-	-	10,000	10,000
Insurance contract assets	30,420	-	30,420	18,533	-	18,533	17,707	-	17,707
Reinsurance contract assets	3,526	-	3,526	5,557	-	5,557	20,595	-	20,595
Investments designated as FVOCI	43,484	1,423	44,907	39,703	104,320	144,023	37,032	13,259	50,291
Investments held at amortised cost	-	17,555	17,555	-	12,525	12,525		44,198	44,198
Prepayments and other receivables	30,038	1,250	31,288	30,918	795	31,713	11,197	385	11,582
Property and equipment	5,568	-	5,568	6,391	-	6,391	6,085	-	6,085
Intangible assets	741	-	741	667	-	667	575	-	575
Statutory deposit	-	64,500	64,500	-	64,500	64,500	-	19,500	19,500
Due from shareholders' operations	37,699	-	37,699	53,924	-	53,924	137,391	-	137,391
Accrued income on statutory deposit	-	2,931	2,931	-	3,787	3,787	-	2,989	2,989
TOTAL ASSETS	189,048	299,562	488,610	211,854	283,522	495,376	251,950	116,003	367,953
LIABILITIES									
Insurance contract liabilities	122,658	-	122,658	134,353	-	134,353	178,158	-	178,158
Reinsurance contract liabilities	4,981	-	4,981	8,132	-	8,132	5,658	-	5,658
Accrued expenses and other liabilities	17,100	3,575	20,675	29,517	2,425	31,942	29,134	2,991	32,125
Employees' end-of-service benefits (EOSB)	5,181	-	5,181	5,022	-	5,022	5,342	-	5,342
Provision for zakat and income tax	-	11,789	11,789	-	7,009	7,009	-	3,559	3,559
Accrued income payable to Insurance Authority	-	2,931	2,931	-	3,787	3,787	-	2,989	2,989
Due to insurance operation	-	37,699	37,699	-	53,924	53,924	-	137,391	137,391
TOTAL LIABILTIES	149,920	55,994	205,914	177,024	67,145	244,169	218,292	146,930	365,222
EQUITY									
Share capital	-	430,000	430,000	-	430,000	430,000	-	130,000	130,000
Accumulated losses	-	(186,568)	(186,568)	-	(214,663)	(214,663)	-	(163,521)	(163,521)
Re-measurement of EOSB related to insurance operations	(2,433)	-	(2,433)	(2,950)	-	(2,950)	(1,451)	-	(1,451)
Fair value reserve for FVOCI investments	41,561	136	41,697	37,780	1,040	38,820	35,109	2,594	37,703
TOTAL SHAREHOLDERS' EQUITY									
TOTAL EQUITY	39,128	243,568	282,696	34,830	216,377	251,207	33,658	(30,927)	2,731
TOTAL LIABILITIES AND EQUITY	189,048	299,562	488,610	211,854	283,522	495,376	251,950	116,003	367,953

26. SUPPLEMENTARY INFORMATION (CONTINUED)

26.2 Statement of income statement

	December 31, 2023			December 31, 2022 (Restated)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
		SAR' 000			SAR' 000	
REVENUES						
Insurance revenue	**184,638**	-	184,638	237,700	-	237,700
Insurance service expenses	(160,767)	-	(160,767)	(267,935)	-	(267,935)
Insurance service result before reinsurance contracts held	**23,871**	-	**23,871**	(30,235)	-	(30,235)
Allocation of reinsurance premiums	(6,177)	-	(6,177)	(27,590)	-	(27,590)
Amounts recoverable from reinsurance	(149)	-	(149)	12,298	-	12,298
Net expenses from reinsurance contracts held	**(6,326)**	-	**(6,326)**	(15,292)	-	(15,292)
Insurance service result	**17,545**	-	**17,545**	(45,527)	-	(45,527)
Net investment income	-	7,334	7,334	-	1,823	1,823
Net impairment loss on financial assets	-	(88)	(88)	-	(11)	(11)
Investment return	-	**7,246**	**7,246**	-	1,812	1,812
Finance expenses from insurance contracts issued	(1,681)	-	(1,681)	1,961	-	1,961
Net insurance finance income / (expenses)	**15,864**	**7,246**	**23,110**	(43,566)	1,812	(41,754)
Other operating income	22,047	-	22,047	17,099	-	17,099
Other operating expenses	(10,404)	(4,034)	(14,438)	(15,953)	(4,125)	(20,078)
Total income/(loss) for the year attributable to the shareholders before zakat	**27,507**	**3,212**	**30,719**	(42,420)	(2,313)	(44,733)
Provision for Zakat	-	(5,280)	(5,280)	-	(3,450)	(3,450)
Total income/(loss) for the year attributable to the shareholders after zakat	**27,507**	**(2,068)**	**25,439**	(42,420)	(5,763)	(48,183)

26. SUPPLEMENTARY INFORMATION (CONTINUED)

26.3 Statement of cash flows

	31 December 2023			31 December 2022 (Restated)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
		SAR' 000			SAR' 000	
Cash flow from operating activities						
Profit / (loss) for the year before zakat	-	30,719	30,719	-	(44,733)	(44,733)
Adjustments for non-cash items:						
Depreciation and amortization	1,811	-	1,811	1,936	-	1,936
Property and equipment writeoff during the year	117	-	117	-	-	-
Provision for end-of-service benefits	1,482	-	1,482	1,717	-	1,717
Investments held at amortised cost	-	(54)	(54)	-	(127)	(127)
ECL Provision	-	63	63	-	5	5
Changes in operating assets and liabilities:						
Insurance contracts assets	(11,887)	-	(11,887)	(826)	-	(826)
Reinsurance contracts assets	2,031	-	2,031	15,038	-	15,038
Insurance contracts liabilities	(11,695)	-	(11,695)	(43,805)	-	(43,805)
Reinsurance contracts liabilities	(3,151)	-	(3,151)	2,474	-	2,474
Prepayments and other receivables	880	(455)	425	(19,721)	(410)	(20,131)
Accrued expenses and other liabilities	(12,417)	1,150	(11,267)	383	(566)	(183)
Zakat and income tax paid	-	(500)	(500)	-	-	-
Due to insurance operation	-	(16,225)	(16,225)	-	(83,467)	(83,467)
Due from shareholders' operations	16,225	-	16,225	83,467	-	83,467
Employees' end-of-service benefits paid	(806)	-	(806)	(3,536)	-	(3,536)
Net cash (used in) /generated from operating activities	(17,410)	14,698	(2,712)	37,127	(129,298)	(92,171)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investment held at FVOCI	-	104,649	104,649	-	12,476	12,476
Additions in sale of investment held at FVOCI	-	-	-	-	(102,163)	(102,163)
Proceeds from maturity of short-term deposit	-	-	-	-	10,000	10,000
Addition in maturity of short-term deposit	-	(76,264)	(76,264)	-	-	-
Proceeds from held at amortised cost	-	-	-	-	31,795	31,795
Addition in held at amortised cost	-	(4,997)	(4,997)	-	-	-
Additions in property, equipment and intangible assets	(1,179)	-	(1,179)	(2,334)	-	(2,334)
Change in statuary deposit	-	-	-	-	(45,000)	(45,000)
Transaction cost for Capital Increase	-	-	-	-	(5,887)	(5,887)
Net cash (used in) /generated from investing activities	(1,179)	23,388	22,209	(2,334)	(98,779)	(101,113)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issue of right shares	-	-	-	-	300,000	300,000
Net cash (used in)/generated from in financing activities	-	-	-	-	300,000	300,000
Net change in cash and cash equivalents	(18,589)	38,086	19,497	34,793	71,923	106,716
Cash and cash equivalents, beginning of the year	56,161	97,601	153,762	21,368	25,672	47,040
Cash and cash equivalents, end of the year	37,572	135,687	173,259	56,161	97,595	153,756

27. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to the current year presentation.

28. DIVIDEND

No dividend was proposed or paid during the year.

29. EARNING/ (LOSS) PER SHARE ("EPS")

Basic and diluted earnings / (loss) per share for the year ended December 31, 2023 and 2022 have been calculated by dividing the net income for the year by the weighted average number of ordinary shares issued and outstanding at the end of the period.

Earnings per share for the year ended December 31, 2023 and 2022 is calculated by dividing the net income for the year attributable to the equity holders by 43,000 million shares to give a retroactive effect of change in the number of shares increased as a result of the bonus share issue.

30. TERMINATION OF MERGER

On 15-06-1445 AH (corresponding to 28-12-2023), the Company announced the termination of the non-binding memorandum of understanding and all negotiations related to the merger process with Allied Cooperative Insurance Group (ACIG), based on the desire of both parties after conducting the necessary studies. The termination will not have any material financial impact.

31. EVENTS AFTER THE REPORTING DATE

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

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 20 March 2024 (corresponding to 10th Ramadan 1445H).