ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL INFORMATION
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2023 (Unaudited)

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Crowe
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Certified Accountants And Auditors

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To The Shareholders of
Alinma Tokio Marine Company
(A Saudi Joint Stock Company)
Riyadh
Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Alinma Tokio Marine Company** (A Saudi Joint Stock Company) ("the Company") as at March 31, 2023, the related interim condensed statements of income and comprehensive income for the three month period then ended, and the interim condensed statements of changes in equity and cash flows for the three month period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

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ALINMA TOKIO MARINE COMPANY
(A Saudi Joint Stock Company)

Condensed interim statement of financial position
As at 31 March 2023 (Unaudited)

	Note	31 March 2023	31 December 2022 (Restated)
		SAR' 000	SAR' 000
ASSETS			
Cash and cash equivalents	6	90,530	102,803
Investments	7	142,477	137,741
Murabaha deposits		100,952	100,956
Insurance contract assets	8	-	-
Reinsurance contract assets	8	186,506	172,658
Prepayments and other assets		51,656	38,649
Property and equipment		896	1,439
Intangible assets		6,209	6,185
Right to use assets		2,713	2,590
Due from related party		25	1
Statutory deposit		45,000	45,000
Unit linked investments		103,308	100,612
TOTAL ASSETS		730,272	708,634
LIABILITIES			
Accrued expenses and other liabilities		13,320	13,114
Insurance contract liabilities	8	445,008	425,605
Reinsurance contract liabilities	8	101	634
Lease liabilities		2,808	2,579
Zakat and income tax payable	9	6,150	5,533
Retirement benefit obligation		6,368	6,406
TOTAL LIABILITIES		473,755	453,871
EQUITY			
Issued, authorised and paid up share capital	10	300,000	300,000
Accumulated losses		(81,333)	(82,819)
Investment fair value reserves		37,780	37,780
Remeasurement of retirement benefit obligation		70	(198)
TOTAL EQUITY		256,517	254,763
TOTAL LIABILITIES AND EQUITY		730,272	708,634
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Director **Chief Financial Officer** **Chief Executive Officer**

ALINMA TOKIO MARINE COMPANY
(A Saudi Joint Stock Company)

Condensed interim statement of profit or loss
For the three months period ended 31 March 2023 (Unaudited)

	Note	31 March 2023 SAR' 000	31 March 2022 (Restated) SAR' 000
REVENUES			
Insurance revenue	11	78,164	78,140
Insurance service expense	11	(53,911)	(34,912)
Net expenses from reinsurance contracts held	11	(23,664)	(28,453)
Insurance service result	11	589	14,775
Unrealized gain on investments		3,285	2,542
Realized gain on investments		143	190
Net impairment (loss) reversal on financial assets		(652)	92
Net investment income		2,776	2,824
Insurance finance income (expenses) for insurance contracts issued	12	(2,260)	832
Reinsurance finance income (expenses) for reinsurance contracts held	12	1,956	(849)
Net insurance finance expense		(304)	(17)
Net insurance and Investment result		3,061	17,582
Other operating (Expenses) / Income			
Other operating expenses		(8,520)	(10,037)
Other income		7,562	392
Income before tax		2,103	7,937
Zakat and income tax expense		(617)	(725)
Income for the period		1,486	7,212
Net income for the period attributable to the shareholders		1,486	7,212
Basic and diluted earning per share		0.05	0.24

Director | Chief Financial Officer | Chief Executive Officer

ALINMA TOKIO MARINE COMPANY
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Condensed interim other comprehensive income
For the three months period ended 31 March 2023 (Unaudited)

	Note	31 March 2023	31 March 2022 (Restated)
		SAR' 000	SAR' 000
Net Profit for the year		**1,486**	7,212
Other comprehensive income:			
Items that will not be reclassified to statement of income in subsequent years			
- Actuarial gain on remeasurement of retirement benefit obligations		**268**	545
Total comprehensive income for the period		**1,754**	7,757
Total comprehensive income for the period attributed to insurance service expenses		**268**	545
Total comprehensive income for the period attributed to shareholders		**1,486**	7,212

Director

Chief Financial Officer

Chief Executive Officer

ALINMA TOKIO MARINE COMPANY
(A Saudi Joint Stock Company)

Condensed interim statement of changes in equity
For the three months period ended 31 March 2023 (Unaudited)

	Share Capital	Accumulate loss	Investment Fair Value Reserve	Remeasurement of retirement benefit obligation	Total Equity
	SAR' 000	SAR' 000	SAR' 000	SAR' 000	SAR' 000
Balance at 1 January 2022 (audited)	300,000	(112,830)		(261)	186,909
Adjustment on initial application of IFRS 17, net of tax	-	2,120		-	2,120
Adjustment on initial application of IFRS 9, net of tax	-	20,072	35,109	-	55,181
Restated balance at 1 January 2022	300,000	(90,638)	35,109	(261)	244,210
Profit for the period	-	7,212	-	-	7,212
Actuarial loss on remeasurement of retirement benefit obligations	-	-	-	545	545
	-	-	-	-	
Restated balance at 31 March 2022 (unaudited)	300,000	(83,426)	35,109	284	251,967
Balance at 1 January 2023 (audited)	300,000	(90,638)	35,109	(198)	244,273
Adjustment on initial application of IFRS 17, net of tax	-	7,819		-	7,819
Adjustment on initial application of IFRS 9, net of tax	-	-	2,671	-	2,671
Restated balance as at 1 January 2023	300,000	(82,819)	37,780	(198)	254,763
Profit for the period	-	1,486		-	1,486
Actuarial loss on remeasurement of retirement benefit obligations	-	-	-	268	268
				-	-
Balance at 31 March 2023 (Unaudited)	300,000	(81,333)	37,780	70	256,517

Director **Chief Financial Officer** **Chief Executive Officer**

ALINMA TOKIO MARINE COMPANY
(A Saudi Joint Stock Company)

Condensed interim statement of cash flows
For the three months period ended 31 March 2023 (Unaudited)

	Notes	(Unaudited) 31 March 2023 SAR '000	(Restated) 31 March 2022 SAR '000
Cash flows from operating activities			
Profit before zakat and tax		**2,103**	7,937
Adjustments for:			
Depreciation on property and equipment		**607**	765
Depreciation on right to use assets		**289**	314
Finance cost on lease liabilities		**27**	35
Gain on disposal of financial assets via FVTPL		**(129)**	(53)
Unrealized gain on financial assets at FVTPL		**(579)**	(2,211)
Amortization on sukuks		**(44)**	
Net impairment reversal on financial assets		**652**	
Provision for retirement benefit obligations		**241**	394
Operating cash flows before changes in working capital		**3,167**	7,181
Changes in working capital			
Reinsurance contract assets		**(13,848)**	16,967
Prepayments and other assets		**(13,003)**	(4,286)
Reinsurance contract liabilities		**(533)**	-
Insurance contract liabilities		**19,403**	(11,441)
Accrued expenses and other liabilities		**206**	(9,062)
Unit linked investments		**(2,696)**	(15,612)
Due from a related party		**(24)**	-
Cash generated from operation		**(7,328)**	(16,253)
Employees' end-of-services benefits paid		**(203)**	(331)
Zakat paid		**-**	(271)
Net cash generated from operating activities		**(7,531)**	(16,855)
Cash flows from investing activities			
Purchase of property and equipment		**(500)**	(20)
Purchase of murabaha deposits		**-**	(10,000)
Purchase of investments		**(40,097)**	(41,500)
Proceeds from disposal of investments		**36,111**	30,000
Lease payment		**(256)**	(612)
Net cash generated from investing activities		**(4,742)**	(22,132)
Net change in cash and cash equivalents		**(12,273)**	(38,987)
Cash and cash equivalents, beginning of the period		**102,803**	248,314
Cash and cash equivalents, end of the period		**90,530**	209,327
Non cash transactions			
Actuarial (gain)/ loss on retirement benefit obligations		**(268)**	545

Director	Chief Financial Officer	Chief Executive Officer

1 Legal status and activities

Alinma Tokio Marine Company ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012). The Commercial Registration number of the Company is 7001727200, dated 28 Rajab 1433H (corresponding to 18 June 2012). The Company is listed on the Saudi Arabian Stock Exchange ("Tadawul") since 24 June 2012. The Registered address of the Company's head office is as follows:

King Fahad Road
P.O. Box 643
Riyadh 11421
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. 25/M, dated 3 Jumada-Al Thani 1430H (corresponding to 27 June 2009), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009).

The objectives of the Company is to transact in cooperative insurance operations and all related activities in accordance with its By Laws and applicable regulations in the Kingdom of Saudi Arabia.

2 Basis of preparation

2.1 Basis of accounting

As explained in note 3, the Company has adopted IFRS 17 Insurance Contracts, including any consequential amendments to other standards, with a date of initial application of 1 January 2023. The requirements of IFRS 17 have resulted in significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparative amounts in the opening balances.

2.2 Statement of Compliance

The interim condensed financial statements of the Company as at and for the period ended March 31, 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia (KSA) by Saudi Organization for Chartered and Professional Accountants (SOCPA) , other standards and pronouncements issued by SOCPA, regulations for Companies and Company's by laws.

In accordance with Article 70 of the Saudi Central Bank (SAMA) Implementing Regulations, as per the Articles of Association of the Company, the Company maintains separate accounts for both insurance operations and shareholders' operations. It distributes the net annual insurance surplus as set forth in the Company's Articles of Association and the insurance policy in terms of cooperative insurance, The customer (insurance policy) is valid and paid to date at the time of payment of the cooperative distribution amount.

The interim condensed financial statements have been prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investment held as FVTPL. The Company's condensed interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Property and Equipment, Intangible Assets, Unit linked Investments, Statutory Deposit, Murabaha Deposits maturing over one year, financial assets at amortized cost, fair value through other comprehensive income, and Retirement benefit obligations. All other financial statement line items would generally be classified as current.

2 Basis of preparation (Continued)

2.2 Statement of Compliance (Continued)

The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the same supplementary information in the financial statements (note 14). Assets, liabilities, revenues, and expenses clearly attributable to either activity are 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 interim condensed statement of financial position, statements of income, comprehensive income, and cash flows of the insurance operations and shareholders operations which are presented in Note 14 of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations require the clear segregation of the assets, liabilities, income, and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income, and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses, and comprehensive gains or losses of the respective operations.

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. Inter-operation balances and transactions, 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.

2.3 Critical accounting judgement, estimates and assumptions

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

Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

2.4 Functional and presentation currency

The interim condensed financial statements have been prepared in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All financial information presented in SAR has been rounded off to the nearest thousand unless otherwise stated.

2.5 Estimates uncertainty:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Discount rate:

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 judgment to assess liquidity characteristics of the liability cash flows.

2 Basis of preparation (Continued)

2.5 Estimates uncertainty (Continued)

(b) Estimates of future cash flows to fulfil insurance contracts:

Included in the measurement of each group of contracts within the scope of IFRS 17, are all future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing, and probability of cash flows. The probability- weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts using relevant proxies.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. Such estimates are made using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

(c) Methods used to measure the risk adjustment for non-financial risk:

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

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

(d) Measurement of the expected credit losses allowance:

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL") requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

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

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

2 Basis of preparation (Continued)

2.6 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognized in the condensed interim financial information.

(a) Definition and classification:

Judgement is required in order to determine whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, which measurement model is applicable:

i) Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk;

ii) Whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with discretionary participation features;

iii) Whether contracts that were determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features, particularly:

- whether the pool of underlying items is clearly identified;
- whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
- whether the Company expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.

iv) For insurance contracts with a coverage period of more than one year and for which the entity applies the Premium Allocation Approach (PAA), the eligibility assessment might involve significant judgement.

Judgement is involved in combination of insurance contracts and separation of distinct components:

i) **Combination of insurance contracts** – whether the contract with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination;

ii) **Separation** – whether components are distinct (that is, they meet the separation criteria); and

iii) **Separation of contracts with multiple insurance coverage** – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

(b) Unit of account:

Judgement is involved in the identification of portfolios of contracts (that is, having similar risks and being managed together).

Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. A similar grouping assessment is required for reinsurance contracts held. Areas of potential judgements include:

i) the determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, and

2 Basis of preparation (Continued)

2.6 Judgements (Continued)

(b) Unit of account (Continued)

ii) Judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts

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

The determination of whether laws or regulations constrain the Company's practical ability to set a different price or level of benefits for policyholders with different risk profiles so that the Company might include such contracts in the same group, disregarding the aggregation requirements is an area of judgement.

(c) Recognition and derecognition:

When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition. In particular, after the modification, judgement is applied to determine whether:

i) significant insurance risk still exists;
ii) there are elements that are to be distinct from the contract;
iii) contract boundaries have changed;
iv) the contract would have to be included in a different group, subject to aggregation requirements; and
v) the contract no longer meets the requirements of the measurement model.

(d) Fulfilment cash flows:

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17.

Judgements might be involved to determine when the Company is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period.

Where features such as options and guarantees are included in the insurance contracts, judgement might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.

The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognised insurance revenue and insurance service expenses, because investment components should be excluded from those.

Insurance revenue and reinsurance expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognized in a condensed interim statement of profit or loss for the insurance contract services provided or received in the period.

Areas of potential judgement are:

i) the determination of the expected coverage period over which the CSM is allocated into condensed interim statement of profit or loss for the services provided or received, that is, the determination of expected insurance coverage period;

2 Basis of preparation (Continued)

2.6 Judgements (Continued)

(e) Revenue recognition:

ii) the determination of the coverage units provided or received in the current period and expected to be provided in future periods, including the determination of the relative weighting of the benefits provided by insurance coverage; and

iii) factoring in the time value of money when determining the equal allocation of the CSM to the coverage units provided or received.

An entity might apply judgement to determine whether the treatment of certain consequential insurance risks within Liability For Remaining Coverage (LRC) or Liability For Incurred Claims (LIC) reflects the most useful information about the insurance services provided by the entity to the policyholder.

For contracts measured under the Variable Fee Approach (VFA) in which the Company has discretion over the cash flows to be paid to the policyholders, judgement might be involved in the determination of what the Company considers its commitment to the initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfillment cash flows (FCF) resulting from changes in the Company's commitment and those resulting from changes in assumptions that relate to the financial risk of that commitment.

3 New and amended standards and interpretations

3.1 IFRS 17 Insurance Contracts:

The Company has initially applied IFRS 17 Insurance Contracts (IFRS 17), which replaces IFRS 4 Insurance Contracts (IFRS 4), 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. As a result, the Company has restated certain comparative amounts for the prior year.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The application of the principles set out under IFRS 17 is covered in note 5.

3.2 Other new standards or amendments:

The Company has initially adopted Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7) from 1 January 2023, however, these amendments do not have any material impact on the Company's condensed interim financial information. The following are other new standards or amendments which do not have a significant impact on the Company's condensed interim financial information, when effective:

Other new standards or amendments	*Effective date*
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
- Amendments to IAS 8 – Definition of Accounting Estimate	1 January 2023
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

3 New and amended standards and interpretations (Continued)

3.3 Forthcoming requirements:

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing this condensed interim financial information.

New standards or amendments	*Effective date*
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
- Amendments to IAS 1 – Non-current liabilities with covenants	1 January 2024
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
- Amendments to IFRS 10 and IAS 28 – Sale or Construction of Assets between an Investor and its Associate or Joint Venture	N/A*

* Available for optional adoption / effective date deferred indefinitely.

4 Significant accounting policies

The accounting policies, estimates, and assumptions used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the application of new standards and adoption of the amendments to existing standards do not have a material impact on the condensed interim financial information of the Company except for the adoption of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. The requirements of IFRS 17 have bought a significant change to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparatives figures in opening balances.

5 Changes in significant accounting policies

5.1 IFRS 9 – Financial Instruments

(a) Classification and measurement

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and

ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, the Company can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

5 Changes in significant accounting policies (continued)

5.1 IFRS 9 – Financial Instruments (continued)

(a) Classification and measurement (continued)

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

(b) Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

5.2 Insurance contracts

a) Definition and classification

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks.

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.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in the condensed interim financial information apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise

b) Changes to classification and measurement:

For the Company, IFRS 17 has not resulted in a material change in the classification of insurance contracts relative to IFRS 4.

Previously, the Company measured contracts at the line of business level under IFRS 4. IFRS 17 has introduced a new unit of account at which insurance and reinsurance contracts are measured. Contracts are grouped into a unit of account based on the portfolio, cohort, and profitability group to which the contract belongs.

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

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts for all lines of business except life business which is not eligible for this approach. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

The Company applies a variable fee approach to the measurement of life insurance contracts. when measuring the liabilities of the insurance contract. The Company estimates the present value of future cash flows, Contractual service margin, and risk adjustment of non-financial risk.

(c) Changes to preparation and disclosures:

For presentation in the statement of financial position, the line items for insurance and reinsurance contracts issued and reinsurance contracts held have been changed significantly compared with last year. Previously balance sheet items related to insurance and reinsurance contracts were split into the following line items:

Assets

- Premiums and reinsurance receivables, net;
- Reinsurers' share of unearned premiums;
- Reinsurers' share of outstanding claims;
- Reinsurers' share of claims incurred but not reported reserve; and
- Deferred policy acquisition costs.

Liabilities

- Unearned premiums;
- Outstanding claims;
- Incurred but not reported claims;
- Other reserves;
- Premium deficiency reserves;
- Unit linked liabilities;
- Mathematical reserves;
- Unearned reinsurance commission

Under IFRS 17, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively, and presents them separately on the balance sheet:

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

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

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums;
- Fee income from insurance contracts;
- Reinsurance premiums ceded;

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(c) Changes to preparation and disclosures: (continued)

- Excess of loss expenses;
- Changes in unearned premiums;
- Changes in reinsurers' share of unearned premiums;
- Reinsurance commission earned;
- Other underwriting income;
- Gross claims paid;
- Surrenders;
- Reinsurers' share of claims paid;
- Changes in outstanding claims;
- Changes in reinsurers' share of outstanding claims;
- Changes in incurred but not reported claims;
- Changes in reinsurers' share incurred but not reported claims;
- Changes in other reserves;
- Changes in premium deficiency reserves;
- Changes in unit linked reserves;
- Changes in mathematical reserves;
- Policy acquisition costs;
- Other underwriting expenses;

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue;
- Insurance service expenses;
- Reinsurance expenses;
- Reinsurance income;
- Insurance finance income and expenses; and
- Reinsurance finance income and expenses.

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts; and
- Significant judgements, and changes in those judgements, when applying the standard.

(d) Application of judgement on transition:

The Company has determined that reasonable and supportable information was available for all contracts in force at the transition date. For all contracts that are eligible for the PAA, the Company has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable. All contracts not measured under the PAA were issued during the financial year prior to the transition and thus there is reasonable and supportable information to use the fully retrospective approach for these contracts.

Accordingly, the Company has: identified, recognized, and measured each group of insurance contracts as if IFRS 17 had always applied; derecognized any existing balances that would not exist if IFRS 17 had always applied; and recognized any resulting net difference in equity.

The Company has recognized insurance acquisition cash flows assets relating to insurance contracts issued or expected to be issued.

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(e) 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 except for some smaller lines which are managed together and have been combined into a single portfolio.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year. Each cohort is further disaggregated into groups of contracts:

- Contracts that are onerous at initial recognition;
- Contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- A group of remaining contracts.

This level of granularity determines sets of contracts. Significant judgement is used 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.

The Company will assess profitability at the cohort level as these are all deemed to have homogenous profitability. If facts and circumstances indicate that any specific segment / group of contracts within the portfolio is expected to have different profitability characteristics from the rest of the portfolio, then these will be split into a separate profitability group.

For short-duration contracts, the Company uses normalized risk-adjusted expected total combined ratio to split contracts into the three different groups above. For longer-term contracts, the Company calculates a risk-adjusted profit margin (the ratio of the CSM to the present value of future premiums) at inception to determine the profitability grouping.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Company has split reinsurance contracts into portfolios based on the product lines which are covered by the reinsurance contract.

Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a cohort 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.

This level of granularity determines sets of contracts. Significant judgement is used to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all reinsurance contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For all reinsurance contracts net gain or net loss is assessed at a cohort level as this is the most granular level where profitability is available

The Company uses the reinsurance combined ratio to allocate contracts to each of the groups above.

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(e) *Unit of account: (continued)*

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes each categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services

The Company applies IFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or a combination of insurance contracts.

(f) Recognition and derecognition:

The Company of insurance contracts issued are initially recognized 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.

Reinsurance contracts held are recognised as follows:

i) A group of reinsurance contracts held that provide proportionate coverage is recognized at the later of the beginning of the coverage period of the group and the initial recognition of any underlying insurance contract; and

ii) All other groups of reinsurance contracts held are recognized from the beginning of the coverage period of the group of reinsurance contracts held; unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognized prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognized at the same time as the group of underlying insurance contracts is recognized.

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

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

i) If the modified terms had been included at contract inception and the Company would have concluded that the modified contract is not within the scope of IFRS 17, results in different separable components, results in a different contract boundary or belongs to a different group of

ii) The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; and

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(f) *Recognition and derecognition: (continued)*

iii) The original contract was measured under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a contract is derecognized (and not measured under the PAA), the liability is adjusted as follows:

a) The present value of future cash flows and risk adjustment (RA) for the group of contracts is adjusted such that they are equal to zero; and

b) The CSM or LC is adjusted as follows:

- **If the derecognition is not a result of a transfer to a third party or a modification:** the full change in the FCFs is made to the present value of future cash flows and risk adjustment (RA) for the group of contracts;

- **If the contract is transferred to a third party:** the full change in the FCFs is made to the present value of future cash flows and risk adjustment (RA) for the group of contracts less the premium charged by the third party; and

- **If the contract is derecognized due to a modification:** the full change in the FCFs is made to the present value of future cash flows and risk adjustment (RA) for the group of contracts less the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognizing the new contract in this case, the Group assumes such a hypothetical premium was actually received.

The number of coverage units for the expected remaining coverage will be reduced by the number of coverage units that the contract derecognized represented.

When an insurance contract accounted for under the PAA is derecognized, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to the condensed consolidated interim statement of profit or loss:

i) If the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment; and

ii) If the contract is transferred to a third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party.

If the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms, is recognized as the new contract at the date of the contract modification less any additional premium charged for the modification.

(g) Measurement approach:

The Company elects to measure all insurance contracts under the PAA where eligible to do so. Currently, all insurance contracts are eligible and thus measured under the PAA except the life insurance contract are measured under the VFA.

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(g) *Measurement approach: (continued)*

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

The Company elects to measure all reinsurance contracts under the PAA where eligible to do so. Currently, all reinsurance contracts are eligible (and thus measured under the PAA) except life reinsurance portfolio.

(h) Accounting approach:

The Company has elected to determine cumulative results for each interim reporting period, and estimates made by the Company in previous interim financial statements will not be considered when applying IFRS 17 in subsequent interim periods or in the annual financial statements.

(i) Measurement of the FCF:

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and payout for claims, benefits, and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- are based on a probability-weighted mean of the full range of possible outcomes;
- are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
- reflect conditions existing at the measurement date.

The Company has used consistent assumptions to measure the estimates of the present value of the future cash flows for the group of reinsurance contracts held and the estimates of the present value of the future cash flows for the group(s) of underlying insurance contracts.

The Company measures the estimates of the present value of the future cash flows for the group of reinsurance contracts held and includes the effect of any risk of non-performance by the issuer of the reinsurance contract. In addition, the Company includes the effects of collateral and losses from the disputes while estimating the present value of the future cash flows for the group of reinsurance contracts held. Accordingly, the respective line 'changes in the risk of non-performance of the issuer of reinsurance contracts held' is included in the reinsurance contracts assets and liabilities reconciliation.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(j) Contract boundaries

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or if the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

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;

ii) the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods; and

iii) beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

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

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary of the treaty business of the Company which is written on a risk-attaching basis includes the reinsurer's share of all the cash flows of all contracts that attach during the term of the treaty. Treaty business written on a loss-occurring basis includes the reinsurer's share of all the cash flows that are incurred within the treaty term. Reinsurance contracts written on a facultative business include the reinsurer's share of all the cash flows within the contract boundary of the underlying contract.

(k) Measurement of expenses:

The Company had defined acquisition expenses as the costs of selling, underwriting, and starting issuing a group of insurance contracts as per IFRS 17 requirements. The Company had defined acquisition costs as attributable to a contract (or group of contracts) if the cost is incurred to acquire a specific contract or group of contracts (as opposed to new business in general).

The Company has defined all other expenses as maintenance expenses. The Company has defined maintenance costs as attributable if they could not have been avoided if the contract had not been entered into. Where this is unclear, the Company has determined that maintenance costs are attributable if that expense would continue in run-off.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(k) *Measurement of expenses: (continued)*

The Company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance and reinsurance contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company allocates these using relevant proxies. Similar methods are consistently applied to allocate expenses of a similar nature.

The Company does not pay (or recognize a liability, applying a standard other than IFRS 17) directly attributable acquisition costs before a group of insurance contracts is recognized. As such, no pre-recognition acquisition costs assets have been established.

(l) Initial and subsequent measurement – group of contracts measured under the PAA:

For insurance contracts issued measured under the PAA, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid. Insurance acquisition cash flows allocated to a group are deferred and recognized over the coverage period of contracts in a group.

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

i) Increased for premiums received in the period;
ii) Decreased for insurance acquisition cash flows paid in the period;
iii) Decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
iv) Increased for the amortization of insurance acquisition cash flows in the period recognised as insurance service expenses.

The Company does not adjust the LRC for insurance contracts issued for the effect of the time value of money, because insurance premiums are due within a year of the coverage provided associated with each premium.

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.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage for contracts measured under the PAA at the amount of ceding premiums paid less ceding commission received from the reinsurer.

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

- Increased for ceding premiums paid in the period;
- Decreased for ceding commissions or investment components received in the period; and
- Decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the remaining coverage for reinsurance contracts held for the effect of the time value of money, because reinsurance premiums are due within a year of the coverage provided associated with each premium.

For groups of reinsurance contracts measured under the PAA, the Company recognizes reinsurance expenses related to the premium ceded based on the pattern of the groups of underlying contracts.

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(l) Initial and subsequent measurement – group of contracts measured under the PAA: (continued)

The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognized. Subsequently, the loss component is re-measured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. The resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses as the option to adjust for the effect of the time value of money and financial risk in the calculation of the FCFs has been selected.

When a loss is recognized on the initial recognition of an onerous group of underlying insurance contracts or on the addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognized in profit or loss and a loss recovery component is established or adjusted for the amount of income recognized. The referred income is calculated by multiplying the loss recognized on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognized on the underlying insurance contracts.

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

Changes in the loss recovery component are not disaggregated between income and expenses from reinsurance contracts held and reinsurance finance income or expenses for the effect of the time value of money and financial risk as the underlying loss components, which are all measured under the PAA, are not adjusted for the effect of the time value of money and financial risk.

(m) Variable fee approach (VFA):

VFA is a mandatory modification to contracts with direct participation features. A contract is a contract with a direct participation feature if it meets all three of the following requirements:

i) Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.

ii) The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.

iii) The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

(n) Contractual service margin (CSM)

Contractual service margin (CSM) represents the unearned profit the entity will recognize as it provides insurance contract service in the future. At initial recognition is computed using the FCF whereas at subsequent measurement CSM is computed using the opening CSM balance and various adjustments relating to the period. A portion of CSM is released to profit & loss in every period using the coverage units.

5 Changes in significant accounting policies (continued)

5.2 Insurance contracts (continued)

(o) Onerous contracts and loss components

when a group of contracts, whether at initial recognition or subsequently, is or becomes onerous or loss component liability must be maintained. Under VFA this liability is implicitly included in the FCFs for LRC but for PAA an explicit loss component over the base LRC must be computed and set aside.

***5.3* Insurance revenue**

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

i) Insurance claims and expenses incurred in the period as expected at the start of the period, excluding amounts related to the loss component, repayments of investment components and insurance acquisition expenses;

ii) Changes in the RA, excluding changes that relate to future coverage which adjusts the CSM and amounts allocated to the loss component;

iii) Amounts of the CSM recognised in profit and loss for the services provided in the period;

iv) Actual vs expected premiums (or other premium-related cash flows such as commission) that relate to past or current services; and

v) The recovery of the insurance acquisition cash flows which is determined by allocating a portion of the premiums related to the recovery of these cashflows 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.

***5.4* Insurance service expenses**

Insurance service expenses include the following:

i) Claims incurred in the period (excluding investment components) and other directly attributable insurance service expenses incurred in the period;

ii) The amortization of insurance acquisition cash flows;

iii) Changes that relate to past service (specifically changes in the estimate of the LIC at the start of the period including the change in the RA on the LIC); and

iv) Losses on onerous groups of contracts (i.e. the loss on setting up a loss component) and reversals of such losses which represent changes that relate to future service.

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the pattern of revenue recognition under the PAA.

Other expenses not meeting the above categories are included in other operating expenses in the condensed consolidated interim statement of profit or loss.

5 Changes in significant accounting policies (continued)

5.5 Net income (expenses) from reinsurance contracts held

The Company presents the income from reinsurance contracts held and the expenses for reinsurance contracts held separately.

Reinsurance income will consist of:
- Actual claims and other expenses recovered during the period;
- The effect of changes in the risk of reinsurers non-performance;
- Losses recovered on underlying contracts and reversal of such recoveries;
- Changes that relate to past service adjustments to incurred claims component; and
- Other incurred directly attributable expenses.

For contracts measured under the PAA, reinsurance expenses will consist of:
- PAA premiums recognised as revenue in the period ceded to the reinsurer; and
- Ceding commission earned in the period.

5.6 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:
- Interest accreted on the CSM;
- Interest accreted on the PAA LRC excluding the LC (if adjusted for the financing effect);
- The financing effect on the LC measured under the PAA (if adjusted for the financing effect);
- The effect of changes in FCFs at current rates, when the corresponding CSM unlocking is measured at the locked-in rates;
- Any interest charged to or added to insurance / reinsurance asset or liability balances; and
- The effect of changes in interest rates and other financial assumptions.

For all groups of contracts, the Company disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income (that is, the OCI option is applied). The finance income and expenses from insurance contracts issued and recognized in the condensed consolidated interim statement of profit or loss reflect the unwind of the liabilities at the locked-in rates.

5.7 Transition.

The Company has applied IFRS 17 from financial reporting periods commencing on 1 January 2023 with the date of transition from IFRS 4 being 1 January 2022.

The Company has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date.

5.8 Estimates and assumptions

(a) Best estimate cash flows.

The best estimate liability (BEL) represents the explicit, unbiased, and probability-weighted best estimate (expected value) of the future cash outflows minus the future cash inflows that arise when the Company fulfills its obligations with respect to the insurance contracts. The BEL, thus includes the effects of discounting, allowing for financial risks (to the extent not included in the estimate of the cash flows).

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the period in which the Company:

5 Changes in significant accounting policies (continued)

5.8 Estimates and assumptions (Continued)

(a) Best estimate cash flows (Continued)

i) Can compel the policyholder to pay the premium; or
ii) Has a substantive obligation to provide the policyholder with coverage or other services.

A substantive obligation to provide services ends when the Company has the 'practical ability' to reassess the risks and can set a price or level of benefits that fully reflects those reassessed risks.

Before a group of insurance contracts is recognized, the Company could recognize assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company applies the following principles:

i) Where there is sufficient data, experience investigations are performed, with adjustments made for any trends as well as to account for external considerations and business strategy; or

ii) Where data is insufficient or lacks credibility, benchmarks, and industry experience would be considered, with appropriate and justifiable adjustments.

The Company makes use of estimates that are current by ensuring that:

i) Updates are made to assumptions such that they faithfully represent the conditions at the valuation date;

ii) The changes in estimates faithfully represent the changes in conditions during the period; and

iii) Future changes in legislation are not taken into account, unless they have been substantively enacted.

The Company makes use of the following assumptions to project the cash flows for the non-life where required:

- Expected premium receipts pattern;
- Expected claims ratio;
- Expected attributable expense ratio;
- Expected bad debt;
- Expected incidence of risk; and
- Expected claims payment pattern.

For the measurement of the LIC, the Company uses a blended approach (i.e. the chain-ladder, Bornhuetter Ferguson and expected loss ratio techniques are used) for calculating the Incurred But Not Reported Reserves (IBNR) and Incurred But Not Enough Reserves (IBNER) for all direct lines of business. The Company performs the calculations using quarterly claims development for all portfolios.

The calculations are performed using incurred claims. Incurred claims are set as paid claims plus the outstanding claims reserve. The outstanding claims reserves are set in line with the case estimates that are determined when a claim is reported.

5 Changes in significant accounting policies (continued)

5.8 Estimates and assumptions (Continued)

(a) Best estimate cash flows (Continued)

For the measurement of the inwards reinsurance LIC, the Company uses the expected loss ratio method given the small size of this portfolio.

Expenses related directly to the settlement of the claim are implicitly included in the claims estimates described above. Other overhead expenses deemed attributable to the settlement of the claim are determined using the Kittel method.

Future cash flows are adjusted for the time value of money as most claims take more than a year to be settled by the Company.

The approach used to accurately allow for non-performance would be to model the loss to be suffered on a default event and the probability of such an event occurring. Mathematically this could be expressed as:

Probability of default ("PD") x Loss given default ("LGD") x Exposure at default ("EAD").

Assumptions for PDs and LGDs should be set using market data at the valuation date.

The Company uses a range of macroeconomic factors, forward-looking estimates, and credit behavior of the reinsurer in the assessment of the risk of reinsurers' non-performance. The Company periodically reviews and updates selected economic series and applies judgement in determining what constitutes reasonable and forward-looking estimates.

(b) Discount rates

The bottom-up approach was used to derive the discount rate for all contracts within the scope of IFRS 17. Under this 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'). The risk-free rate was derived using the Saudi Sovereign Yield Curves.

Management uses judgement to assess liquidity characteristics of the liability cash flows. It was determined that all contracts are considered less liquid than the financial assets used to derive the risk-free yield. For all contracts, the illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

Where the Company is exposed to FCFs that vary with inflation (e.g. claims and expense cash flows), the Company has explicitly allowed for inflation in the FCFs measurement and has discounted these using nominal discount rates set using the bottom-up approach.

The yield curves that were used to discount the estimates of future cash flows are as follows:

Financial period	1 year	5 year	10 year	20 year	30 year
31 March 2023	5.29%	3.42%	3.70%	3.28%	3.00%
31 December 2022	5.59%	4.07	4.33%	3.64%	2.64%

(c) 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 it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfills insurance contracts.

5 Changes in significant accounting policies (continued)

5.8 Estimates and assumptions (Continued)

(c) Risk adjustment for non-financial risk (Continued)

The Company has used the Value at Risk (VAR) approach to determine the RA for all contracts except the individual life contracts where provisions for Tail Value at Risk (TVaR) have been used. The Company allows for all non-financial risks related to the insurance contract when calculating the RA.

For the VAR approach, the Company has used the Mack method to determine the RA for the LIC at the chosen confidence level. The distributions used in the method were selected based on the goodness of fit test. The RA for the LRC was estimated by scaling the calculation for the Saudi Central Bank premium risk module to the selected confidence level.

For the life of the contract, the statistical measure used in the methodology were calibrated to be in line with the Company's selected confidence level.

Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion. These estimates are made based on the expected diversification across all of the Company's insurance contracts.

The Company does not disaggregate changes in the RA between insurance service results and insurance finance income or expenses.

The Company has used a consistent approach to calculate the RA for the insurance contracts.

(d) Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;

- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied;

- recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated interim financial information at 1 January 2022 are presented in the statement of changes in equity.

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

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

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

		IAS 39		IFRS 9	
		Measurement category	**Carrying amount**	**Measurement category**	**Carrying amount**
	Financial Assets		**SAR "000"**		**SAR "000"**
1	Cash and cash equivalents	Amortised cost	248,314	Amortised cost	248,196
2	Investments				
a)	AFS-Equity Securities	Available for Sale	1,923	Fair Value through Other Comprehensive Income (FVOCI) (with no recycling)	37,032
b)	Investment at Fair Value	Fair Value through statement of income (FVSI)	30,891	Fair Value through profit and loss (FVTPL)	30,891
c)	Held to Maturity-Sukuk	Amortised cost	10,000	Amortised cost	9,995
3	Statutory Deposit	Amortised cost	45,000	Amortised cost	45,000
4	Accrued income on statutory deposit	Amortised cost	-	Amortised cost	-
	Total financial assets		**336,128**		**371,114**

The changes in the classification of financial assets are predominantly due to the mandatory classification of equity instruments (including mutual funds) at FVTPL except for those which on transition the company has elected to present the changes in fair value in OCI. Sukuks held till maturity are required to be classified as investments held at amortised cost. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

Remeasurement impact on the interim condensed consolidated statement of financial position on adoption of IFRS 9

Impairment of financial assets

The following table reconciles the impairment allowance and provision recorded as per the requirements of IAS 39 as at 31 December 2021 to opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2022. At the transition date and at the reporting date all financial assets were in Stage 1.

Particulars	**31 December 2021 (IAS 39)**	**Reclassification**	**Remeasurement**	**1 January 2022 (IFRS 09)**
Financial Assets at amortised cost (IFRS 09)				
Impairment on Amortized cost assets (Sukuks)	10,000	-	(5)	9,995
Impairment on Cash and Cash equivalents	248,314	-	(118)	248,196
Impairment on Statutory deposits	45,000	-	-	45,000
Financial assets at FVOCI (IFRS 9)	1,923		35,109	37,032
Total	**305,237**	**-**	**34,986**	**340,223**

6 CASH AND CASH EQUIVALENTS

	SAR'000 As at 31 March 2023 (Unaudited)			SAR'000 As at 31 December 2022 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash in hand	10	-	**10**	10	-	**10**
Cash at banks – current accounts	37,945	3,234	**41,179**	42,173	27,095	**69,268**
Short Term Murabaha Deposits	-	50,000	**50,000**	33,538	-	**33,538**
ECL provision	(7)	(652)	**(659)**	(6)	(7)	**(13)**
Total	37,948	52,582	90,530	75,715	27,088	102,803

7 INVESTMENTS

This represents an investment in Najm for Insurance Services Company classified through OCI and sukuks are classified as at amortized cost whereas, equity shares, Shari'ah compliant mutual funds, discretionary portfolios, and real estate funds are classified as at fair value through profit and loss "FVTPL".

	SAR'000 As at 31 March 2023 (Unaudited)			SAR'000 As at 31 December 2022 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Investment held at FVTPL	12,095	36,244	48,339	6,620	42,182	48,802
Investment in unqouted equity securities	-	39,703	39,703	-	39,703	39,703
Investment held at amortized cost	24,441	29,994	54,435	19,240	29,996	49,236
Total	36,536	105,941	142,477	25,860	111,881	137,741

The movement during the year is as follows:

7.1 Investments at fair value through statement of profit or loss (FVPL)

	SAR'000 As at 31 March 2023 (Unaudited)			SAR'000 As at 31 December 2022 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Balance at the beginning for the year	6,620	42,182	48,802	131	30,760	30,891
Purchases during the period / year	25,240	9,700	34,940	103,869	106,430	210,299
Diposal / maturities during the period / year	(20,000)	(16,111)	(36,111)	(97,812)	(94,879)	(192,691)
Realised gain/(loss) during the period / year	58	71	129	150	(288)	(138)
Unrealised gain during the period / year	177	402	579	282	159	441
Balance at the end for the period	12,095	36,244	48,339	6,620	42,182	48,802

7.3 Investments held at amortized cost

	SAR'000 As at 31 March 2023 (Unaudited)			SAR'000 As at 31 December 2022 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Balance at the beginning for the year						
Sukuk	19,243	30,000	49,243	-	10,000	10,000
Purchases during the period / year- sukuks	5,157	-	5,157	19,191	20,000	39,191
Amortization gain during the period / year - sukuks	44	-	44	52	-	52
Less: ECL impairment loss	(3)	(6)	(9)	(3)	(4)	(7)
Balance at the end of the period / year	24,441	29,994	54,435	19,240	29,996	49,236

Investments in sukuks have a tenure of ten years, yielding an average profit rate of 4.06% per annum (2022: 4.39% per annum). Management considers that carrying amount is a reasonable approximation of fair value.

Movement in loss allowance for the period for investments is as follows:

	SAR'000 As at 31 March 2023 (Unaudited)				SAR'000 As at 31 December 2022 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired	Total	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired	Total
Balance at the beginning of the period	34	-	-	34	31	-	-	31
Net charge / (release)	-	652		652	1	-		1
Net Re-Measurement	-	-	-	-	2	-	-	2
	34	652	-	686	34	-	-	34

7.4 Determination of fair value and fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value there is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of operations or undertake a transaction on adverse terms. The Company's financial assets consist of cash and cash equivalents, premiums and reinsurance receivables, Murabaha deposits, reinsurance share of unearned premium, deferred policy acquisition cost, reinsurance share of outstanding claims, reinsurance share of incurred but not reported claims, reinsurance share of other reserves, investments and its financial liabilities consist of reinsurance balance payables, unearned premium, unearned commission income, outstanding claims, incurred but not reported claims, other reserves, premium deficiency reserve. The fair values of financial assets and liabilities are not materially different from their carrying values at the interim condensed statement of financial position date.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Shareholders' operations	**As at 31 March 2023**			
	Level 1	**Level 2**	**Level 3**	**Total**
	SAR'000			
Available for sale investments				
- Investments in unquoted equity	-	-	**39,703**	**39,703**
Investments at fair value through statement of income				
- Investments in discretionary portfolios	**9,176**	-	-	**9,176**
- Investments in real estate fund	-	**6,159**	-	**6,159**
- Investments in Murabaha and Sukuk Fund	**20,909**	-	-	**20,909**
Total	**30,085**	**6,159**	**39,703**	**75,947**

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
	SAR'000			
Available for sale investments				
- Investments in unquoted equity	-	-	39,703	39,703
Investments at fair value through statement of income				
- Investments in discretionary portfolios	32,107	-	-	32,107
- Investments in real estate funds	3,916	6,159	-	10,075
- Investments in quoted equity	-	-	-	-
Total	36,023	6,159	39,703	81,885

8 INSURANCE AND REINSURANCE CONTRACTS

8.1 Composition of Balance Sheet

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

8.1.1 *Analysis by insurance remaining coverage and incurred claim*

General Insurance

	SAR '000			
	31 March 2023			
	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding Loss component	Loss Component	LIC	
Opening insurance contract liabilities	176,773	4,428	144,632	**325,833**
Opening insurance contract assets	-	-	-	-
Net opening balance	**176,773**	**4,428**	**144,632**	**325,833**
Insurance revenue	77,324	-	-	**77,324**
Insurance service expense				
Incurred claims	-	-	(67,957)	**(67,957)**
Insurance acquisition cashflow amortization	(8,884)	-	-	**(8,884)**
Changes that relate to future service: Loss & reversal of onerous loss contracts	-	(2,207)	-	**(2,207)**
Changes that relate to past service: Changes related to LIC	-	-	26,681	**26,681**
Total insurance service result	**68,440**	**(2,207)**	**(41,276)**	**24,957**
Investment component	-	-	-	-
Finance income (expenses) from insurance contracts issued	-	-	(2,279)	**(2,279)**
Total changes in statement of profit or loss and other comprehensive income	**68,440**	**(2,207)**	**(43,555)**	**22,678**
Cash flows				
Premium received	86,953	-	-	**86,953**
Claims and other expenses paid including investment component	-	-	(42,759)	**(42,759)**
Acquisition cash flows paid	(4,707)	-	-	**(4,707)**
Total cash flows	**82,246**	**-**	**(42,759)**	**39,487**
Outstanding amounts transferred to LIC at end of cover	(7,195)	-	7,195	-
Net closing balance	**183,384**	**6,635**	**152,623**	**342,642**
Closing Insurance Contract Liabilities	183,386	6,633	152,623	**342,642**
Closing Insurance Contract Assets	-	-	-	-
Closining insurance contract assets/liabilities	**183,386**	**6,633**	**152,623**	**342,642**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.1 Analysis by insurance remaining coverage and incurred claim (continued)
General Insurance

	SAR '000			
	31 December 2022			
	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding Loss component	Loss Component	LIC	
Opening insurance contract liabilities	122,779	7,180	92,728	**222,687**
Opening insurance contract assets	-	-	-	-
Net opening balance	**122,779**	**7,180**	**92,728**	**222,687**
Insurance revenue	318,345	-	-	**318,345**
Insurance service expense				
Incurred claims	-	-	(260,268)	**(260,268)**
Insurance acquisition cashflow amortization	(35,026)	-	-	**(35,026)**
Changes that relate to future service: Loss & reversal of onerous loss contracts	-	2,752	-	**2,752**
Changes that relate to past service: Changes related to LIC	-	-	66,590	**66,590**
Total insurance service result	**283,319**	**2,752**	**(193,678)**	**92,393**
Investment component				
Finance income (expenses) from insurance contracts issued	-	-	3,714	**3,714**
Total changes in statement of profit or loss and other comprehensive income	**283,319**	**2,752**	**(189,964)**	**96,107**
Cash flows				
Premium received	367,826	-	-	**367,826**
Claims and other expenses paid including investment component	-	-	(137,317)	**(137,317)**
Other insurance service expenses paid	-	-	-	-
Acquisition cash flows paid	(31,256)	-	-	**(31,256)**
Total cash flows	**336,570**	**-**	**(137,317)**	**199,253**
Outstanding amounts transferred to LIC at end of cover	742	-	(742)	-
Net closing balance	**176,772**	**4,428**	**144,633**	**325,833**
Closing Insurance Contract Liabilities	176,773	4,428	144,632	**325,833**
Closing Insurance Contract Assets	-	-	-	-
Closining insurance contract assets/liabilities	**176,773**	**4,428**	**144,632**	**325,833**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.2 *Analysis by insurance remaining coverage and incurred claim (continued)*

Life

	SAR '000			
	31 March 2023			
	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding Loss component	Loss Component	LIC	
Opening insurance contract liabilities	96,352	3,419	-	**99,771**
Opening insurance contract assets	-	-	-	-
Net opening balance	**96,352**	**3,419**	-	**99,771**
Insurance revenue	841	-	-	**841**
Insurance service expense				
Incurred claims	-	-	(1,130)	**(1,130)**
Insurance acquisition cashflow amortization	(308)	-	-	**(308)**
Changes that relate to future service: Loss & reversal of onerous loss contracts	-	(106)	-	**(106)**
Changes that relate to past service: Changes related to LIC	-	-	-	-
Total insurance service result	**533**	**(106)**	**(1,130)**	**(703)**
Investment component	(4,872)	-	4,872	-
Finance income (expenses) from insurance contracts issued	(1,859)	18	-	**(1,841)**
Effect of movement in discount rate	-	-	-	-
Total changes in statement of profit or loss and other comprehensive income	**(6,198)**	**(88)**	**3,742**	**(2,544)**
Cash flows				
Premium received	6,560	-	-	**6,560**
Claims and other expenses paid including investment component	(506)	-	(6,002)	**(6,508)**
Other insurance service expenses paid	-	-	-	-
Acquisition cash flows paid	-	-	-	-
Total cash flows	**6,054**	-	**(6,002)**	**52**
Outstanding amounts transferred to LIC at end of cover	-	-	-	-
Net closing balance	**98,860**	**3,507**	-	**102,367**
Closing Insurance Contract Liabilities	98,860	3,507	-	**102,367**
Closing Insurance Contract Assets	-	-	-	-
Closining insurance contract assets/liabilities	**98,860**	**3,507**	-	**102,367**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.2 *Analysis by insurance remaining coverage and incurred claim (continued)*

Life

	SAR '000			
	31 December 2022			
	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding Loss component	Loss Component	LIC	
Opening insurance contract liabilities	84,081	3,092	-	**87,173**
Opening insurance contract assets	-	-	-	-
Net opening balance	**84,081**	**3,092**	**-**	**87,173**
Insurance revenue	3,454	-	-	**3,454**
Insurance service expense				
Incurred claims	-	-	(3,851)	**(3,851)**
Insurance acquisition cashflow amortization	(1,413)	-	-	**(1,413)**
Changes that relate to future service: Loss & reversal of onerous loss contracts	-	(333)	-	**(333)**
Total insurance service result	**2,041**	**(333)**	**(3,851)**	**(2,143)**
Investment component	(16,160)	-	16,160	-
Finance income (expenses) from insurance contracts issued	24	5	-	**29**
Effect of movement in discount rate	-	-	-	-
Total changes in statement of profit or loss and other comprehensive income	**(14,095)**	**(328)**	**12,309**	**(2,114)**
Cash flows				
Premium received	33,415	-	-	**33,415**
Claims and other expenses paid including investment component	(2,920)	-	(20,011)	**(22,931)**
Other insurance service expenses paid	-	-	-	-
Acquisition cash flows paid	-	-	-	-
Total cash flows	**30,495**	**-**	**(20,011)**	**10,484**
Outstanding amounts transferred to LIC at end of cover	-	-	-	-
Net closing balance	**96,351**	**3,420**	**-**	**99,771**
Closing Insurance Contract Liabilities	96,352	3,419	-	**99,771**
Closing Insurance Contract Assets	-	-	-	-
Closining insurance contract assets/liabilities	**96,352**	**3,419**	**-**	**99,771**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.3 *Analysis by remaining coverage and incurred claim*

Reinsurance

	SAR '000			
	31 March 2023			
	Asset for remaining coverage		Asset for incurred claims	Total
	Excluding Loss component	Loss Component	LIC	
Opening Reinsurance Contract Liabilities	(55)	-	689	634
Opening Reinsurance Contract Assets	(59,385)	(130)	(113,143)	(172,658)
Opening resinsurance assets/liabilities	(59,440)	(130)	(112,454)	(172,024)
Reinsurance Revenue	(27,726)	-	-	(27,726)
Reinsurance service expense				
Incurred claims recovered	-	-	(7,232)	(7,232)
Changes that relate to past service - adjustments to the LIC	-	-	3,152	3,152
Changes that relate to future service-Losses on onerous contracts and reversal of those losses	-	18		18
Net Reinsurance Service expenses	-	18	(4,080)	(4,062)
Reinsurance Service Result	(27,726)	(18)	4,080	(23,664)
Net finance expense from reinsurance contract held	1	-	1,955	1,956
Effect of movement in discount rate	-	-	-	-
Total changes in statement of profit or loss and other comprehensive income	(27,725)	(18)	6,035	(21,708)
Investment component	-	-	-	-
Other changes	-	-	-	-
Cash flows				
Premium ceded	(54,853)	-	-	(54,853)
Recoveries from reinsurance	7,382	-	11,382	18,764
Total cash flows	(47,471)	-	11,382	(36,089)
Outstanding amounts transferred to LIC at end of cover	11,698	-	(11,698)	-
Net Closing Balance	(67,488)	(112)	(118,805)	(186,405)
Closing Reinsurance Contract Liabilities	(177)	-	278	101
Closing Reinsurance Contract Assets	(67,311)	(112)	(119,083)	(186,506)
Closing resinsurance assets/liabilities	(67,488)	(112)	(118,805)	(186,405)
	-	-		
	-	-	-	

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

Notes to the condensed interim financial information
For the three months period ended 31 March 2023 (Unaudited)

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.3 ***Analysis by remaining coverage and incurred claim***

Reinsurance

	SAR '000			
	31 December 2022			
	Asset for remaining coverage		Asset for incurred claims	Total
	Excluding Loss component	Loss Component	LIC	
Opening Reinsurance Contract Liabilities	(183)	-	1,733	**1,550**
Opening Reinsurance Contract Assets	(32,686)	(104)	(73,907)	**(106,697)**
Opening resinsurance assets/liabilities	**(32,869)**	**(104)**	**(72,174)**	**(105,147)**
Reinsurance Revenue	(136,474)	-	-	**(136,474)**
Reinsurance service expense				
Incurred claims recovered	-	-	(100,393)	**(100,393)**
Changes that relate to past service - adjustments to the LIC	-	-	31,899	**31,899**
Changes that relate to future service-Losses on onerous contracts and reversal of those losses	-	(26)	0	**-** **(26)**
Net Reinsurance Service expenses	**-**	**(26)**	**(68,494)**	**(68,520)**
Reinsurance Service Result	**(136,474)**	**26**	**68,494**	**(67,954)**
Net finance expense from reinsurance contract held	4	-	**(3,389)**	**(3,385)**
Effect of movement in discount rate	-	-	-	**-**
Total changes in statement of profit or loss and other comprehensive income	**(136,470)**	**26**	**65,105**	**(71,339)**
Investment component	-	-	-	**-**
Other changes	-	-	-	**-**
Cash flows				
Premium ceded	(187,845)	-	-	**(187,845)**
Recoveries from reinsurance	24,481	-	25,148	**49,629**
Total cash flows	**(163,364)**	**-**	**25,148**	**(138,216)**
Outstanding amounts transferred to LIC at end of cover	323	-	(323)	**-**
Net Closing Balance	**(59,440)**	**(130)**	**(112,454)**	**(172,024)**
Closing Reinsurance Contract Liabilities	(55)	-	689	**634**
Closing Reinsurance Contract Assets	(59,385)	(130)	(113,143)	**(172,658)**
Closing resinsurance assets/liabilities	**(59,440)**	**(130)**	**(112,454)**	**(172,024)**
	-	-	-	-

8 *INSURANCE AND REINSURANCE CONTRACTS (continued)*

8.1.4 *Analysis by measurement component – Contracts not measured under PAA*

Insurance	SAR '000			
	31 March 2023			
	Present Value of future cash flows	Risk Adjustment	Contractual Service Margin	Total
Opening insurance contract liabilities	98,053	37	1,680	**99,770**
Opening insurance contract assets	-	-	-	**-**
Opening insurance assets/liabilities	**98,053**	**37**	**1,680**	**99,770**
Changes that related to current service				
CSM recognised for service provide	-	-	(37)	**(37)**
Change in the risk adjustment for non-financial risk for the risk expired	-	(1)	-	**(1)**
Experience adjustment contracts	566	-	-	**566**
	566	**(1)**	**(37)**	**528**
Changes that related to future service				
Changes in estimates reflected in CSM	44	16	(39)	**21**
Changes in estimates that result in onerous contract losses or reversal of losse	157	-	-	**157**
Contracts initially recognised in the period	-	-	-	**-**
	201	**16**	**(39)**	**178**
Changes that related to past service				
Adjustments to liabilities for incurred claims	-	-	-	**-**
Effect of changes in the risk of reinsurers non-performance	-	-	-	**-**
Changes that relate to past service - adjustments to the LIC	-	-	-	**-**
	-	**-**	**-**	**-**
Insurance Service Result	**767**	**15**	**(76)**	**706**
Finance (income) expenses	(1,825)	(1)	(15)	**(1,841)**
Total amount recognised in statement of profit or loss and other comprehen	**(2,592)**	**(16)**	**61**	**(2,547)**
Premiums received	6,558	-	-	**6,558**
Other charges	-	-	-	**-**
Claims and other directly attributable expenses paid	(6,002)	-	-	**(6,002)**
Acquisition cash flows paid	(506)	-	-	**(506)**
Total cash flows	**50**	**-**	**-**	**50**
Net Closing balance	**100,695**	**53**	**1,619**	**102,367**
Closing insurance contract liabilities	100,696	52	1,619	**102,367**
Closing insurance contract assets	-	-	-	**-**
Closinginsurance assets/liabilities	**100,696**	**52**	**1,619**	**102,367**

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.4 *Analysis by measurement component – Contracts not measured under PAA (continued)*

Insurance

	SAR '000			
	31 December 2022			
	Present Value of future cash flows	Risk Adjustment	Contractual Service Margin	Total
Opening insurance contract liabilities	85,097	108	1,968	**87,173**
Opening insurance contract assets	-	-	-	-
Opening insurance assets/liabilities	85,097	108	1,968	87,173
Changes that related to current service				
CSM recognised for service provide	-	-	(151)	**(151)**
Change in the risk adjustment for non-financial risk for the risk expired	-	(14)	-	**(14)**
Experience adjustment contracts	1,595	-	-	**1,595**
	1,595	(14)	(151)	1,430
Changes that related to future service				
Changes in estimates reflected in CSM	1,432	(81)	(1,346)	**5**
Changes in estimates that result in onerous contract losses or reversal of losse	708	-	-	**708**
Contracts initially recognised in the period	(1,217)	24	1,193	-
	923	(57)	(153)	713
Changes that related to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	-	-
	-	-	-	-
Insurance Service Result	2,518	(71)	(304)	2,143
Finance (income) expenses	46	(1)	(16)	29
Total amount recognised in statement of profit or loss and other comprehen	(2,472)	70	288	(2,114)
Cashflows				
Premiums received	33,415	-	-	**33,415**
Other charges	-	-	-	-
Claims and other directly attributable expenses paid	(20,011)	-	-	**(20,011)**
Acquisition cash flows paid	(2,920)	-	-	**(2,920)**
Total cash flows	10,484	-	-	10,484
Net Closing balance	98,053	38	1,680	99,771
Closing insurance contract liabilities	98,054	37	1,680	**99,771**
Closing insurance contract assets	-	-	-	-
Closinginsurance assets/liabilities	98,054	37	1,680	99,771

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.5 ***Analysis by measurement component – Contracts not measured under PAA***
Reinsurance

	SAR '000			
	31 March 2023			
	Present Value of future cash flows	Risk Adjustment	Contractual Service Margin	Total
Opening Reinsurance Contract Assets	4	-	(187)	(183)
Opening Reinsurance Contract Liabilities	-	-	-	-
Opening resinsurance assets/liabilities	4	-	(187)	(183)
Changes that related to current service				
CSM recognised for service provide	-	-	5	5
Change in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustment contracts	1	-	-	1
	1	-	5	6
Changes that related to future service				
Changes in estimates reflected in CSM	13	-	(13)	-
Changes in estimates that result in onerous contract losses or reversal of losse	-	-	-	-
Contracts initially recognised in the period	-	-	-	-
	13	-	(13)	-
Changes that related to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	-	-
	-	-	-	-
Insurance Service Result	14	-	(8)	6
Finance (income) expenses	-	-	1	1
Total amount recognised in statement of profit or loss and other comprehensive income	(14)	-	9	(5)
Cash flows				
Claims recovered and commissions received	-	-	-	-
Premiums paid	-	-	-	-
Total cash flows	-	-	-	-
Net Closing balance	18	-	(196)	(178)

8 INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1.5 Analysis by measurement component – Contracts not measured under PAA (continued)

Reinsurance

	SAR '000			
	31 December 2022			
	Present Value of future cash flows	Risk Adjustment	Contractual Service Margin	Total
Opening Reinsurance Contract Assets	4	-	(151)	(147)
Opening Reinsurance Contract Liabilities	-	-	-	-
Opening resinsurance assets/liabilities	4	-	(151)	(147)
Changes that related to current service				
CSM recognised for service provide	-	-	20	20
Change in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustment contracts	4	-	-	4
	4	-	20	24
Changes that related to future service				
Changes in estimates reflected in CSM	51	-	(51)	-
Changes in estimates that result in onerous contract losses or reversal of losse	-	-	(1)	(1)
Contracts initially recognised in the period	-	-	-	-
	51	-	(52)	(1)
Changes that related to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	-	-
	-	-	-	-
Insurance Service Result	55	-	(32)	23
Finance (income) expenses	1	-	4	5
Total amount recognised in statement of profit or loss and other comprehensive income	(54)	-	36	(18)
Cash flows				
Claims recovered and commissions received	-	-	-	-
Premiums paid	(55)	-	-	(55)
Total cash flows	(55)	-	-	(55)
Net Closing balance	3	-	(187)	(184)

9 ZAKAT AND INCOME TAX PAYABLE

	SAR'000			SAR'000		
	As at 31 March 2023			As at 31 December 2022		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Zakat payable	-	**6,127**	**6,127**	-	5,510	5,510
Income tax payable	-	**23**	**23**	-	23	23
Zakat and Income tax payable	-	**6,150**	**6,150**	-	5,533	5,533

The difference between the accounting income and the adjusted net loss is mainly due to provisions which are not allowed in the calculation of adjustable net income. Local shareholding used for the Zakat calculation is 71.25%.

The movement in Zakat provision is as follows:

	SAR'000			SAR'000		
	As at 31 March 2023			As at 31 December 2022		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Balance at the beginning	-	**5,510**	**5,510**	-	6,699	6,699
Zakat charge	-	**617**	**617**	-	2,294	2,294
Additional charge for prior year:	-	-	-	-	-	-
Zakat payment made	-	-	-	-	(3,483)	(3,483)
Balance at the end	-	**6,127**	**6,127**	-	5,510	5,510

Income tax:

Provision for income tax has been made at 20% of the adjusted net income attributable to the foreign shareholder of the Company. Foreign shareholder subject to income tax is 28.75%.

The movement in income tax provision is as follows:

	SAR'000			SAR'000		
	As at 31 March 2023			As at 31 December 2022		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Balance at the beginning	-	**23**	**23**	-	-	-
Reversal of prior year charge	-	-	-	-	23	23
Advance Income tax paid	-	-	-	-	-	-
Balance at the end	-	**23**	**23**	-	23	23

Status of Assessments

Zakat and Withholding tax

During 2017, the Zakat, Tax and Customs Authority (ZATCA) has issued assessments for the years from 2012 to 2015, requiring an additional zakat and Withholding Tax liability amounting to SAR 5.5 million and SAR 2.9 million respectively. The Company filed an appeal against the assessment of ZATCA for the additional liability arising out of various disallowances for years from 2012 to 2015 within the statutory deadlines. Subsequently, the ZATCA issued their response on the above appeal whereby they requested the Company to forward their appeal at the General Secretariat of Tax Committee (GSTC). Subsequent to the GSTC hearings conducted, the Tax Violations and Dispute Resolution Committee (TVDRC) has issued their ruling no. 315-2020-IFR dated 08/05/1442H on the appeals filed for 2012 to 2015. In Jan 2021, the Company has filed an appeal to the Appellate Committee (2nd level) against the unfavorable ruling of the TVDRC on the imposition of Zakat on capital for 2012. For the years 2012 to 2015, the Company has two appeals with GSTC as case no. 35217-2021-ZIW (at GSTC level 2) and case no. 10448-2019-ZI (at GSTC level 1) Still under review. Further, the Company has booked an additional zakat liability of SAR 2.4 million against the above disallowance. The Company has obtained limited certificates for the year from 2012 to 2020

9 ZAKAT AND INCOME TAX PAYABLE (continued)

Income tax: (continued)

Status of Assessments (continued)

Value added tax (VAT)

The Company was assessed by the ZATCA and received their final assessment notice on 10 September 2020. The total assessment was SAR 10.2 million which was made up of SAR 4.4 million of VAT due to the ZATCA and SAR 5.8 million of penalties. On the basis that Company paid the VAT amount, SAR 5.8 million of penalties was waived by ZATCA under the 2020 Amnestv Scheme.

10 ISSUED, AUTHORISED AND PAID UP SHARE CAPITAL

The issued, authorised and paid up share capital of the Company was SAR 300 million as at 31 March 2023 consisting of 30 million shares of SAR 10

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

	No. of shares	Value per share	Share Capital SAR
Alinma Bank	8,625,000	10	86,250,000
Tokio Marine & Nichido Fire Insurance	8,625,000	10	86,250,000
Others	12,750,000	10	127,500,000
	30,000,000	10	300,000,000

11 INSURANCE REVENUE AND EXPENSES

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for the period ended March 31, 2023 is included in following tables. Additional information on amounts recognized in statement of income and OCI is included in the insurance contract balances reconciliation.

	SAR '000		
March 31, 2023	**Life**	**General**	**Total**
Contracts not measured under the PAA			
Amounts relating to the changes in the LRC:			
Expected incurred claims and other expenses after loss component allocation	494	-	494
Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	1	-	1
CSM recognised in profit or loss for the services provided	37	-	37
Insurance acquisition cash flows recovery	308	-	308
	840	-	840
Insurance revenue from contracts not measured under the PAA	-	77,324	77,324
Total Insurance Revenue	840	77,324	78,164
Insurance Service Expenses			
Incurred claims and other directly attributable expenses	1,130	67,957	69,087
Changes that relate to past service - adjustments to the LIC	-	(26,681)	(26,681)
Losses on onerous contracts and reversal of the losses	106	2,207	2,313
Insurance acquisition cash flows amortisation	308	8,884	9,192
Total Insurance Service Expenses	1,544	52,367	53,911
Reinsurance			
Net Income (expenses) from Reinsurance Contracts held			
Amounts relating to changes in the remaining coverage:			
Expected claims and other expenses recovery	(1)	-	(1)
Changes in the risk adjustment recognised for the risk expired	-	-	-
CSM recognised for the services received	(5)	-	(5)
Reinsurance income (expenses) - contracts not measured under the PAA	(6)	-	(6)
Reinsurance income (expenses) - contracts measured under the PAA	-	(27,720)	(27,720)
Other incurred directly attributable expenses	-	-	-
Claims recovered	-	928	928
Movement in Loss Recovery Component adjustment to	-	(18)	(18)
Reinsurance CSM/ARC (PAA)	-	-	-
Changes that relate to past service - adjustments to incurred claims	-	3,152	3,152
Total net income (expenses) from reinsurance contracts held	(6)	(23,658)	(23,664)
Total Insurance Service Result	(710)	1,299	589

11 INSURANCE REVENUE AND EXPENSES (continued)

	SAR '000		
March 31, 2022	**Life**	**General**	**Total**
Contracts not measured under the PAA			
Amounts relating to the changes in the LRC:			
Expected incurred claims and other expenses after loss component allocation	498	-	498
Changes in the risk adjustment for non-financial risk for the risk expired after loss component allocation	3	-	3
CSM recognised in profit or loss for the services provided	48	-	48
Insurance acquisition cash flows recovery	263	-	263
	812	-	812
Insurance revenue from contracts not measured under the PAA	-	77,328	77,328
Total Insurance Revenue	812	77,328	78,140
Insurance Service Expenses			
Incurred claims and other directly attributable expenses	31	52,029	52,060
Changes that relate to past service - adjustments to the LIC	-	(25,987)	(25,987)
Losses on onerous contracts and reversal of the losses	262	158	420
Insurance acquisition cash flows amortisation	263	8,156	8,419
Total Insurance Service Expenses	556	34,356	34,912
Reinsurance			
Net Income (expenses) from Reinsurance Contracts held			
Amounts relating to changes in the remaining coverage:			
Expected claims and other expenses recovery	(1)	-	(1)
Changes in the risk adjustment recognised for the risk expired	-	-	-
CSM recognised for the services received	(3)	-	(3)
Reinsurance income (expenses) - contracts not measured under the PAA	(4)	-	(4)
Reinsurance income (expenses) - contracts measured under the PAA	-	(29,468)	(29,468)
Other incurred directly attributable expenses	-	-	-
Claims recovered	-	(2,866)	(2,866)
Movement in Loss Recovery Component adjustment to	-	340	340
Reinsurance CSM/ARC (PAA)	-	-	-
Changes that relate to past service - adjustments to incurred claims	-	3,545	3,545
Total net income (expenses) from reinsurance contracts held	(4)	(28,449)	(28,453)
Total Insurance Service Result	252	14,523	14,775

12 INSURANCE FINANCE EXPENSE

	SAR '000		
	Life	**GI**	**Total**
For the period ended March 31, 2023			
Finance income (expense) from insurance contracts issued			
Change in the value of underlying assets of contracts measured under the VFA	1,859	-	**1,859**
Interest accreted	(1,840)	(2,076)	**(3,916)**
Effects of changes in interest rates and other financial assumptions	-	(203)	**(203)**
Foreign exchange differences	-	-	-
Finance income (expense) from insurance contracts issued	**19**	**(2,279)**	**(2,260)**
Finance income (expense) from reinsurance contracts held			
Interest accreted	**1,760**	-	**1,760**
Effects of changes in interest rates and other financial assumptions	**196**	-	**196**
Foreign exchange differences	-	-	-
Effect of changes in FCF at current rates when CSM is unlocked at locked in	-	-	-
Finance income (expense) from reinsurance contracts held	**1,956**	**-**	**1,956**
Net insurance finance income (expenses)	**(1,937)**	**(2,279)**	**(304)**

	SAR '000		
	Life	**GI**	**Total**
For the period ended March 31, 2022			
Finance income (expense) from insurance contracts issued			
Change in the value of underlying assets of contracts measured under the VFA	12,077	-	**12,077**
Interest accreted	(12,076)	125	**(11,951)**
Effects of changes in interest rates and other financial assumptions	706	-	**706**
Foreign exchange differences	-	-	-
Finance income (expense) from insurance contracts issued	**707**	**125**	**832**
Finance income (expense) from reinsurance contracts held			
Interest accreted	**1**	**(100)**	**(99)**
Effects of changes in interest rates and other financial assumptions	-	**(750)**	**(750)**
Foreign exchange differences	-	-	-
Effect of changes in FCF at current rates when CSM is unlocked at locked in rates	-	-	-
Finance income (expense) from reinsurance contracts held	**1**	**(850)**	**(849)**
Net insurance finance income (expenses)	**708**	**975**	**(17)**

13 CONTINGENCIES AND COMMITMENT

As at 31 March 2023 the Company's banker has issued letters of guarantee of SAR 1.88 million (31 December 2022: SAR 1.88 million) to various customers, motor agencies, workshops and health service providers as per the terms of their respective agreements which have been classified under prepayments and other assets in the interim condensed statement of financial position. The Company has no capital commitments as at 31 March 2023.

Following table lists the legal proceedings in the ordinary course of business that the Company is subject to.

	SAR'000 March 31, 2023
Claims related compensation	**665**

14 SEGMENT REPORTING

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

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

Segment information is presented in respect of the Company's business segments which are fire, marine, general accident, engineering, motor and protection and savings based on the Company's management and internal reporting structure.
Operating segments do not include shareholders' operations of the Company.

Segment assets do not include cash and bank balances, investments, premiums and reinsurance receivables, due from shareholders' operations, prepayments and other assets and fixed assets.

Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities and retirement benefit obligation.

Segment results do not include general and administrative expenses.

The unallocated assets and liabilities are reported to the Chief Executive Officer on a cumulative basis and not reported under the related segment.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the Chief Executive Officer.

14 SEGMENT REPORTING (Continued)
Statement of profit or loss

	SAR '000				
	March 31, 2023				
	Life	**GI**	**Total Insurance Operations**	**Shareholders' operations**	**Total**
Insurance Revenue	**840**	**77,324**	**78,164**	-	**78,164**
Insurance Service Expenses	**1,544**	**52,367**	**53,911**	-	**53,911**
Net Income (expenses) from Reinsurance Contracts held	**(6)**	**(23,658)**	**(23,664)**	-	**(23,664)**
Total Insurance Service Result	**(710)**	**1,299**	**589**	-	**589**
Finance income (expense) from insurance contracts issued	**19**	**(2,279)**	**(2,260)**	-	**(2,260)**
Finance income (expense) from reinsurance contracts held	**1,956**	-	**1,956**	-	**1,956**
	1,265	**(980)**	**285**	-	**285**
Other operating (Expenses) / Income					
Other Income			7,562	-	**7,562**
General and administrative expenses			**(6,949)**	**(1,571)**	**(8,520)**
Provision for doubtful receivables			-	-	-
Unrealized gain on unit linked investments			-	-	-
Unrealized gain / (loss) on investments			**1,193**	**2,092**	**3,285**
Realized gain on investments			**72**	**71**	**143**
Net impairment (loss) reversal on financial assets			-	**(652)**	**(652)**
Total operating and other expenses			**1,878**	**(60)**	**1,818**
Total loss for the year before zakat and tax			**2,163**	**(60)**	**2,103**
Zakat and tax for the year			-	**(617)**	**(617)**
Net Profit / (loss) for the year			**2,163**	**(677)**	**1,486**

	SAR '000				
	March 31, 2022				
	Life	GI	Total Insurance Operations	Shareholders' operations	Total
Insurance Revenue	812	77,328	78,140	-	78,140
Insurance Service Expenses	555	34,357	34,912	-	34,912
Net Income (expenses) from Reinsurance Contracts held	(4)	(28,449)	(28,453)	-	(28,453)
Total Insurance Service Result	**253**	**14,522**	**14,775**	-	**14,775**

14 SEGMENT REPORTING (Continued)

Statement of profit or loss

	SAR '000				
	March 31, 2022				
	Life	GI	Total Insurance Operations	Shareholders' operations	Total
Finance income (expense) from insurance contracts issued	832	-	832	-	832
Finance income (expense) from reinsurance contracts held	(849)	-	(849)	-	(849)
	236	14,522	14,758	-	14,758
Other operating (Expenses) / Income					
Other Income			392	-	392
General and administrative expenses			(8,844)	(1,193)	(10,037)
Provision for doubtful receivables			-	-	-
Unrealized gain on unit linked investments			-	-	-
Unrealized gain / (loss) on investments			179	2,363	2,542
Realized gain on investments			81	109	190
Net impairment (loss) reversal on financial assets			-	92	92
Total operating and other expenses			(8,192)	1,371	(6,821)
Total loss for the year before zakat and tax			6,566	1,371	7,937
Zakat and tax for the year			-	(725)	(725)
Net Profit / (loss) for the year			6,566	646	7,212

Statement of financial position

	SAR '000				
	March 31, 2023				
	Life	**GI**	**Total Insurance Operations**	**Shareholders' operations**	**Total**
ASSETS					
Insurance contract assets	-	-	-	-	-
Reinsurance contract assets	**193**	**186,313**	**186,506**	-	**186,506**
Unallocated assets	-	-	**283,801**	**266,993**	**550,794**
	193	**186,313**	**470,307**	**266,993**	**737,300**
LIABILITIES					
Insurance contract liabilities	**102,367**	**342,641**	**445,008**	-	**445,008**
Reinsurance contract liabilities	-	**101**	**101**	-	**101**
Unallocated liabilities	-	-	**25,128**	**10,546**	**35,674**
	102,367	**342,742**	**470,237**	**10,546**	**480,783**

14 SEGMENT REPORTING (Continued)

Statement of financial position

	SAR '000				
	December 31, 2022				
	Life	GI	Total Insurance Operations	Shareholders' operations	Total
ASSETS					
Insurance contract assets	-	-	-	-	-
Reinsurance contract assets	150	172,508	172,658	-	172,658
Unallocated assets	-	-	297,521	264,951	562,472
	150	172,508	470,179	264,951	735,130
LIABILITIES					
Insurance contract liabilities	99,771	325,834	425,605	-	425,605
Reinsurance contract liabilities	-	634	634	-	634
Unallocated liabilities	-	-	44,138	9,990	54,128
	99,771	326,468	470,377	9,990	480,367

15 RISK MANAGEMENT

Insurance risk

The Company's risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2022.

16 Gross premiums written

For the three months period ended 31 March 2023 (Unaudited)	Property and Casualty	Motor	Protection and savings	Medical	Total
	SAR'000				
Corporate	22,765	17,489	8,843	-	49,097
Medium business	13,946	8,319	2,018	-	24,283
Small business	8,726	11,182	-	-	19,908
Very small business	2,398	2,396	-	-	4,794
Retail	-	7,707	6,561	6,027	20,295
	47,835	47,093	17,422	6,027	118,377

For the three months period ended 31 March 2022 (Unaudited)	Property and Casualty	Motor	Protection and savings	Medical	Total
	SAR'000				
Corporate	16,828	6,671	18,693	-	42,192
Medium business	17,843	17,392	1,520	2	36,757
Small business	6,971	7,030	-	-	14,001
Very small business	1,500	924	-	-	2,424
Retail	-	6,415	8,430	-	14,845
	43,142	38,432	28,643	2	110,219

17 Significant Event

Alinma Tokio Marine Insurance Company (the "Company") announces the signing of a non-binding Memorandum of Understanding (the "MOU") with Arabian Shield Cooperative Insurance Company on 19 Jumada Al-Ula 1444H corresponding to 13 December 2022G to evaluate a potential merger between the two companies. Both companies concluded conducting operational, technical, financial, legal, and actuarial due diligence in early June 2023.

The Company signed a binding merger agreement with Alinma on 25 Dhu al-Qa`dah 1444 corresponding to 14 June 2023 reflecting the agreement of both companies to merge through a share swap transaction. All in accordance with applicable laws, notably the Companies Law issued by the Ministry of Commerce, the regulations of the Capital Market Authority ("CMA"), including the Mergers and Acquisitions Regulations, the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules, as well as the relevant regulations of the Saudi Central Bank.

Upon completion of the Merger Transaction, the rights, liabilities, assets and contracts of Alinma Tokio shall be transferred to the merging entity, and the merging entity shall become the legal successor of Alinma Tokio Marine Company.

Currently, General Authority of Competition (GAC) has issued a non-objection certificate to complete the merger according to GAC certificate issued on 19th June 2023. However, it is still subject to approval of Saudi Central Bank, the Capital Market Authority, the Saudi Stock Exchange Company (Tadawul), and the approvals to be obtained from the extraordinary general meeting of both Alinma Tokio Marine Company and Arabian Shield Cooperative Insurance.

18 APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 04 Dhul-Hijjah 1444H corresponding to 22 June 2023G.