

**ARABIA INSURANCE COOPERATIVE COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

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

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

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**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF ARABIA INSURANCE COOPERATIVE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Opinion**

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

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

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter is provided in that context:





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**INDEPENDENT AUDITORS' REPORT  
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**Key Audit Matters (Continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities:</i></b></p> <p>As at 31 December 2023, estimate of present value of cash flows and risk adjustment for non-financial risk for insurance contracts issued amounted to SR 874.535 million and SR 8.143 million (2022: SR 859.483 million and SR 6.874 million) respectively, as reported in note 12 to the financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows is based on the best- estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.</p> <p>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.</p> <p><i>Refer to notes 3(i) for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 12 for the movement in insurance contract liabilities.</i></p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested key controls around the claims handling and provision setting processes.</li> <li>• Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence.</li> <li>• Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves.</li> <li>• Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilized by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records.</li> <li>• Involved our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following: <ul style="list-style-type: none"> <li>i. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences;</li> <li>ii. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and</li> <li>iii. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed.</li> </ul> </li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements.</li> </ul>



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Certified Accountants And Auditors**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF ARABIA INSURANCE COOPERATIVE COMPANY  
(A SAUDI JOINT STOCK COMPANY)****Key Audit Matters (Continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Adoption of IFRS 17 and IFRS 9</i></b></p> <p>During the year the Company has adopted IFRS 17 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 17), which replaces IFRS 4 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 4) and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each Company of insurance contracts.</p> <p>The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to SAR 14,916 million. IFRS 17 introduced new nomenclature for significant insurance-related balances as well as new measurement principles for insurance-related liabilities and insurance revenue recognition.</p> <p>Further, during the year the Company also adopted IFRS 9 "Financial Instruments", as endorsed in the Kingdom of Saudi Arabia (IFRS 9) which replaces IAS 39 "Financial Instruments: Recognition and Measurement", as endorsed in the Kingdom of Saudi Arabia (IAS 39). The Company has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's total equity as at 1<sup>st</sup> January 2022 amounting to SAR 35,044 million. IFRS 9 also required the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL), which is a forward-looking estimate of credit losses for the Company's financial assets.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Company's accounting policies, systems, processes and controls.</li> <li>• Evaluated and assessed management's process to identify insurance contracts, to determine the appropriate Companying for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate.</li> <li>• Evaluated whether management's allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses.</li> <li>• Evaluated the risk adjustment for non-financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment.</li> <li>• Evaluated and assessed management's conclusions regarding the Company's business model for different portfolios of investments and the appropriateness of the Company's determination of ECL under IFRS 9.</li> <li>• Assessed the adequacy of the transition adjustments impact for both IFRS 17 and IFRS 9 on the opening retained earnings as at 1 January 2022.</li> <li>• Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 and IFRS 9 made in the financial statements.</li> <li>• Assessed the Company's methods, assumptions and accounting policies adopted under IFRS 17 and IFRS 9, with the assistance of our actuarial and accounting specialists and experts.</li> </ul>



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(A SAUDI JOINT STOCK COMPANY)****Key Audit Matters (Continued)**

Key audit matter	How our audit addressed the key audit matter
<p>Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023, we have considered this as a key audit matter.</p> <p><i>Refer to note 3(i) and 3(ii) for accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company. The impact of transition is explained in note 4 to the financial statements.</i></p>	

**Other information included in the Company's 2023 Annual Report**

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

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

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

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

**Responsibilities of Those Charged with Governance for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"), the applicable requirements of the Regulations for Companies, the Cooperative Insurance Companies Control Law in the Kingdom of Saudi Arabia and the Company's by-laws and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.





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**Auditors' responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Crowe Solutions for Professional  
Consulting**P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia**Abdullah M. Al Azem**  
Certified Public Accountant  
License No, 335**AlKharashi and Co. Certified  
Accountants and Auditors**P.O Box 8306  
Riyadh 11482  
Kingdom of Saudi Arabia**Abdullah S Al Msned**  
Certified Public Accountant  
License No, 456Dated: March 26, 2024  
corresponding to: Ramadan 16, 1445H




**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**  
*All amounts expressed in Saudi Riyals*

	Notes	31 December 2023	31 December 2022 (Restated)*	1 January 2022 (Restated)*
<b>ASSETS</b>				
Cash and cash equivalents	5	57,719,509	79,119,375	85,343,023
Insurance contract assets	12	23,654,641	8,922,340	10,515,660
Reinsurance contract assets	12	844,690,084	797,325,019	106,204,532
Prepaid expenses and other assets	16	89,713,875	75,208,289	29,585,737
Term deposits	6	526,608,416	173,988,589	57,430,925
Statutory deposit	21	53,000,000	40,000,000	40,000,000
Accrued income on statutory deposit	21	8,447,040	5,380,250	4,493,336
Investments	7	178,952,226	192,137,407	176,107,583
Right-of-use assets	17	5,717,052	1,296,797	3,214,715
Property and equipment, net	14	11,422,528	10,152,613	7,417,954
<b>TOTAL ASSETS</b>		<b>1,799,925,371</b>	<b>1,383,530,679</b>	<b>520,313,465</b>
<b>LIABILITIES</b>				
Insurance contract liabilities	12	1,118,895,267	1,065,924,808	250,826,332
Reinsurance contract liabilities	12	4,397,493	5,231,665	-
Accrued income on statutory deposit	21	8,447,524	5,380,607	4,493,686
Accrued expenses and other liabilities	15	76,140,583	44,174,391	8,895,348
Provision for zakat and income tax	10	11,601,375	7,215,968	7,652,889
Lease liabilities	17	5,143,216	1,236,027	2,742,492
Provision for end-of-service benefits	18	15,384,258	11,563,543	10,479,356
<b>TOTAL LIABILITIES</b>		<b>1,240,009,716</b>	<b>1,140,727,009</b>	<b>285,090,103</b>
<b>EQUITY</b>				
Share capital	19	530,000,000	265,000,000	265,000,000
Fair value reserve for investments	7	44,871,167	36,191,540	35,245,175
Actuarial loss on defined benefit plan		(2,633,079)	(512,515)	(543,842)
Accumulated losses		(12,322,433)	(57,875,355)	(64,477,971)
<b>TOTAL EQUITY</b>		<b>559,915,655</b>	<b>242,803,670</b>	<b>235,223,362</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,799,925,371</b>	<b>1,383,530,679</b>	<b>520,313,465</b>

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

  
Chief Financial Officer

  
Chairman of the Board of Directors

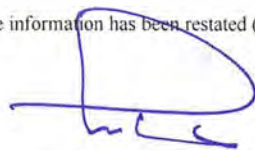
  
Chief Executive Officer

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

ARABIA INSURANCE COOPERATIVE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023  
*All amounts expressed in Saudi Riyals*

	Note	31 December 2023	31 December 2022 (Restated)*
<b>REVENUES</b>			
Insurance revenue	12	838,947,058	560,650,740
Insurance service expenses	12	(621,372,330)	(1,116,858,220)
<b>Insurance service result before reinsurance contracts held</b>		<b>217,574,728</b>	<b>(556,207,480)</b>
Allocation of reinsurance premiums	12	(138,885,421)	(111,559,378)
Amounts (reversed) recoverable from reinsurance	12	(2,168,701)	690,941,034
<b>Net income (expenses) from reinsurance contracts held</b>		<b>(141,054,122)</b>	<b>579,381,656</b>
<b>Insurance service result</b>		<b>76,520,606</b>	<b>23,174,176</b>
Income from investment and deposits	7	30,656,860	6,787,397
Expected credit losses		(127,725)	(108,516)
<b>Net investment income</b>		<b>30,529,135</b>	<b>6,678,881</b>
Net finance expenses from insurance contracts issued	12	(35,105,656)	(21,903,136)
Net finance income from reinsurance contracts held	12	28,524,852	19,241,859
<b>Net insurance finance expenses</b>		<b>(6,580,804)</b>	<b>(2,661,277)</b>
<b>Net insurance and investment result</b>		<b>100,468,937</b>	<b>27,191,780</b>
Other income		17,531,040	6,857,662
Other operating expenses (non-attributable)	13.1.c	(41,708,309)	(22,293,663)
<b>Gross income for the year</b>		<b>76,291,668</b>	<b>11,755,779</b>
Provision for zakat & income tax	10	(10,000,000)	(4,500,000)
<b>Gross income for the year after zakat &amp; income tax</b>		<b>66,291,668</b>	<b>7,255,779</b>
<b>Net income attributable to insurance operations</b>		<b>(5,829,494)</b>	<b>(1,055,602)</b>
<b>Net income attributable to shareholders</b>		<b>60,462,174</b>	<b>6,200,177</b>
<b>Basic and diluted earning per share</b>	22	<b>1.14</b>	<b>0.21</b>

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

  
Chief Financial Officer

  
Chairman of the Board of Directors

  
Chief Executive Officer

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



ARABIA INSURANCE COOPERATIVE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023  
*All amounts expressed in Saudi Riyals*

	Notes	31 December 2023	31 December 2022 (Restated)*
<b>Net income attributable to shareholders</b>		60,462,174	6,200,177
<b>Other comprehensive Income</b>			
<i>Items that may be reclassified to statement of income in subsequent years</i>			
Net change in investments held at fair value through other comprehensive income	7	8,679,627	946,365
<i>Items that will not be reclassified to statement of income in subsequent years</i>			
Actuarial gain/(loss) on defined benefit obligation	18	(2,120,564)	31,327
<b>Total comprehensive income for the year attributable to the shareholders</b>		67,021,237	7,177,869
<b>Net comprehensive income attributed to the insurance operations</b>		5,829,494	1,055,602
<b>Total comprehensive income</b>		72,850,731	8,233,471

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



Chief Financial Officer



Chairman of the Board of Directors



Chief Executive Officer

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

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

All amounts expressed in Saudi Riyals

31 December 2023

	Notes	Share capital	Fair value reserve for investments	Actuarial loss on defined benefit plan	Accumulated losses	Total shareholders' equity
Balance at the beginning of the year (Restated)*		265,000,000	36,191,540	(512,515)	(57,875,355)	242,803,670
<b>Total comprehensive income for the year:</b>						
Net income for the year attributable to the shareholders		-	-	-	60,462,174	60,462,174
Actuarial loss on defined benefit obligation	18	-	-	(2,120,564)	-	(2,120,564)
Changes in fair values of investments	7	-	8,679,627	-	-	8,679,627
<b>Total comprehensive income for the year attributed to the shareholders</b>		-	8,679,627	(2,120,564)	60,462,174	67,021,237
Transfer of realized fair value loss for FVOCI equity instruments to accumulated losses	7	-	-	-	(5,470)	(5,470)
Increase in share capital	19	265,000,000	-	-	-	265,000,000
Transaction cost related to increase in share capital	19	-	-	-	(14,903,782)	(14,903,782)
<b>Balance at the end of the year</b>		<b>530,000,000</b>	<b>44,871,167</b>	<b>(2,633,079)</b>	<b>(12,322,433)</b>	<b>559,915,655</b>

31 December 2022 (Restated)\*

		Share capital	Fair value reserve for investments	Actuarial loss on defined benefit plan	Accumulated Losses	Total shareholders' equity
Balance at the beginning of the year as previously reported		265,000,000	135,695	(543,842)	(49,496,359)	215,095,494
Transition adjustment on initial application of IFRS 17, net of zakat and tax		-	-	-	(14,916,789)	(14,916,789)
Transition adjustment on initial application of IFRS 09, net of zakat and tax		-	35,109,480	-	(64,823)	35,044,657
<b>Balance as at the beginning of the year (Restated)*</b>		<b>265,000,000</b>	<b>35,245,175</b>	<b>(543,842)</b>	<b>(64,477,971)</b>	<b>235,223,362</b>
Net income for the year attributable to the shareholders		-	-	-	6,200,177	6,200,177
Actuarial gain on defined benefit obligation	18	-	-	31,327	-	31,327
Changes in fair values of investments	7	-	946,365	-	-	946,365
<b>Total comprehensive income for the year attributed to the shareholders</b>		-	946,365	31,327	6,200,177	7,177,869
Transfer of realized fair value gain for FVOCI equity instruments to accumulated losses	7	-	-	-	402,439	402,439
<b>Balance at the end of the year (Restated)*</b>		<b>265,000,000</b>	<b>36,191,540</b>	<b>(512,515)</b>	<b>(57,875,355)</b>	<b>242,803,670</b>

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

Chief Financial Officer

Chairman of the Board of Directors

Chief Executive Officer

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



**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
*All amounts expressed in Saudi Riyals*

	31 December 2023	31 December 2022 (Restated)*
<b>Cash flows from operating activities</b>		
Gross income for the year after zakat and income tax	66,291,668	7,255,779
<b>Adjustments for non-cash items:</b>		
Depreciation of property and equipment	3,858,278	3,003,896
Lease finance charges	656,129	74,936
Provision for employee benefits obligation	2,090,233	1,464,000
Depreciation of right-of-use assets	1,319,650	1,917,918
Accrued zakat and income tax	10,000,000	4,500,000
Expected credit loss	127,725	108,516
	<b>84,343,683</b>	<b>18,325,045</b>
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses and other assets	(14,505,587)	(45,622,552)
Accrued income on statutory deposit	127	7
Accrued expenses and other liabilities	26,136,698	34,223,441
Insurance contracts	38,110,433	816,583,281
Reinsurance contracts	(48,199,237)	(685,888,822)
<b>Cash generated from operating activities</b>	<b>85,886,117</b>	<b>137,620,400</b>
Zakat and income tax paid	(5,614,593)	(4,936,921)
Payment of employee benefits obligation	(390,082)	(348,486)
<b>Net cash generated from operating activities</b>	<b>79,881,442</b>	<b>132,334,993</b>
<b>Cash flows from investing activities</b>		
Additions to property and equipment	(5,128,193)	(5,738,555)
Proceeds/(additions) from investments	21,859,338	(14,681,022)
Additions in term deposits	(352,619,827)	(116,557,664)
Increase in statutory deposit	(13,000,000)	-
<b>Net cash used in investing activities</b>	<b>(348,888,682)</b>	<b>(136,977,240)</b>
<b>Cash flows from financing activities</b>		
Issue of right shares	265,000,000	-
Transaction costs on the issue of right shares	(14,903,782)	-
Repayment of lease liabilities	(2,488,844)	(1,581,400)
<b>Net cash generated from (used in) financing activities</b>	<b>247,607,374</b>	<b>(1,581,400)</b>
Net decrease in cash and cash equivalents	(21,399,866)	(6,223,647)
Cash and cash equivalents at the beginning of the year	79,119,375	85,343,023
<b>Cash and cash equivalents at the end of the year</b>	<b>57,719,509</b>	<b>79,119,376</b>
<b>Supplemental schedule of non-cash information</b>		
Change in fair value reserve on investments - OCI	8,679,627	946,365

\* Comparative information has been restated (refer Note 4)

  
**Chief Financial Officer**

  
**Chairman of the Board of Directors**

  
**Chief Executive Officer**

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

**ARABIA INSURANCE COOPERATIVE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
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*All amounts expressed in Saudi Riyals*

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**1. ORGANISATION AND PRINCIPAL ACTIVITIES**

Arabia Insurance Cooperative Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010243302 dated 18 Muharram 1429H (corresponding to 27 January 2008). The registered address of the Company is P.O. Box 28655, Riyadh 11323, Kingdom of Saudi Arabia.

The objectives of the Company is to transact cooperative insurance business and carry out related activities in the Kingdom of Saudi Arabia. Its principal activity includes all classes of general insurance, medical insurance, savings and protection. The Company was listed on the Saudi Stock Exchange (Tadawul) on 26 Muharram 1429H (corresponding to 4 February 2008). The Company started insurance and reinsurance operations on 4 Muharram 1430H (corresponding to 1 January 2009).

On 14 Jumada Thani 1435H (corresponding to 14 April 2014), the Saudi Central Bank (SAMA) issued official approval numbered 351000076885 to amend the licence issued to the Company number TMN/15/20086 to transact insurance and reinsurance activities to be restricted to insurance activities only.

The amended Company's by laws were approved on January 25th, 2023, to reflect the new share capital of SR 530 million. Commercial registration was updated as well (note 19).

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement that are endorsed by Saudi Organisation for Chartered and Professional Accountants ("SOCPA") ("IFRS as endorsed by SOCPA").

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

The financial statements are prepared on the going concern basis and on the historical cost basis, except for certain investments that are measured at fair value and end of service benefits are measured at present value. The financial position is not displayed using the current / non-current classification.

Effective January 1, 2023, the Company adopted IFRS 17 – Insurance Contracts, and IFRS 9 – Financial Instruments. The adoption of IFRS 17 and IFRS 9 had a significant impact on the accounting of insurance and reinsurance contracts, and the accounting of financial instruments, respectively. The resultant changes to the material accounting policies are described in note 3.

The company presents the statement of financial position in order of liquidity.

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, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for transactions and events in similar circumstances.

The statement of financial position, statements of income, statement of comprehensive income and statement of cash flows of the insurance operations and shareholders' operations which are presented in (note 24) of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations.

**b) Functional and presentation currency**

These financial statements have been presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All amounts have been rounded to the nearest Riyal.

**c) Financial year**

The company's financial year begins on January 1 and ends on December 31 of each calendar year.

**d) Critical accounting judgments, estimates and assumptions**

In preparing the financial statements, management has made certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgments and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.



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**2. BASIS OF PREPARATION (continued)**

**d) Critical accounting judgments, estimates and assumptions (continued)**

**i) Insurance contracts**

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

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include Risk Adjustment ("RA"), liability for incurred claims – estimate of future cash flows, and discounting methodology. Refer to note 3 for further details

**ii) Expense attribution**

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups.

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

**iii) Fair value of financial instruments**

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, estimate is required to establish fair values. Refer note 3 and 7 for details.

**iv) Going concern**

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

**3. MATERIAL ACCOUNTING POLICIES**

**a) Changes in material accounting policies**

**i) IFRS 17**

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. Differences arising from the adoption of IFRS 17 were recognized in retained earnings as of January 1, 2022. The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Premium Allocation Approach (PAA) is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA. and General Model Measurement ("GMM"). In terms of computations, the major simplification relates to Liability for Remaining Coverage ("LRC").

The Company's insurance contracts issued and reinsurance contracts held were assessed as eligible to be measured under PAA based on the actuarial analysis whereby most groups automatically qualify for having coverage duration of 12 months or less, or the results of applying PAA were not materially different from those under GMM. Below are the material accounting policies related to IFRS 17:

**Claims and future cash flows**

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

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**a) Changes in material accounting policies (continued)**

**i) IFRS 17 (continued)**

**Claims and future cash flows (continued)**

The Company estimates insurance liabilities in relation to claims incurred on an accident year basis, with further allocation to cohorts in proportion to the gross or reinsurance premiums earned by the respective cohort of contracts in a given accident year.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contract. Actuarial models are utilized to analyze and project related claims estimates.

**Recognition**

The Company recognizes a group of insurance contracts issued from the earliest of the following:

- (i) the beginning of the coverage period of the group of contracts.
- (ii) the date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.

- (iii) For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

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

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

- (i) the beginning of the coverage period of the group of reinsurance contracts and
- (ii) the initial recognition of any underlying contract.

All other groups of reinsurance contracts held are recognized from the beginning of the coverage period of the group of reinsurance contracts

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 quarterly cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

**Level of aggregation**

Portfolios will be split by sub line of business. This grouping meets the portfolio requirement of "similar risks" due to the following:

- Groups of contracts are grouped based on the risks covered under the contracts; and
- Contracts written within particular sub lines of business will cover similar perils and thus risks.

Furthermore, the portfolio requirement of "management together" is met as:

- Each line of business is generally underwritten and monitored separately, with separate underwriter for each main line of business; and
- The current actuarial valuation is done at a sub-line of business level, with these more granular results provided for internal management reporting

**Risk adjustment**

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled.

As 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. The Company estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the entity level and then allocated down to each group of contracts in accordance with their risk profiles. The Value at Risk (VAR) method was used to derive the overall risk adjustment for non-financial risk is based on a 75% level of confidence in relation of the Company's overall risk thresholds.

**Contract boundaries**

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

A substantive obligation to provide services ends when:

- i) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- ii) Both of the following criteria are satisfied:

The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date. The contract boundary is reassessed at each reporting date and, therefore, may change over time.



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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**a) Changes in material accounting policies (continued)**

**i) IFRS 17 (continued)**

**Discounting methodology**

The Company has adjusted the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows.

Discount rates are derived using a bottom up approach utilizing the EIOPA (European insurance and occupational pension authority) rate as the risk free rate, adjusted for country risk and illiquidity.

Discounting is applied on liability for incurred claims components within the group of contracts considering the duration of payment (whether direct or reinsurance) of claims can exceed a one-year period

**Insurance revenue**

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is considered material in relation to recording the insurance revenue, where applicable. Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

**Insurance service expenses**

Insurance service expenses include the following:

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

**Onerous contracts**

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to the statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

**ii) IFRS 9**

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after January 1, 2018. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before January 1, 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17. The material accounting policies, judgements, estimates and assumptions can be summarized, as follows:

**a) Classification**

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

**Financial assets at amortized cost**

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

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

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**a) Changes in material accounting policies (continued)**

**ii) IFRS 9 (continued)**

**a) Classification (continued)**

**Financial assets at FVOCI**

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

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

For an equity investment, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis on initial recognition.

**Financial assets at FVTPL**

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

**b) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. All purchases and sales of financial assets are initially recognized and derecognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

***Debt Instruments***

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of income and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of income.
- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of income and presented net within other gains/(losses) in the period in which it arises.

***Equity Instruments***

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of income following the derecognition of the investments. Dividends from such investments continue to be recognized in the statement of income as investment income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in investment income in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**a) Changes in material accounting policies (continued)**

**ii) IFRS 9 (continued)**

**c) Impairment calculation**

**Expected Credit Loss (ECL) overview**

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of the statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

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

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

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company. For investment in debt securities, if the Days Past Due ('DPD') is 0, then investment is considered as Stage 1 and if the DPD is more than 0, investment is considered as Stage 3.

**Staging of financial assets**

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

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

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

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

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

Financial assets are written-off only when there is no reasonable expectation of recovery. Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in statement of income.

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

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

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

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

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



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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**a) Changes in material accounting policies (continued)**

**ii) IFRS 9 (continued)**

**Presentation of allowance for ECL in the statement of financial position:**

Loss allowances for ECL are presented in the statement of financial position as follows: • financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets. • debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve

**d) De-recognition**

***Financial Asset***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

***Financial Liability***

The Company classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate ("EIR"). A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of income. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

**b) Other material accounting policies**

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, cheques under deposit, current accounts at banks and time deposits with an original maturity of less than three months from the acquisition date.

**Time deposits**

Time deposits comprise of time deposits at bank with original maturity of more than three months and less than one year at the date of acquisitions.

**Prepayments**

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to statements of income - insurance operations and statement of income shareholders' operations as they are consumed or expire with the passage of time.

**Property and equipment**

Property and equipment is measured at cost less accumulated depreciation and any impairment in value. Depreciation is charged to the statement of income - insurance operations on a straight line basis over the estimated useful lives of assets. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Leasehold improvements	4
Furniture and fixtures	10
Vehicles	5
Computer and office equipment	3-5

The carrying values of these assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts. The carrying amount of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**b) Other material accounting policies (continued)**

**Right to use assets and lease liabilities**

The Company has recognized new assets and liabilities for operating leases of office premises. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

i. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date
- Less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

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

- Fixed payments (including in- substance fixed payments), less any lease incentives receivable,
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of income.

Short-term leases are leases with a lease term of 12 months or less. It includes impaired assets related to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the term of the lease, management takes into account all facts and circumstances that create an economic incentive to exercise the option of extension, or not to exercise the option of termination. Extension options are only included in the term of the lease if the lease is fairly certain. When determining the lease term, management generally takes into account certain factors including historical lease periods and business interruption costs required to replace the leased asset.

**Accrued expenses and other liabilities**

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

Short-term employee benefits, include leave pay and airfare, are current liabilities included in accrued expenses, measured at the undiscounted amount that the entity expects to pay as a result of the unused entitlement.

**Provisions**

Provisions are recognized when the Company has an obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses.

**Zakat and income tax**

Zakat is levied on the equity accounts of the Saudi Shareholders and the general public, while the income tax is levied to the equity accounts of the non-Saudi shareholders and the Zakat and Income Tax provisions are charged to the statement of income.

**Retirement benefits**

The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

**Employees' end-of-service benefits**

The Company provides end of service compensation to its employees in accordance with the provisions of the Labor Law applicable in the Kingdom of Saudi Arabia. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Provision is made annually based on independent actuarial valuation, in accordance with the requirements of IAS 19 "Employee Benefits" using projected unit credit method. The Company has carried out actuarial valuation in current year. All past service costs are recognized as an expense immediately in statement of income.

**Interest income**

Interest income from time deposits is recognized on an effective yield basis.

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**b) Other material accounting policies (continued)**

**Statutory reserve**

In accordance with its bylaws, the Company shall allocate 20% of its annual net income to the statutory reserve until it has built up a reserve equal to 100% of the share capital. This allocation has not been made for the year ended 31 December 2023 taking into account the accumulated losses.

**Trade date**

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

**Foreign currencies**

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at the exchange rate prevailing at the statement of financial position date. All translation differences are taken to the statement of income.

**Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and the net amounts reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Revenues and expenses are not offset in the statement of income unless required or permitted by any accounting standards on their interpretations.

**Segment reporting**

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incurs expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. For management purposes, the Company is organized into business units based on their products and services and has six reportable operating segments as follows:

- Medical insurance, which covers medical costs, medicines, and all other medical services and supplies.
- Motor insurance, which provides coverage against losses and liability related to motor vehicles, excluding transport insurance.
- Fire, provides coverage against fire and any other insurance included under this class of insurance.
- Engineering, provides coverage for builder's risks, construction, mechanical, electrical, electronic work, and machinery disruption and any other insurance included under this class of insurance.
- Marine, provides coverage for goods in transit and the vehicles of transportation on main roads, and any other insurance included under this class of
- Other insurance classes, which cover any other classes of insurance not mentioned above.

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

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

**c) New and amended standards and interpretations**

**New currently effective requirements**

**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 4.



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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**c) New and amended standards and interpretations (continued)**

**Other new standards or amendments**

The following are other new standards or amendments which do not have a significant impact on the Company's financial statements, 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
Amendments to IAS 12 - International Tax Reform – Pillar Two Models Rules	23 May 2023

**Forthcoming requirements**

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these financial statements.

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 IAS 7 and IFRS 7 – Supplier Finance Agreement	1 January 2024
Amendments to IAS 27 – Separate Financial Statements	1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	1 January 2024
IFRS S2, 'Climate-related disclosures'	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
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. EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES**

As stated in note 2, this is the company's first annual financial statements prepared in accordance with the requirements of IFRS 17 and IFRS 9.

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

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

**Transition to IFRS 17**

The adoption of IFRS 17 had a material impact on the accounting and reporting of financial figures of insurance and reinsurance contracts due to the change in recognition, measurement and presentation methodology as detailed in these financial statements. The Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held measured under PAA. Therefore, on transition date, January 1, 2022, 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 had IFRS 17 always applied; and
- recognized any resulting net difference in equity.

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

**Transition to IFRS 17 (continued)**

**Statement of financial position**

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

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

Presentation changes in the statement of financial position are introduced by IFRS 17. The previously reported line items: premiums receivable - net, deferred policy acquisition costs, insurance operations' surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, claims handling reserve are presented together by portfolio on a single line called insurance contract liabilities. The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or liabilities.

**Statement of income**

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

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and expected credit losses on receivables from policy holders.

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

Below is a summary of the measurement impact on assets and liabilities:

	<b>31 December 2022</b>	<b>1 January 2022</b>
<b>Drivers of Changes in Liabilities</b>		
Risk adjustment	(6,873,951)	(6,470,002)
Loss component	(3,739,374)	(3,646,036)
Liability for remaining coverage	(9,638,141)	(6,593,904)
Liability for incurred claims	27,365,014	1,826,927
<b>Total Impact on Liabilities</b>	<b>7,113,548</b>	<b>(14,883,015)</b>
<b>Drivers of Changes in Assets</b>		
Reinsurance risk adjustment	882,531	1,063,589
Reinsurance Loss component	-	1,027,629
Reinsurance assets for incurred claims	(24,479,325)	(2,124,992)
<b>Total Impact on Assets</b>	<b>(23,596,794)</b>	<b>(33,774)</b>
<b>Total Impact on Equity</b>	<b>(16,483,246)</b>	<b>(14,916,789)</b>

**Transition to IFRS 9**

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

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designated financial assets and liabilities as measured at FVTPL. This category includes financial assets that were previously designated as held for trading or those that were classified as available for sale; and
- the designation of certain investments in equity instruments not held for trading as FVOCI

Bonds and funds which meet the requirements of the IFRS 9 business model "hold to collect and sell" are classified as FVOCI. The remaining financial assets which have been classified as amortized cost meet the criteria of held to collect business model. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

The changes in the classification of financial assets are predominantly due to the classification of various sukuk/bonds, funds and equity instruments at fair value through other comprehensive income as elected by the Company.

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

**Transition to IFRS 9 (continued)**

The following tables 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 and 31 December 2022.

	IAS 39			IFRS 9
	31 December 2021	Reclassification	Remeasurement	1 January 2022
Cash and cash equivalents	85,343,072	-	(49)	85,343,023
Term deposits	57,460,919	-	(29,994)	57,430,925
Bonds at amortized cost	78,739,756	4,999,997	(28,450)	83,711,303
Available for sale - bonds/funds	60,369,585	(60,369,585)	-	-
Available for sale - equity investment - Najm	1,923,077	(1,923,077)	-	-
Financial assets at FVOCI	-	55,369,588	(5,865)	55,363,723
Equity investment at FVOCI - Najm	-	1,923,077	35,109,480	37,032,557
Statutory Deposit and accrued income on statutory deposit	44,493,686	-	(350)	44,493,336
Accrued commission under prepayment and other assets	1,685,507	-	(115)	1,685,392
<b>Total</b>	<b>330,015,602</b>	<b>-</b>	<b>35,044,657</b>	<b>365,060,259</b>

	IAS 39			IFRS 9
	31 December 2022	Reclassification	Remeasurement	31 December 2022
Cash and cash equivalents	79,119,498	-	(123)	79,119,375
Term deposits	174,089,075	-	(100,486)	173,988,589
Bonds at amortized cost	80,047,163	10,000,000	-	90,047,163
Available for sale - bonds/funds	47,218,509	(47,218,509)	-	-
Available for sale - equity investment - Najm	1,923,077	(1,923,077)	-	-
Financial assets at FVOCI	-	37,218,509	(72,365)	37,146,144
Equity investment at FVOCI - Najm	-	1,923,077	37,780,048	39,703,125
Statutory Deposit and accrued income on statutory deposit	45,380,607	-	(357)	45,380,250
Accrued commission under prepayment and other assets	1,681,150	-	(11)	1,681,139
<b>Total</b>	<b>429,459,079</b>	<b>-</b>	<b>37,606,706</b>	<b>467,065,785</b>

Below is a summary of the overall impact for IFRS 9 :

	31 December 2022	1 January 2022
Impact of applying ECL – Financial Assets	(173,342)	(64,823)
Revaluation of Najm	37,780,048	35,109,480
<b>Total Impact for IFRS 9</b>	<b>37,606,706</b>	<b>35,044,657</b>



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

Reconciliation of statement of financial position as at 1 January 2022.

	1 January 2022				
	Pre adoption of IFRS 17 and IFRS 9	IFRS 17 Reclassification	Remeasurement	IFRS 9 Reclassification	Post adoption of IFRS 17 and IFRS 9
<b>ASSETS</b>					
Cash and cash equivalents	85,343,072	-	-	-	85,343,023
Term deposits	57,460,919	-	-	-	57,430,925
Reinsurance contract assets	-	106,238,306	(33,774)	-	106,204,532
Insurance contract assets	-	10,515,660	-	-	10,515,660
Premiums and reinsurers' receivable - net	150,976,952	(150,976,952)	-	-	-
Reinsurers' share of unearned premiums	47,877,264	(47,877,264)	-	-	-
Reinsurers' share of outstanding claims	70,586,696	(70,586,696)	-	-	-
Reinsurers' share of claims incurred but not reported	8,345,878	(8,345,878)	-	-	-
Deferred policy acquisition costs	11,122,225	(11,122,225)	-	-	-
Investments - net	141,032,418	-	-	-	176,107,583
Due from related parties	83,346	(83,346)	-	-	-
Prepayments and other assets	24,203,084	5,382,768	-	-	29,585,737
Property and equipment	7,417,954	-	-	-	7,417,954
Right of use assets	3,214,715	-	-	-	3,214,715
Statutory deposit	40,000,000	-	-	-	40,000,000
Accrued income on statutory deposit	4,493,686	-	-	-	4,493,336
<b>TOTAL ASSETS</b>	<b>652,158,209</b>	<b>(166,855,627)</b>	<b>(33,774)</b>	<b>-</b>	<b>520,313,465</b>
<b>LIABILITIES</b>					
Accounts payable	17,106,089	(17,106,089)	-	-	-
Accrued expenses and other liabilities	23,959,923	(15,064,575)	-	-	8,895,348
Reinsurance balances payable	31,008,133	(31,008,133)	-	-	-
Insurance contract liabilities	-	235,943,317	14,883,015	-	250,826,332
Reinsurance contract liabilities	-	-	-	-	-
Surplus distribution payable	-	-	-	-	-
Unearned premiums	168,094,359	(168,094,359)	-	-	-
Unearned reinsurance commission	3,460,509	(3,460,509)	-	-	-
Outstanding claims and reserves	104,492,463	(104,492,463)	-	-	-
Claims incurred but not reported	52,970,390	(52,970,390)	-	-	-
Premium deficiency reserve and other reserves	8,965,000	(8,965,000)	-	-	-
Rent commitments	2,742,492	-	-	-	2,742,492
Employees' end-of-service benefits	10,479,356	-	-	-	10,479,356
Payable to related parties	198,882	(198,882)	-	-	-
Provision for zakat	7,652,889	-	-	-	7,652,889
Surplus distribution payable	-	-	-	-	-
Accrued commission income payable to SAMA	4,493,686	-	-	-	4,493,686
<b>TOTAL LIABILITIES</b>	<b>435,624,171</b>	<b>(165,417,083)</b>	<b>14,883,015</b>	<b>-</b>	<b>285,090,103</b>
<b>Accumulated Surplus - Insurance Operations</b>					
Surplus distribution payable	1,438,544	(1,438,544)	-	-	-
	437,062,715	(166,855,627)	14,883,015	-	285,090,103
<b>EQUITY</b>					
Share capital	265,000,000	-	-	-	265,000,000
Accumulated losses	(49,496,359)	-	(14,916,789)	-	(64,477,971)
Re-measurement loss of end-of-service benefits	(543,842)	-	-	-	(543,842)
Fair value reserve for investments	135,695	-	-	-	35,245,175
<b>TOTAL EQUITY</b>	<b>215,095,494</b>	<b>-</b>	<b>(14,916,789)</b>	<b>-</b>	<b>235,223,362</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>652,158,209</b>	<b>(166,855,627)</b>	<b>(33,774)</b>	<b>-</b>	<b>520,313,465</b>

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

Reconciliation of statement of financial position as at 31 December 2022.

	31 December 2022				
	Pre adoption of IFRS 17 and IFRS 9	IFRS 17		IFRS 9	
		Reclassification	Remeasurement	Reclassification	Remeasurement
<b>ASSETS</b>					
Cash and cash equivalents	79,119,498	-	-	-	(123)
Term deposits	174,089,075	-	-	-	(100,486)
Reinsurance contract assets	-	820,921,813	(23,596,794)	-	-
Insurance contract assets	-	8,922,340	-	-	-
Premiums and reinsurers' receivable - net	233,299,452	(233,299,452)	-	-	-
Reinsurers' share of unearned premiums	39,551,495	(39,551,495)	-	-	-
Reinsurers' share of outstanding claims	744,867,692	(744,867,692)	-	-	-
Reinsurers' share of claims incurred but not reported	7,623,932	(7,623,932)	-	-	-
Deferred policy acquisition costs	24,055,081	(24,055,081)	-	-	-
Investments - net	154,429,724	-	-	-	37,707,683
Due from related parties	83,346	(83,346)	-	-	-
Prepayments and other assets	30,393,828	44,814,472	-	-	(11)
Property and equipment	10,152,613	-	-	-	-
Right of use assets	1,296,797	-	-	-	-
Statutory deposit	40,000,000	-	-	-	-
Accrued income on statutory deposit	5,380,607	-	-	-	(357)
<b>TOTAL ASSETS</b>	<b>1,544,343,140</b>	<b>(174,822,373)</b>	<b>(23,596,794)</b>	<b>-</b>	<b>37,606,706</b>
					<b>1,383,530,679</b>
<b>LIABILITIES</b>					
Accounts payable	36,378,827	(36,378,827)	-	-	-
Accrued expenses and other liabilities	38,283,399	5,890,992	-	-	-
Reinsurance balances payable	20,489,865	(20,489,865)	-	-	-
Insurance contract liabilities	-	1,073,038,356	(7,113,548)	-	-
Reinsurance contract liabilities	-	5,231,665	-	-	-
Surplus distribution payable	-	-	-	-	-
Unearned premiums	339,638,317	(339,638,317)	-	-	-
Unearned reinsurance commission	7,912,104	(7,912,104)	-	-	-
Outstanding claims and reserves	782,395,476	(782,395,476)	-	-	-
Claims incurred but not reported	68,073,728	(68,073,728)	-	-	-
Other reserves	1,600,922	(1,600,922)	-	-	-
Rent commitments	1,236,027	-	-	-	-
Employees' end-of-service benefits	11,563,543	-	-	-	-
Payable to related parties	-	-	-	-	-
Provision for zakat	7,215,968	-	-	-	-
Surplus distribution payable	-	-	-	-	-
Accrued commission income payable to SAMA	5,380,607	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,320,168,783</b>	<b>(172,328,226)</b>	<b>(7,113,548)</b>	<b>-</b>	<b>-</b>
					<b>1,140,727,009</b>
<b>Accumulated Surplus - Insurance Operations</b>					
Surplus distribution payable	2,494,147	(2,494,147)	-	-	-
	1,322,662,930	(174,822,373)	(7,113,548)	-	-
					1,140,727,009
<b>EQUITY</b>					
Share capital	265,000,000	-	-	-	-
Accumulated losses	(41,218,767)	-	(16,483,246)	-	(173,342)
Fair value reserve for investments	(1,588,508)	-	-	-	37,780,048
Re-measurement loss of end-of-service benefits	(512,515)	-	-	-	-
<b>TOTAL EQUITY</b>	<b>221,680,210</b>	<b>-</b>	<b>(16,483,246)</b>	<b>-</b>	<b>37,606,706</b>
					<b>242,803,670</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,544,343,140</b>	<b>(174,822,373)</b>	<b>(23,596,794)</b>	<b>-</b>	<b>37,606,706</b>
					<b>1,383,530,679</b>

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

Reconciliation of statement of income for the period ended 31 December 2022

	31 December 2022					
	Pre adoption of IFRS 17 and IFRS 9	IFRS 17 Reclassification	Remeasurement	IFRS 9 Reclassification	Remeasurement	Post adoption of IFRS 17 and IFRS 9
REVENUES						
Gross premiums written	733,193,225	(733,193,225)				-
Reinsurance premiums ceded						
- International (includes ceded through local broker)	(104,769,250)	104,769,250				-
- Local	(16,069,949)	16,069,949				-
Excess of loss expenses	(6,278,374)	6,278,374				-
Net premiums written	606,075,652	(606,075,652)				-
Movement in unearned premiums, net	(179,869,727)	179,869,727				-
Net premiums earned	426,205,925	(426,205,925)				-
Reinsurance commissions	23,401,370	(23,401,370)				-
Total Revenue	449,607,295	(449,607,295)				-
Insurance revenue		561,971,791	(1,321,051)			560,650,740
Insurance service expenses		(1,163,757,595)	46,899,375			(1,116,858,220)
Insurance service result before reinsurance contracts held		(601,785,804)	45,578,324			(556,207,480)
Allocation of reinsurance premiums		(112,041,973)	482,595			(111,559,378)
Amounts recoverable from reinsurance		734,784,962	(43,843,928)			690,941,034
Net profit/(expenses) from reinsurance contracts held		622,742,989	(43,361,333)			579,381,656
Insurance service results		20,957,185	2,216,991			23,174,176
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(356,287,093)	356,287,093				-
Reinsurers' share of claims paid	61,225,913	(61,225,913)				-
Net claims paid	(295,061,180)	295,061,180				-
Movement in outstanding claims, IBNR and other reserves, net	(19,447,302)	19,447,302				-
Net claims incurred	(314,508,482)	314,508,482				-
Policy acquisition costs	(41,484,914)	41,484,914				-
Change in premium deficiency reserves & others	7,364,078	(7,364,078)				-
TOTAL UNDERWRITING COSTS AND EXPENSES	(348,629,318)	348,629,318				-
OTHER OPERATING (EXPENSES) / INCOME						
Doubtful Debts	(1,512,099)	1,512,099				-
General and administrative expenses	(100,002,705)	100,002,705				-
Commission income on deposits	3,636,802	-		(3,636,802)		-
Gain on sale of AFS investments	1,502,439	-		(1,502,439)		-
Impairment expense	(1,100,000)	-		1,100,000		-
Dividend distributions	3,150,595	-		(3,150,595)		-
TOTAL OTHER OPERATING (EXPENSES) / INCOME	(94,324,968)	101,514,804		(7,189,836)		-
Income from investment & deposits				6,787,397		6,787,397
Expected credit loss					(108,516)	(108,516)
Net investment income						6,678,881
Net finance expense from insurance contracts issued			(21,903,136)			(21,903,136)
Net finance income from reinsurance contracts hold			19,241,859			19,241,859
Insurance finance result			(2,661,277)			(2,661,277)
Net insurance and investment result	6,653,009	21,494,012	(444,286)	(402,439)	(108,516)	27,191,780
Other income	7,180,185	(322,523)				6,857,662
Non attributable expenses		(21,171,489)	(1,122,174)			(22,293,663)
Zakat charge for the year	(4,500,000)					(4,500,000)
Gross income for the year after zakat and income tax	9,333,194	-	(1,566,460)	(402,439)	(108,516)	7,255,779
Surplus attributed to the insurance operations	(1,055,602)	-	-	-	-	(1,055,602)
Total income for the period attributable to the shareholders after zakat	8,277,592	-	(1,566,460)	(402,439)	(108,516)	6,200,177
Net income attributable to shareholders	8,277,592	-	(1,566,460)	(402,439)	(108,516)	6,200,177
Net changes in fair value for investments held through OCI	(1,724,203)	-	-	-	2,670,568	946,365
Remeseaurment of employee benefit obligations	-	-	-	-	31,327	31,327
Total comprehensive income for the year attributable to the shareholders	6,553,389	-	(1,566,460)	(402,439)	2,593,379	7,177,866



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

Details of (decrease) / increase in the retained earnings resulting from transition to IFRS 17 and IFRS 9 are as follows:

	Share capital	Retained earnings/ (accumulated losses)	Actuarial loss on defined benefit plan	Fair value reserve for available-for- sale investment	Total equity
1 January 2022 (previously reported)	265,000,000	(49,496,359)	(543,842)	135,695	215,095,494
Reclassification under IFRS 9	-	-	-	-	-
Recognition of expected credit losses under IFRS 9	-	(64,823)	-	-	(64,823)
Revaluation of Najm investment under IFRS 9	-	-	-	35,109,480	35,109,480
Remeasurement under IFRS 17	-	(14,916,789)	-	-	(14,916,789)
1 January 2022 (Restated)	265,000,000	(64,477,971)	(543,842)	35,245,175	235,223,362
31 December 2022 (previously reported)	265,000,000	(41,218,767)	(512,515)	(1,588,508)	221,680,210
Reclassification under IFRS 9	-	-	-	-	-
Recognition of expected credit losses under IFRS 9	-	(173,342)	-	37,780,048	37,606,706
Remeasurement under IFRS 17	-	(16,483,246)	-	-	(16,483,246)
31 December 2022 (Restated)	265,000,000	(57,875,355)	(512,515)	36,191,540	242,803,670

**Reclassification impact on statement of income on adoption of IFRS 17**

The line-item descriptions in the statement of income have been changed significantly compared with prior year.

Previously, the company reported the following line items:

- Gross written premium
- Reinsurance premiums ceded
- Excess of loss expenses
- Changes in unearned premiums – net
- Gross claims paid
- Reinsurer share of claims paid
- Changes in outstanding claims, net
- Changes in claims incurred but not reported, net
- Changes in premium deficiency reserves
- Changes in other technical reserves
- Policy acquisition costs
- Allowance for doubtful receivables
- General and administrative expenses

**Instead, IFRS 17 requires separate presentation of:**

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurance
- Other operating expenses

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**5. CASH AND CASH EQUIVALENTS**

	31 December 2023		
	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
Cash in banks	39,235,251	3,484,258	42,719,509
Time deposits	15,000,000	-	15,000,000
	<u>54,235,251</u>	<u>3,484,258</u>	<u>57,719,509</u>

	31 December 2022 (Restated)		
	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
Cash in banks	34,387,257	963,967	35,351,224
Time deposits	-	43,768,151	43,768,151
	<u>34,387,257</u>	<u>44,732,118</u>	<u>79,119,375</u>

	1 January 2022 (Restated)		
	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
Cash in banks	26,223,760	1,098,724	27,322,484
Time deposits	-	58,020,539	58,020,539
	<u>26,223,760</u>	<u>59,119,263</u>	<u>85,343,023</u>

Time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. The average variable commission rate on time deposits at end of the year is 5.48% per annum (31 December 2022: 2.76% per annum) (1 January 2022: 0.78% per annum). Current accounts and time deposits are placed with counterparties who have good investment grade credit ratings. The carrying amounts disclosed above reasonably approximate the fair value at the statement of financial position date.

**6. TERM DEPOSITS**

Time deposits are placed with a maturity of more than three months from the date of original acquisition and earn special commission income at an average rate of 5.73% per annum (31 December 2022: 3.94% ), (1 January 2022: 3.49% per annum).

Time deposits are deposited with other parties having good investment grade credit ratings. The carrying amount disclosed above approximates the fair value at the statement of financial position date.

The management has conducted a review as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant expected credit loss against the carrying value of cash and cash equivalents.

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**7. INVESTMENTS**

Investments comprise of the following:

	31 December 2023			31 December 2022 (Restated)			1 January 2022 (Restated)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Investments at fair value through OCI	-	113,305,698	113,305,698	-	102,162,611	102,162,611	-	92,402,145	92,402,145
Debt instruments at amortized cost *	15,765,113	49,930,225	65,695,338	32,450,625	57,596,538	90,047,163	31,903,125	51,836,628	83,739,753
ECL provision	(4,796)	(44,014)	(48,810)	(18,155)	(54,212)	(72,367)	(14,035)	(20,280)	(34,315)
<b>Total</b>	<b>15,760,317</b>	<b>163,191,909</b>	<b>178,952,226</b>	<b>32,432,470</b>	<b>159,704,937</b>	<b>192,137,407</b>	<b>31,889,090</b>	<b>144,218,493</b>	<b>176,107,583</b>

\* This tem represents bonds which are stated in the statement of financial position at amortized cost. The fair value of these investments amounted to SR 63,027,231 (31 December 2022: SR 86,595,422), (1 January 2022: SR 86,096,303).

Movement in ECL provision for investments at amortised cost and FVOCI debt instruments for the year is as follows:

	31 December 2023			
	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total
Beginning balance	(72,367)	-	-	(72,367)
Reversed during the year	23,557	-	-	23,557
<b>Ending balance</b>	<b>(48,810)</b>	<b>-</b>	<b>-</b>	<b>(48,810)</b>

	31 December 2022			
	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total
Beginning balance	(34,315)	-	-	(34,315)
Charge during the year	(38,052)	-	-	(38,052)
Ending balance	(72,367)	-	-	(72,367)

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**7. INVESTMENTS (CONTINUED)**

The movement in investments is as follows:

	<b>Insurance Operations</b>		
	<b>31 December 2023</b>	31 December 2022 (Restated)	1 January 2022 (Restated)
Beginning balance - net	<b>32,432,470</b>	31,889,090	32,653,125
Additions	-	1,672,500	-
Disposals	<b>(16,685,512)</b>	(1,125,000)	(750,000)
ECL reversed/(charged)	<b>13,359</b>	(4,120)	(14,035)
<b>Ending balance</b>	<b>15,760,317</b>	32,432,470	31,889,090

	<b>Shareholders' Operations</b>		
	<b>31 December 2023</b>	31 December 2022 (Restated)	1 January 2022 (Restated)
Beginning balance - net	<b>159,704,937</b>	144,218,493	71,500,387
Additions	<b>9,431,815</b>	78,918,566	148,292,189
Disposals	<b>(14,629,198)</b>	(64,746,994)	(112,728,712)
Net additions and disposals	<b>(5,197,383)</b>	14,171,572	35,563,477
Transfer of realized fair value gain/(loss) for FVOCI equity instruments to accumulated losses	<b>(5,470)</b>	402,439	2,675,001
Change in investments at fair value through OCI	<b>8,679,627</b>	946,365	34,499,908
ECL reversed/(charged)	<b>10,198</b>	(33,932)	(20,280)
<b>Ending balance</b>	<b>163,191,909</b>	159,704,937	144,218,493

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

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

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

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

- Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3: valuation techniques for which any significant input is not based on observable market data.

**Fair value**

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

<b>31 December 2023</b>	<b>Fair value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments at fair value through OCI</b>				
- Mutual funds	-	37,810,673	-	37,810,673
- Discretionary portfolio	14,023,826	-	-	14,023,826
- REIT	3,384,053	-	-	3,384,053
- Bonds/sukuk	4,227,300	10,375,594	-	14,602,894
- Equity - Najm	-	-	43,484,252	43,484,252
<b>Total</b>	<b>21,635,179</b>	<b>48,186,267</b>	<b>43,484,252</b>	<b>113,305,698</b>

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**7. INVESTMENTS (CONTINUED)**

31 December 2022 (Restated)	Fair value			
	Level 1	Level 2	Level 3	Total
Investments at fair value through OCI				
- Mutual funds	-	35,208,857	933,697	36,142,554
- Discretionary portfolio	11,075,955	-	-	11,075,955
- Bonds/sukuk	4,183,378	11,057,597	-	15,240,975
- Equity - Najm	-	-	39,703,127	39,703,127
Total	15,259,333	46,266,454	40,636,824	102,162,611

1 January 2022 (Restated)	Fair value			
	Level 1	Level 2	Level 3	Total
Investments at fair value through OCI				
- Mutual funds	-	30,068,463	2,033,697	32,102,160
- Bonds/sukuk	23,267,425	-	-	23,267,425
- Equity - Najm	-	-	37,032,560	37,032,560
Total	23,267,425	30,068,463	39,066,257	92,402,145

**Sensitivity analysis:**

The impact of change in net assets value reported in level 3 on total equity is as follows:

	31 December 2023	31 December 2022	1 January 2022
+/- 5% change in net assets value	+/- 2,174,213	+/- 2,031,841	+/- 1,953,313

Income from investment and deposits comprise of the following:

	31 December 2023		
	Insurance Operations	Shareholders' Operations	Total
Interest income on deposits	8,525,280	19,174,836	27,700,116
Dividend income	491,344	2,465,400	2,956,744
	<b>9,016,624</b>	<b>21,640,236</b>	<b>30,656,860</b>
	31 December 2022		
	Insurance Operations	Shareholders' Operations	Total
Interest income on deposits	1,577,420	2,059,381	3,636,801
Dividend income	1,141,204	2,009,392	3,150,596
	<b>2,718,624</b>	<b>4,068,773</b>	<b>6,787,397</b>



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**7. INVESTMENTS (CONTINUED)**

a. The following is an analysis of the components of Investments at fair value through OCI for shareholders' operations:

	<b>Local</b>			<b>Foreign</b>			<b>Total</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Mutual funds	<b>37,810,673</b>	35,208,857	30,068,462	-	933,697	2,033,698	<b>37,810,673</b>	36,142,554	32,102,160
Investment Portfolio	<b>14,023,826</b>	11,075,955	-	-	-	-	<b>14,023,826</b>	-	-
REIT	<b>3,384,053</b>	-	-	-	-	-	<b>3,384,053</b>	-	-
Bonds/sukuk	<b>13,117,894</b>	13,799,205	22,491,572	<b>1,485,000</b>	1,441,770	775,853	<b>14,602,894</b>	15,240,975	23,267,425
Equity - Najm	<b>43,484,252</b>	39,703,127	37,032,560	-	-	-	<b>43,484,252</b>	39,703,127	37,032,560
<b>Total</b>	<b>111,820,698</b>	99,787,144	89,592,594	<b>1,485,000</b>	2,375,467	2,809,551	<b>113,305,698</b>	102,162,611	92,402,145

b. The following is an analysis of Debt instruments at amortized cost of the insurance operations:

	<b>Local</b>			<b>Foreign</b>			<b>Total</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Fixed yield bonds/sukuk	<b>13,140,113</b>	29,825,625	-	<b>2,625,000</b>	2,625,000	31,903,125	<b>15,765,113</b>	32,450,625	31,903,125
<b>Total</b>	<b>13,140,113</b>	29,825,625	-	<b>2,625,000</b>	2,625,000	31,903,125	<b>15,765,113</b>	32,450,625	31,903,125

- The following is an analysis of the Debt instruments at amortized cost of shareholders' operations:

	<b>Local</b>			<b>Foreign</b>			<b>Total</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Fixed yield bonds/sukuk	<b>29,175,537</b>	41,841,850	7,000,000	<b>12,754,688</b>	12,754,688	41,836,628	<b>41,930,225</b>	54,596,538	48,836,628
Floating yield bonds/sukuk	<b>8,000,000</b>	3,000,000	3,000,000	-	-	-	<b>8,000,000</b>	3,000,000	3,000,000
<b>Total</b>	<b>37,175,537</b>	44,841,850	10,000,000	<b>12,754,688</b>	12,754,688	41,836,628	<b>49,930,225</b>	57,596,538	51,836,628

All the above bonds are listed and classified (A1/BBB+) by Standards and Poor's , Moody's and Fitch. The average interest rate was 3.85% per annum (31 December 2022: 3.57%), (1 January 2022: 3.55%) The maturity date of these bonds extends up to 2031.

## 8. COMMITMENTS AND CONTINGENCIES

a. Commitments and contingencies comprise of the following:

	31 December 2023	31 December 2022	1 January 2022
Letter of guarantee	1,800,000	2,708,500	2,709,500
<b>Total</b>	<b>1,800,000</b>	<b>2,708,500</b>	<b>2,709,500</b>

## b. Litigations and lawsuits

- The Company operates in the insurance business and is vulnerable to lawsuits during its normal business cycle.
- While it is impractical to predict or know the final outcome of all lawsuits, management believes that these lawsuits (including the cases) will not have any material impact on the Company's results or its financial position.
- The Company does not have any material lawsuit on the date of the financial statements.

## 9. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transactions	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Board of Directors and the companies they represent	Gross Premiums	6,424,944	6,363,627	6,069,771
	Claims paid	1,426,366	862,874	1,155,436
Arabia Insurance Company - Lebanon (shareholder)	Expenses paid by Arabia Insurance Company on behalf of the Company	706,448	299,670	299,670
	Expenses paid by the company for the Arabian Insurance Company	208,750	2,750	91,076
	Settlement of the balance of Arabia Insurance Company	706,448	495,802	-

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

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Arabia Insurance Company – Lebanon – Shareholder	208,750	-	(198,882)
Jordan Insurance Company – Shareholder	83,346	83,346	83,346
Board members and the companies they represent	1,133,982	1,194,014	1,959,091
Reinsurance balance due from Jordan Insurance Company	546,767	546,767	546,767

## Compensation of key management personnel

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

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Short-term benefits	4,889,179	4,689,380	4,157,580
End of service benefit	175,894	160,051	172,467
	<b>5,065,072</b>	<b>4,849,431</b>	<b>4,330,047</b>

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**10. PROVISION FOR ZAKAT AND INCOME TAX**

***Zakat charge for the period***

The zakat provision consists of the zakat charged during the period in the amount of 8,000,000 Saudi riyals (December 31, 2022: SAR 4,083,841). The zakat provision is calculated on the Saudi shareholders' share of the capital at 68.25% (2022: 71.60%).

***Income tax charge for the period***

Income tax provision consists of income tax charged during the period in an amount of 2,000,000 Saudi riyals (December 31, 2022: 416,159 SAR). Income tax is calculated on the share of capital by non-Saudi shareholders at a rate of 31.75% (2022: 28.4%).

***Status of assessment***

The company submitted its tax and zakat returns to the Zakat, Tax and Customs Authority for all years up to the fiscal year ending on December 31, 2022, and the company has received a final certificate for the fiscal year ending December 31, 2022.

***Zakat, Income Tax and Withholding Tax***

During the year 2023, the company received a decision issued by the Appeal Committee for Tax Violations and Disputes in connection with the lawsuit filed by the company against the resolution of the second department for adjudication in Zakat and income tax disputes regarding the zakat and tax assessments amended by the authority for the year 2012 whereby it was decided to support the company's opinion on some items and reject it on others. The company paid the amount of 560,215 Saudi riyals, which are the differences of Zakat for the year 2012.

During 2023, a decision was issued by the First Appeals Chamber for Income Tax Violations and Disputes to dismiss the lawsuit related to the assessment of withholding tax for the years: 2015, 2016 and 2017, in part to the Separation Committee, which later decided to uphold the company's position regarding the items that were returned by the Appeal Committee for reconsideration, and the company resubmitted a new appeal case to the General Secretariat of the Zakat, Tax and Customs Committees.

During the year 2023, the company submitted a request to settle the existing dispute with the Zakat, Tax and Customs Authority over the Zakat assessment for the years 2019 and 2020, based on the request of the Authority, which was rejecting the settlement offer submitted by the company, and it was decided to continue with the appeal submitted by both parties to the General Secretariat of Zakat, Tax and Customs Committees.

On June 14, 2023, the company received letters issued by the Zakat, Tax and Customs Authority to provide data and documents for the purpose of examining the zakat and income tax returns submitted by the company for the years 2021 and 2022, the company submitted all the requirements, and the result of this examination has not yet been issued.

On December 31, 2023, the Company received the decision issued by the First Appeals Committee for Income Tax Violations and Disputes for the year 2018, which supported entirely the Company's position regarding the appealed Zakat items, as well as the Company's position regarding the withholding tax on the reinsurance premiums ceded to local reinsurance brokerage companies.

***Value Added Tax***

Starting date April 2023, the company received letters issued by the Zakat, Tax and Customs Authority to submit data and documents and additional queries for the purpose of examining the value-added tax returns submitted by the company for the years 2021 and 2022. The company has met these requests within the specified deadline.

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**10. PROVISION FOR ZAKAT AND INCOME TAX (CONTINUED)**

**a) Zakat**

	<b>31 December 2023</b>	31 December 2022 (Restated)
The zakat base is composed of the following:		
Adjusted income	61,370,222	13,728,233
Add to it:		
Share capital	517,657,534	265,000,000
Provisions	34,707,174	70,119,423
Fair value change reserve in najm investment	41,561,175	-
Lease liability	5,143,216	-
<b>Total additions</b>	<b>599,069,099</b>	<b>335,119,423</b>
Deduct from it:		
Property and equipment, net	(11,422,528)	(10,152,613)
Investments	(53,512,251)	(1,923,077)
Statutory deposits	(53,000,000)	(40,000,000)
Deferred policy acquisition costs	-	(24,055,081)
Accumulated adjusted losses	(57,875,355)	(49,496,359)
Right of use assets	(5,717,052)	(1,296,797)
<b>Total deductions</b>	<b>(181,527,186)</b>	<b>(126,923,928)</b>
<b>Total Zakat base</b>	<b>478,912,135</b>	<b>221,923,728</b>

**A) Zakat for the year**

The zakat charge for the year consists of the following:

	<b>31 December 2023</b>	31 December 2022 (Restated)
Share of the Saudi founding shareholders and general public from the Zakat base at 68.25% (2022: 71.6%)	<b>346,334,589</b>	162,796,208
Zakat for the year at 2.5%	<b>8,879,735</b>	4,185,707

**b) Income tax**

Income tax charge for the year consists of the following:

	<b>31 December 2023</b>	31 December 2022 (Restated)
Share of the non-Saudi shareholders from the adjusted net income for the year at 31.75% (2022: 28.4%) (after computation of accumulated losses)	<b>10,776,931</b>	4,343,362
Income tax for the year at (20%)	<b>2,155,386</b>	868,672
<b>Zakat and income tax for the year</b>	<b>11,035,122</b>	<b>5,054,379</b>

The Company charged an estimated amount of Zakat and income tax for the year ended 31 December 2023 by SR 10,000,000 (31 December 2022: SR 4,500,000).

c) Movement of zakat and income tax provision during the year are as follows:

	<b>31 December 2023</b>	31 December 2022 (Restated)	1 January 2022 (Restated)
Provision at the beginning of the year	<b>7,215,968</b>	7,652,889	6,281,980
Charge for the year	<b>10,000,000</b>	4,500,000	6,056,303
Prior years' adjustments	-	-	(528,239)
Paid during the year	<b>(5,614,593)</b>	(4,936,921)	(4,157,155)
	<b>11,601,375</b>	7,215,968	7,652,889

## **11. OPERATING SEGMENTS**

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2023 with the exception of the impact of adopting IFRS 17 as previously discussed.

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

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

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



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**11. OPERATING SEGMENTS (CONTINUED)**

**Statement of Financial Position**

**31 December 2023**

	<b>Motor</b>	<b>Medical</b>	<b>Engineering</b>	<b>Property</b>	<b>Marine</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>							
Insurance contract assets	13,103,444	-	1,475,796	8,607,930	342,396	125,075	23,654,641
Reinsurance contract assets	11,406,295	12,723,875	76,415,125	705,594,693	5,667,242	32,882,855	844,690,085
Unallocated assets	-	-	-	-	-	-	931,580,646
<b>Total</b>	<b>24,509,739</b>	<b>12,723,875</b>	<b>77,890,921</b>	<b>714,202,623</b>	<b>6,009,638</b>	<b>33,007,930</b>	<b>1,799,925,372</b>
<b>Liabilities</b>							
Insurance contract liabilities	80,848,912	220,615,054	69,358,158	702,789,169	7,054,820	38,229,154	1,118,895,267
Reinsurance contract liabilities	-	-	659,177	3,738,316	-	-	4,397,493
Unallocated liabilities	-	-	-	-	-	-	116,716,956
<b>Total</b>	<b>80,848,912</b>	<b>220,615,054</b>	<b>70,017,335</b>	<b>706,527,485</b>	<b>7,054,820</b>	<b>38,229,154</b>	<b>1,240,009,716</b>

**31 December 2022**  
**(Restated)**

	<b>Motor</b>	<b>Medical</b>	<b>Engineering</b>	<b>Property</b>	<b>Marine</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>							
Insurance contract assets	-	-	-	3,936,303	4,986,037	-	8,922,340
Reinsurance contract assets	11,703,484	15,039,134	14,448,673	721,890,714	4,698,325	29,544,689	797,325,019
Unallocated assets	-	-	-	-	-	-	577,283,320
<b>Total</b>	<b>11,703,484</b>	<b>15,039,134</b>	<b>14,448,673</b>	<b>725,827,017</b>	<b>9,684,362</b>	<b>29,544,689</b>	<b>1,383,530,679</b>
<b>Liabilities</b>							
Insurance contract liabilities	60,842,206	262,863,034	17,612,914	688,908,379	3,103,147	32,595,128	1,065,924,808
Reinsurance contract liabilities	-	5,231,665	-	-	-	-	5,231,665
Unallocated liabilities	-	-	-	-	-	-	69,570,536
<b>Total</b>	<b>60,842,206</b>	<b>268,094,699</b>	<b>17,612,914</b>	<b>688,908,379</b>	<b>3,103,147</b>	<b>32,595,128</b>	<b>1,140,727,009</b>

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**11. OPERATING SEGMENTS (CONTINUED)**

**Statement of Financial Position**

	1 January 2022 (Restated)						
	Motor	Medical	Engineering	Property	Marine	Others	Total
<b>Assets</b>							
Insurance contract assets	-	-	1,306,566	724,330	4,433,040	4,051,724	10,515,660
Reinsurance contract assets	12,327,284	19,044,847	9,452,164	45,369,916	5,808,392	14,201,929	106,204,532
Unallocated assets	-	-	-	-	-	-	403,593,273
Total	12,327,284	19,044,847	10,758,730	46,094,246	10,241,432	18,253,653	520,313,465
<b>Liabilities</b>							
Insurance contract liabilities	97,996,387	80,738,179	6,534,236	41,145,669	6,178,598	18,233,263	250,826,332
Unallocated liabilities	-	-	-	-	-	-	34,263,771
<b>Total</b>	97,996,387	80,738,179	6,534,236	41,145,669	6,178,598	18,233,263	285,090,103

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**11. OPERATING SEGMENTS (CONTINUED)**

**Statement of Income**

	For the year ended 31 December 2023					
	Motor	Medical	Engineering	Property	Marine	Others
<b>REVENUES</b>						
Insurance revenue	161,398,808	506,727,773	42,827,859	85,873,844	13,542,302	28,576,472
Insurance service expenses	(195,491,758)	(393,260,879)	(7,842,224)	(11,035,320)	(4,395,699)	(9,346,450)
<b>Insurance service result before reinsurance contracts held</b>	<b>(34,092,950)</b>	<b>113,466,894</b>	<b>34,985,635</b>	<b>74,838,524</b>	<b>9,146,603</b>	<b>19,230,022</b>
Allocation of reinsurance premiums	(2,142,000)	(6,499,380)	(34,533,368)	(68,075,946)	(7,536,542)	(20,098,185)
Amounts recoverable from reinsurance	2,810	2,331,620	(356,045)	(8,062,297)	1,362,804	2,552,407
<b>Net expenses from reinsurance contracts held</b>	<b>(2,139,190)</b>	<b>(4,167,760)</b>	<b>(34,889,413)</b>	<b>(76,138,243)</b>	<b>(6,173,738)</b>	<b>(17,545,778)</b>
<b>Insurance service result</b>	<b>(36,232,140)</b>	<b>109,299,134</b>	<b>96,222</b>	<b>(1,299,719)</b>	<b>2,972,865</b>	<b>1,684,245</b>
Income from investment and deposits						
Expected credit loss						
<b>Net investment income</b>						
Net finance expenses from insurance contracts issued	(2,593,358)	(3,585,841)	(214,997)	(27,596,327)	(142,676)	(972,457)
Net finance income from reinsurance contracts held	-	55,122	130,156	27,468,543	113,614	757,417
<b>Insurance finance result</b>	<b>(2,593,358)</b>	<b>(3,530,719)</b>	<b>(84,841)</b>	<b>(127,784)</b>	<b>(29,062)</b>	<b>(215,040)</b>
<b>Net insurance and investment result</b>	<b>(38,825,498)</b>	<b>105,768,415</b>	<b>11,381</b>	<b>(1,427,503)</b>	<b>2,943,803</b>	<b>1,469,205</b>
Other income						
Other operating expenses (non-attributable)						
<b>Gross income for the year</b>						
Provision for zakat and income tax						
<b>Gross income for the year after zakat and income tax</b>						
Net income attributable to insurance operations						
<b>Net Income attributable to shareholders</b>						

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**11. OPERATING SEGMENTS (CONTINUED)**

**Statement of Income**

	For the year ended 31 December 2022 (Restated)					
	Motor	Medical	Engineering	Property	Marine	Others
<b>REVENUES</b>						
Insurance revenue	160,929,006	277,879,759	18,559,636	63,128,253	12,157,723	27,996,363
Insurance service expenses	(164,740,624)	(251,571,608)	(4,827,779)	(674,646,906)	(2,222,154)	(18,849,149)
<b>Insurance service result before reinsurance contracts held</b>	(3,811,618)	26,308,151	13,731,857	(611,518,653)	9,935,569	9,147,214
Allocation of reinsurance premiums	(1,305,600)	(18,768,775)	(12,336,778)	(51,918,344)	(7,998,890)	(19,230,991)
Amounts recoverable from reinsurance	(23,800)	18,220,486	982,687	660,398,268	(360,861)	11,724,254
<b>Net income/(expenses) from reinsurance contracts held</b>	(1,329,400)	(548,289)	(11,354,091)	608,479,924	(8,359,751)	(7,506,737)
<b>Insurance service result</b>	(5,141,018)	25,759,862	2,377,766	(3,038,729)	1,575,818	1,640,477
Income from investment and deposits						
Expected credit loss						
<b>Net investment income</b>						
Net finance expenses from insurance contracts issued	(1,384,107)	(1,098,100)	(137,228)	(18,685,196)	(77,536)	(520,969)
Net finance income from reinsurance contracts held	-	113,572	84,022	18,608,745	61,522	373,998
<b>Insurance finance result</b>	(1,384,107)	(984,528)	(53,206)	(76,451)	(16,014)	(146,971)
<b>Net insurance and investment result</b>	(6,525,125)	24,775,334	2,324,560	(3,115,180)	1,559,804	1,493,506
Other income						
Other operating expenses (non-attributable)						
<b>Gross income for the year</b>						
Provision for zakat and income tax						
<b>Gross income for the year after zakat and income tax</b>						
Net income attributable to insurance operations						
<b>Net Income attributable to shareholders</b>						

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12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES

PAA, gross (Total)

	31 December 2023				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2023					
Insurance contract assets	(8,922,340)	-	-	-	(8,922,340)
Insurance contract liabilities	194,227,545	5,340,297	859,483,015	6,873,952	1,065,924,808
Net insurance contract liabilities	185,305,206	5,340,297	859,483,015	6,873,952	1,057,002,468
Changes in the statement of income and OCI:					
Insurance revenue	(838,947,058)	-	-	-	(838,947,058)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	550,580,927	5,091,635	555,672,561
Insurance acquisition cash flows amortization	62,830,948	-	-	-	62,830,948
Losses and reversals of losses on onerous contracts	-	(4,403,083)	-	-	(4,403,083)
Changes that relate to past service - adjustments to the LIC	-	-	11,505,702	(4,233,798)	7,271,904
Insurance service expenses	62,830,948	(4,403,083)	562,086,629	857,836	621,372,330
Insurance service result	(776,116,110)	(4,403,083)	562,086,629	857,836	(217,574,728)
Finance expense from insurance contracts	-	-	34,694,873	410,783	35,105,656
Total changes in the statement of income and OCI	(776,116,110)	(4,403,083)	596,781,502	1,268,619	(182,469,072)
Cash flows					
Premiums received	847,464,354	-	-	-	847,464,354
Claims and other directly attributable expenses paid	-	-	(581,729,868)	-	(581,729,868)
Insurance acquisition cashflows paid	(45,027,257)	-	-	-	(45,027,257)
Total cash inflows / (outflows)	802,437,098	-	(581,729,868)	-	220,707,230
Net closing balance	211,626,193	937,214	874,534,649	8,142,571	1,095,240,626
Insurance contracts					
Insurance contract assets	(23,654,641)	-	-	-	(23,654,641)
Insurance contract liabilities	235,280,834	937,214	874,534,649	8,142,571	1,118,895,267
Net insurance contract liabilities - 31 December 2023	211,626,193	937,214	874,534,649	8,142,571	1,095,240,626



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

PAA, gross (Total) (continued)

	31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
Reinsurance contracts - 1 January 2023					
Reinsurance contract assets	30,903,483	-	765,539,005	882,531	797,325,019
Reinsurance contract liabilities	(5,231,665)	-	-	-	(5,231,665)
Net reinsurance contract assets	25,671,818	-	765,539,005	882,531	792,093,354
Changes in the statement of income and OCI:					
Amounts Allocated to Reinsurance	(138,885,421)	-	-	-	(138,885,421)
Incurred Claims Amounts Recoverable from Reinsurance	-	-	32,404,077	303,216	32,707,292
Changes that relate to past service: changes related to AIC	-	-	(34,930,398)	54,405	(34,875,993)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Net expenses from reinsurance contracts	-	-	(2,526,322)	357,621	(2,168,701)
Net income (expenses) from reinsurance contracts held	(138,885,421)	-	(2,526,322)	357,621	(141,054,122)
Finance income from reinsurance contracts	-	-	28,497,248	27,605	28,524,852
Total changes in the statement of income and OCI	(138,885,421)	-	25,970,926	385,225	(112,529,269)
Cash flows	-	-	-	-	-
Premiums ceded and acquisition cashflows paid	194,475,736	-	-	-	194,475,736
Recoveries from reinsurance	-	-	(33,747,230)	-	(33,747,230)
Total cash inflows / (outflows)	194,475,736	-	(33,747,230)	-	160,728,506
Net closing balance	81,262,134	-	757,762,701	1,267,756	840,292,591
Insurance contracts	-	-	-	-	-
Reinsurance contract assets	85,659,627	-	757,762,701	1,267,756	844,690,084
Reinsurance contract liabilities	(4,397,493)	-	-	-	(4,397,493)
Net reinsurance contract assets 31 December 2023	81,262,134	-	757,762,701	1,267,756	840,292,591

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

PAA, gross (Motor)

	31 December 2023				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
<b>Insurance contracts - 1 January 2023</b>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	11,382,197	242	46,851,145	2,608,622	60,842,206
<b>Net insurance contract liabilities</b>	<b>11,382,197</b>	<b>242</b>	<b>46,851,145</b>	<b>2,608,622</b>	<b>60,842,206</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
Insurance revenue	(161,398,808)	-	-	-	(161,398,808)
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	152,139,395	1,666,147	153,805,542
Insurance acquisition cash flows amortization	13,618,893	-	-	-	13,618,893
Losses and reversals of losses on onerous contracts	-	(242)	-	-	(242)
Changes that relate to past service - adjustments to the LIC	-	-	29,444,095	(1,376,530)	28,067,564
<b>Insurance service expenses</b>	<b>13,618,893</b>	<b>(242)</b>	<b>181,583,490</b>	<b>289,617</b>	<b>195,491,758</b>
<b>Insurance service result</b>	<b>(147,779,915)</b>	<b>(242)</b>	<b>181,583,490</b>	<b>289,617</b>	<b>34,092,950</b>
Finance expense from insurance contracts	-	-	2,456,361	136,997	2,593,358
<b>Total changes in the statement of income and OCI</b>	<b>(147,779,915)</b>	<b>(242)</b>	<b>184,039,851</b>	<b>426,614</b>	<b>36,686,308</b>
<b><u>Cashflows</u></b>					
Premiums received	149,235,114	-	-	-	149,235,114
Claims and other directly attributable expenses paid	-	-	(170,178,840)	-	(170,178,840)
Insurance acquisition cashflows paid	(8,839,321)	-	-	-	(8,839,321)
<b>Total cash inflows / (outflows)</b>	<b>140,395,793</b>	<b>-</b>	<b>(170,178,840)</b>	<b>-</b>	<b>(29,783,047)</b>
<b>Net closing balance</b>	<b>3,998,075</b>	<b>-</b>	<b>60,712,156</b>	<b>3,035,236</b>	<b>67,745,467</b>
<b>Insurance contracts</b>					
Insurance contract assets	(13,103,444)	-	-	-	(13,103,444)
Insurance contract liabilities	17,101,519	-	60,712,156	3,035,236	80,848,912
<b>Net insurance contract liabilities - 31 December 2023</b>	<b>3,998,075</b>	<b>-</b>	<b>60,712,156</b>	<b>3,035,236</b>	<b>67,745,467</b>

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

PAA, gross (Motor) (continued)

	31 December 2023			
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)	
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA
<b>Reinsurance contracts - 1 January 2023</b>				
Reinsurance contract assets	-	-	11,703,484	-
Reinsurance contract liabilities	-	-	-	-
<b>Net reinsurance contract assets</b>	-	-	<b>11,703,484</b>	-
<b><u>Changes in the statement of income and OCI:</u></b>				
<b>Amounts Allocated to Reinsurance</b>	(2,142,000)	-	-	(2,142,000)
Incurred Claims Amounts Recoverable from Reinsurance	-	-	-	-
Changes that relate to past service: changes related to AIC	-	-	2,810	2,810
Losses and reversals of losses on onerous contracts	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	-	-	<b>2,810</b>	<b>2,810</b>
<b>Net income (expenses) from reinsurance contracts held</b>	(2,142,000)	-	<b>2,810</b>	(2,139,190)
Finance income from reinsurance contracts	-	-	-	-
<b>Total changes in the statement of income and OCI</b>	(2,142,000)	-	<b>2,810</b>	(2,139,190)
<b><u>Cashflows</u></b>				
Premiums ceded and acquisition cashflows paid	2,142,000	-	-	2,142,000
Recoveries from reinsurance	-	-	(300,000)	(300,000)
<b>Total cash inflows / (outflows)</b>	<b>2,142,000</b>	-	<b>(300,000)</b>	<b>1,842,000</b>
<b>Net closing balance</b>	-	-	<b>11,406,295</b>	<b>11,406,295</b>
<b>Insurance contracts</b>				
Reinsurance contract assets	-	-	11,406,295	-
Reinsurance contract liabilities	-	-	-	-
<b>Net reinsurance contract assets 31 December 2023</b>	-	-	<b>11,406,295</b>	<b>11,406,295</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Medical)**

	31 December 2023				Total
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of cash flows	Risk adjustment for non-financial risk	
<b>Insurance contracts - 1 January 2023</b>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	168,113,407	5,289,108	86,129,311	3,331,207	262,863,034
<b>Net insurance contract liabilities</b>	<b>168,113,407</b>	<b>5,289,108</b>	<b>86,129,311</b>	<b>3,331,207</b>	<b>262,863,034</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Insurance revenue</b>	<b>(506,727,773)</b>	-	-	-	<b>(506,727,773)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	362,151,271	3,039,916	365,191,187
Insurance acquisition cash flows amortization	32,131,895	-	-	-	32,131,895
Losses and reversals of losses on onerous contracts	-	(4,351,895)	-	-	(4,351,895)
Changes that relate to past service - adjustments to the LIC	-	-	3,664,506	(3,374,815)	289,691
<b>Insurance service expenses</b>	<b>32,131,895</b>	<b>(4,351,895)</b>	<b>365,815,777</b>	<b>(334,899)</b>	<b>393,260,879</b>
<b>Insurance service result</b>	<b>(474,595,878)</b>	<b>(4,351,895)</b>	<b>365,815,777</b>	<b>(334,899)</b>	<b>(113,466,894)</b>
Finance expense from insurance contracts	-	-	3,349,872	235,969	3,585,841
<b>Total changes in the statement of income and OCI</b>	<b>(474,595,878)</b>	<b>(4,351,895)</b>	<b>369,165,650</b>	<b>(98,931)</b>	<b>(109,881,054)</b>
<b><u>Cashflows</u></b>					
Premiums received	474,090,634	-	-	-	474,090,634
Claims and other directly attributable expenses paid	-	-	(384,051,845)	-	(384,051,845)
Insurance acquisition cashflows paid	(22,405,715)	-	-	-	(22,405,715)
<b>Total cash inflows / (outflows)</b>	<b>451,684,919</b>	-	<b>(384,051,845)</b>	-	<b>67,633,074</b>
<b>Net closing balance</b>	<b>145,202,448</b>	<b>937,214</b>	<b>71,243,116</b>	<b>3,232,277</b>	<b>220,615,054</b>
<b>Insurance contracts</b>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	145,202,448	937,214	71,243,116	3,232,277	220,615,054
<b>Net insurance contract liabilities - 31 December 2023</b>	<b>145,202,448</b>	<b>937,214</b>	<b>71,243,116</b>	<b>3,232,277</b>	<b>220,615,054</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Medical) (continued)**

	31 December 2023			
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)	
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA
<b>Reinsurance contracts - 1 January 2023</b>				
Reinsurance contract assets	-	-	14,903,539	135,595
Reinsurance contract liabilities	(5,231,665)	-	-	-
<b>Net reinsurance contract assets</b>	<b>(5,231,665)</b>	<b>-</b>	<b>14,903,539</b>	<b>135,595</b>
<b><u>Changes in the statement of income and OCI:</u></b>				
<b>Amounts Allocated to Reinsurance</b>	<b>(6,499,380)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	-	-
Changes that relate to past service: changes related to AIC	-	-	2,470,289	(138,669)
Losses and reversals of losses on onerous contracts	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>2,470,289</b>	<b>(138,669)</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(6,499,380)</b>	<b>-</b>	<b>2,470,289</b>	<b>(138,669)</b>
Finance income from reinsurance contracts	-	-	52,047	3,075
<b>Total changes in the statement of income and OCI</b>	<b>(6,499,380)</b>	<b>-</b>	<b>2,522,337</b>	<b>(135,595)</b>
<b><u>Cashflows</u></b>				
Premiums ceded and acquisition cashflows paid	11,731,045	-	-	-
Recoveries from reinsurance	-	-	(4,702,001)	-
<b>Total cash inflows / (outflows)</b>	<b>11,731,045</b>	<b>-</b>	<b>(4,702,001)</b>	<b>-</b>
<b>Net closing balance</b>	<b>-</b>	<b>-</b>	<b>12,723,875</b>	<b>-</b>
<b>Insurance contracts</b>				
Reinsurance contract assets	-	-	12,723,875	-
Reinsurance contract liabilities	-	-	-	-
<b>Net reinsurance contract assets 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>12,723,875</b>	<b>-</b>



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

PAA, gross (Property)

	31 December 2023			
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)	
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk
<b>Insurance contracts - 1 January 2023</b>				
Insurance contract assets	(3,936,303)	-	-	-
Insurance contract liabilities	-	-	688,883,373	25,006
<b>Net insurance contract liabilities</b>	<b>(3,936,303)</b>	<b>-</b>	<b>688,883,373</b>	<b>25,006</b>
<b><u>Changes in the statement of income and OCI:</u></b>				
<b>Insurance revenue</b>	<b>(85,873,844)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable expenses	-	-	21,071,430	14,954
Insurance acquisition cash flows amortization	8,564,069	-	-	-
Losses and reversals of losses on onerous contracts	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(19,227,068)	611,935
<b>Insurance service expenses</b>	<b>8,564,069</b>	<b>-</b>	<b>1,844,362</b>	<b>626,888</b>
<b>Insurance service result</b>	<b>(77,309,775)</b>	<b>-</b>	<b>1,844,362</b>	<b>626,888</b>
Finance expense from insurance contracts	-	-	27,595,325	1,002
<b>Total changes in the statement of income and OCI</b>	<b>(77,309,775)</b>	<b>-</b>	<b>29,439,688</b>	<b>627,890</b>
<b><u>Cashflows</u></b>				
Premiums received	80,763,453	-	-	-
Claims and other directly attributable expenses paid	-	-	(16,661,058)	-
Insurance acquisition cashflows paid	(7,651,036)	-	-	-
<b>Total cash inflows / (outflows)</b>	<b>73,112,418</b>	<b>-</b>	<b>(16,661,058)</b>	<b>-</b>
<b>Net closing balance</b>	<b>(8,133,661)</b>	<b>-</b>	<b>701,662,003</b>	<b>652,896</b>
<b>Insurance contracts</b>				
Insurance contract assets	(8,607,930)	-	-	-
Insurance contract liabilities	474,269	-	701,662,003	652,896
<b>Net insurance contract liabilities - 31 December 2023</b>	<b>(8,133,661)</b>	<b>-</b>	<b>701,662,003</b>	<b>652,896</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Property) (continued)**

	31 December 2023				Total
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	
<b>Reinsurance contracts - 1 January 2023</b>					
Reinsurance contract assets	9,991,652	-	711,874,166	24,897	721,890,714
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>9,991,652</b>	<b>-</b>	<b>711,874,166</b>	<b>24,897</b>	<b>721,890,714</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(68,075,946)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(68,075,946)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	23,017,157	2,795	23,019,952
Changes that relate to past service: changes related to AIC	-	-	(31,573,223)	490,975	(31,082,249)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(8,556,066)</b>	<b>493,769</b>	<b>(8,062,297)</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(68,075,946)</b>	<b>-</b>	<b>(8,556,066)</b>	<b>493,769</b>	<b>(76,138,243)</b>
Finance income from reinsurance contracts	-	-	27,467,744	799	27,468,543
<b>Total changes in the statement of income and OCI</b>	<b>(68,075,946)</b>	<b>-</b>	<b>18,911,678</b>	<b>494,569</b>	<b>(48,669,699)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	54,959,698	-	-	-	54,959,698
Recoveries from reinsurance	-	-	(26,324,335)	-	(26,324,335)
<b>Total cash inflows / (outflows)</b>	<b>54,959,698</b>	<b>-</b>	<b>(26,324,335)</b>	<b>-</b>	<b>28,635,363</b>
<b>Net closing balance</b>	<b>(3,124,597)</b>	<b>-</b>	<b>704,461,509</b>	<b>519,465</b>	<b>701,856,378</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	613,719	-	704,461,509	519,465	705,594,693
Reinsurance contract liabilities	(3,738,316)	-	-	-	(3,738,316)
<b>Net reinsurance contract assets 31 December 2023</b>	<b>(3,124,597)</b>	<b>-</b>	<b>704,461,509</b>	<b>519,465</b>	<b>701,856,378</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Engineering)**

	31 December 2023				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
<b>Insurance contracts - 1 January 2023</b>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	11,710,936	-	5,689,746	212,232	17,612,914
<b>Net insurance contract liabilities</b>	<b>11,710,936</b>	<b>-</b>	<b>5,689,746</b>	<b>212,232</b>	<b>17,612,914</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Insurance revenue</b>	<b>(42,827,859)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42,827,859)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	4,056,128	90,980	4,147,107
Insurance acquisition cash flows amortization	4,085,352	-	-	-	4,085,352
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(340,360)	(49,875)	(390,235)
<b>Insurance service expenses</b>	<b>4,085,352</b>	<b>-</b>	<b>3,715,767</b>	<b>41,105</b>	<b>7,842,224</b>
<b>Insurance service result</b>	<b>(38,742,507)</b>	<b>-</b>	<b>3,715,767</b>	<b>41,105</b>	<b>(34,985,635)</b>
Finance expense from insurance contracts	-	-	207,266	7,731	214,997
<b>Total changes in the statement of income and OCI</b>	<b>(38,742,507)</b>	<b>-</b>	<b>3,923,034</b>	<b>48,836</b>	<b>(34,770,637)</b>
<b><u>Cashflows</u></b>					
Premiums received	92,452,309	-	-	-	92,452,309
Claims and other directly attributable expenses paid	-	-	(4,859,194)	-	(4,859,194)
Insurance acquisition cashflows paid	(2,553,030)	-	-	-	(2,553,030)
<b>Total cash inflows / (outflows)</b>	<b>89,899,279</b>	<b>-</b>	<b>(4,859,194)</b>	<b>-</b>	<b>85,040,085</b>
<b>Net closing balance</b>	<b>62,867,708</b>	<b>-</b>	<b>4,753,585</b>	<b>261,068</b>	<b>67,882,362</b>
<b>Insurance contracts</b>					
Insurance contract assets	(1,475,796)	-	-	-	(1,475,796)
Insurance contract liabilities	64,343,504	-	4,753,585	261,068	69,358,158
<b>Net insurance contract liabilities - 31 December 2023</b>	<b>62,867,708</b>	<b>-</b>	<b>4,753,585</b>	<b>261,068</b>	<b>67,882,362</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Engineering) (continued)**

	31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		Total
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	
<b>Reinsurance contracts - 1 January 2023</b>					
Reinsurance contract assets	10,822,531	-	3,491,954	134,188	14,448,673
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>10,822,531</b>	<b>-</b>	<b>3,491,954</b>	<b>134,188</b>	<b>14,448,673</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(34,533,368)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,533,368)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	1,499,785	42,997	1,542,782
Changes that relate to past service: changes related to AIC	-	-	(1,844,615)	(54,212)	(1,898,827)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(344,830)</b>	<b>(11,215)</b>	<b>(356,045)</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(34,533,368)</b>	<b>-</b>	<b>(344,830)</b>	<b>(11,215)</b>	<b>(34,889,413)</b>
Finance income from reinsurance contracts	-	-	126,384	3,771	130,156
<b>Total changes in the statement of income and OCI</b>	<b>(34,533,368)</b>	<b>-</b>	<b>(218,446)</b>	<b>(7,443)</b>	<b>(34,759,257)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	96,827,183	-	-	-	96,827,183
Recoveries from reinsurance	-	-	(760,651)	-	(760,651)
<b>Total cash inflows / (outflows)</b>	<b>96,827,183</b>	<b>-</b>	<b>(760,651)</b>	<b>-</b>	<b>96,066,532</b>
<b>Net closing balance</b>	<b>73,116,346</b>	<b>-</b>	<b>2,512,857</b>	<b>126,744</b>	<b>75,755,948</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	73,775,524	-	2,512,857	126,744	76,415,125
Reinsurance contract liabilities	(659,177)	-	-	-	(659,177)
<b>Net reinsurance contract assets 31 December 2023</b>	<b>73,116,346</b>	<b>-</b>	<b>2,512,857</b>	<b>126,744</b>	<b>75,755,948</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Marine)**

	31 December 2023				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
<b>Insurance contracts - 1 January 2023</b>					
Insurance contract assets	(4,986,037)	-	-	-	(4,986,037)
Insurance contract liabilities	-	-	2,885,996	217,151	3,103,147
<b>Net insurance contract liabilities</b>	<b>(4,986,036)</b>	<b>-</b>	<b>2,885,996</b>	<b>217,151</b>	<b>(1,882,890)</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Insurance revenue</b>	<b>(13,542,302)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,542,302)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	3,386,632	141,560	3,528,192
Insurance acquisition cash flows amortization	1,567,899	-	-	-	1,567,899
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(608,050)	(92,342)	(700,392)
<b>Insurance service expenses</b>	<b>1,567,899</b>	<b>-</b>	<b>2,778,582</b>	<b>49,218</b>	<b>4,395,699</b>
<b>Insurance service result</b>	<b>(11,974,403)</b>	<b>-</b>	<b>2,778,582</b>	<b>49,218</b>	<b>(9,146,603)</b>
Finance expense from insurance contracts	-	-	132,692	9,984	142,676
<b>Total changes in the statement of income and OCI</b>	<b>(11,974,403)</b>	<b>-</b>	<b>2,911,274</b>	<b>59,202</b>	<b>(9,003,927)</b>
<b><u>Cashflows</u></b>					
Premiums received	20,213,739	-	-	-	20,213,739
Claims and other directly attributable expenses paid	-	-	(1,240,712)	-	(1,240,712)
Insurance acquisition cashflows paid	(1,373,786)	-	-	-	(1,373,786)
<b>Total cash inflows / (outflows)</b>	<b>18,839,952</b>	<b>-</b>	<b>(1,240,712)</b>	<b>-</b>	<b>17,599,240</b>
<b>Net closing balance</b>	<b>1,879,513</b>	<b>-</b>	<b>4,556,557</b>	<b>276,353</b>	<b>6,712,424</b>
<b>Insurance contracts</b>					
Insurance contract assets	(342,396)	-	-	-	(342,396)
Insurance contract liabilities	2,221,910	-	4,556,557	276,353	7,054,820
<b>Net insurance contract liabilities - 31 December 2023</b>	<b>1,879,513</b>	<b>-</b>	<b>4,556,557</b>	<b>276,353</b>	<b>6,712,424</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Marine) (continued)**

	31 December 2023			
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)	
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA
<b>Reinsurance contracts - 1 January 2023</b>				
Reinsurance contract assets	2,555,325	-	1,982,252	160,748
Reinsurance contract liabilities	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>2,555,325</b>	<b>-</b>	<b>1,982,252</b>	<b>160,748</b>
<b><u>Changes in the statement of income and OCI:</u></b>				
<b>Amounts Allocated to Reinsurance</b>	<b>(7,536,542)</b>	<b>-</b>	<b>-</b>	<b>(7,536,542)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	2,350,842	135,297
Changes that relate to past service: changes related to AIC	-	-	(991,901)	(131,433)
Losses and reversals of losses on onerous contracts	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>1,358,940</b>	<b>3,864</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(7,536,542)</b>	<b>-</b>	<b>1,358,940</b>	<b>3,864</b>
Finance income from reinsurance contracts	-	-	107,164	6,451
<b>Total changes in the statement of income and OCI</b>	<b>(7,536,542)</b>	<b>-</b>	<b>1,466,104</b>	<b>10,314</b>
<b><u>Cashflows</u></b>				
Premiums ceded and acquisition cashflows paid	7,269,111	-	-	-
Recoveries from reinsurance	-	-	(240,072)	-
<b>Total cash inflows / (outflows)</b>	<b>7,269,111</b>	<b>-</b>	<b>(240,072)</b>	<b>-</b>
<b>Net closing balance</b>	<b>2,287,894</b>	<b>-</b>	<b>3,208,285</b>	<b>171,063</b>
<b>Insurance contracts</b>				
Reinsurance contract assets	2,287,894	-	3,208,285	171,063
Reinsurance contract liabilities	-	-	-	-
<b>Net reinsurance contract assets 31 December 2023</b>	<b>2,287,894</b>	<b>-</b>	<b>3,208,285</b>	<b>171,063</b>

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

PAA, gross (Other)

	31 December 2023				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
<b>Insurance contracts - 1 January 2023</b>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	3,021,005	50,947	29,043,443	479,733	32,595,128
<b>Net insurance contract liabilities</b>	<b>3,021,005</b>	<b>50,947</b>	<b>29,043,443</b>	<b>479,733</b>	<b>32,595,128</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Insurance revenue</b>	<b>(28,576,472)</b>	-	-	-	<b>(28,576,472)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	7,776,071	138,078	7,914,150
Insurance acquisition cash flows amortization	2,862,841	-	-	-	2,862,841
Losses and reversals of losses on onerous contracts	-	(50,947)	-	-	(50,947)
Changes that relate to past service - adjustments to the LIC	-	-	(1,427,421)	47,829	(1,379,592)
<b>Insurance service expenses</b>	<b>2,862,841</b>	<b>(50,947)</b>	<b>6,348,650</b>	<b>185,908</b>	<b>9,346,450</b>
<b>Insurance service result</b>	<b>(25,713,632)</b>	<b>(50,947)</b>	<b>6,348,650</b>	<b>185,908</b>	<b>(19,230,022)</b>
Finance expense from insurance contracts	-	-	953,357	19,099	972,457
<b>Total changes in the statement of income and OCI</b>	<b>(25,713,632)</b>	<b>(50,947)</b>	<b>7,302,007</b>	<b>205,007</b>	<b>(18,257,566)</b>
<b><u>Cashflows</u></b>					
Premiums received	30,709,105	-	-	-	30,709,105
Claims and other directly attributable expenses paid	-	-	(4,738,218)	-	(4,738,218)
Insurance acquisition cashflows paid	(2,204,368)	-	-	-	(2,204,368)
<b>Total cash inflows / (outflows)</b>	<b>28,504,737</b>	-	<b>(4,738,218)</b>	-	<b>23,766,519</b>
<b>Net closing balance</b>	<b>5,812,110</b>	-	<b>31,607,232</b>	<b>684,740</b>	<b>38,104,081</b>
<b>Insurance contracts</b>					
Insurance contract assets	(125,075)	-	-	-	(125,075)
Insurance contract liabilities	5,937,182	-	31,607,232	684,740	38,229,154
<b>Net insurance contract liabilities - 31 December 2023</b>	<b>5,812,109</b>	-	<b>31,607,232</b>	<b>684,740</b>	<b>38,104,081</b>

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

PAA, gross (Other) (continued)

	31 December 2023				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		Total
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	
<b>Reinsurance contracts - 1 January 2023</b>					
Reinsurance contract assets	7,533,975	-	21,583,609	427,104	29,544,689
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>7,533,975</b>	<b>-</b>	<b>21,583,609</b>	<b>427,104</b>	<b>29,544,689</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(20,098,185)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,098,185)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	5,536,293	122,127	5,658,420
Changes that relate to past service: changes related to AIC	-	-	(2,993,759)	(112,255)	(3,106,013)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>2,542,535</b>	<b>9,872</b>	<b>2,552,407</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(20,098,186)</b>	<b>-</b>	<b>2,542,535</b>	<b>9,872</b>	<b>(17,545,778)</b>
Finance income from reinsurance contracts	-	-	743,909	13,508	757,417
<b>Total changes in the statement of income and OCI</b>	<b>(20,098,186)</b>	<b>-</b>	<b>3,286,443</b>	<b>23,380</b>	<b>(16,788,362)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	21,546,699	-	-	-	21,546,700
Recoveries from reinsurance	-	-	(1,420,171)	-	(1,420,171)
<b>Total cash inflows / (outflows)</b>	<b>21,546,699</b>	<b>-</b>	<b>(1,420,171)</b>	<b>-</b>	<b>20,126,529</b>
<b>Net closing balance</b>	<b>8,982,488</b>	<b>-</b>	<b>23,449,881</b>	<b>450,484</b>	<b>32,882,855</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	8,982,488	-	23,449,881	450,484	32,882,855
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets 31 December 2023</b>	<b>8,982,488</b>	<b>-</b>	<b>23,449,881</b>	<b>450,484</b>	<b>32,882,855</b>



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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Total)**

	31 December 2022 (Restated)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2022					
Insurance contract assets	(10,515,660)	-	-	-	(10,515,660)
Insurance contract liabilities	59,003,279	12,611,036	172,742,016	6,470,002	250,826,332
Net insurance contract liabilities	48,487,619	12,611,036	172,742,016	6,470,002	240,310,672
Changes in the statement of income and OCI:					
Insurance revenue	(560,650,740)	-	-	-	(560,650,740)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,091,161,669	5,225,531	1,096,387,200
Insurance acquisition cash flows amortization	41,441,465	-	-	-	41,441,465
Losses and reversals of losses on onerous contracts	-	(7,270,739)	-	-	(7,270,739)
Changes that relate to past service - adjustments to the LIC	-	-	(8,707,654)	(4,992,051)	(13,699,705)
Insurance service expenses	41,441,465	(7,270,739)	1,082,454,015	233,480	1,116,858,220
Insurance service result	(519,209,275)	(7,270,739)	1,082,454,015	233,480	556,207,480
Finance income from insurance contracts	-	-	21,732,667	170,469	21,903,136
Total changes in the statement of income and OCI	(519,209,275)	(7,270,739)	1,104,186,681	403,949	578,110,616
Cashflows					
Premiums received	707,461,823	-	-	-	707,461,823
Claims and other directly attributable expenses paid	-	-	(417,445,682)	-	(417,445,682)
Insurance acquisition cashflows paid	(51,434,962)	-	-	-	(51,434,962)
Total cash inflows / (outflows)	656,026,862	-	(417,445,682)	-	238,581,180
Net closing balance	185,305,206	5,340,297	859,483,015	6,873,951	1,057,002,468
Insurance contracts					
Insurance contract assets	(8,922,340)	-	-	-	(8,922,340)
Insurance contract liabilities	194,227,545	5,340,297	859,483,015	6,873,952	1,065,924,808
Net insurance contract liabilities - 31 December 2022	185,305,206	5,340,297	859,483,015	6,873,952	1,057,002,468

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Total) (continued)**

31 December 2022 (Restated)					
Asset for remaining coverage		Asset for incurred claims		Total	
Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA		
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	21,519,648	1,027,629	82,593,666	1,063,589	106,204,532
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>21,519,648</b>	<b>1,027,629</b>	<b>82,593,666</b>	<b>1,063,589</b>	<b>106,204,532</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(111,559,378)</b>	-	-	-	<b>(111,559,378)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	691,089,204	1,102,361	692,191,565
Changes that relate to past service: changes related to AIC	-	-	1,083,322	(1,306,224)	(222,903)
Losses and reversals of losses on onerous contracts	-	(1,027,628)	-	-	(1,027,628)
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>(1,027,628)</b>	<b>692,172,526</b>	<b>(203,864)</b>	<b>690,941,034</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(111,559,378)</b>	<b>(1,027,628)</b>	<b>692,172,526</b>	<b>(203,864)</b>	<b>579,381,656</b>
Finance income from reinsurance contracts	-	-	19,219,053	22,805	19,241,859
<b>Total changes in the statement of income and OCI</b>	<b>(111,559,378)</b>	<b>(1,027,628)</b>	<b>711,391,579</b>	<b>(181,058)</b>	<b>598,623,515</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	115,711,548	-	-	-	115,711,548
Recoveries from reinsurance	-	-	(28,446,241)	-	(28,446,241)
<b>Total cash inflows / (outflows)</b>	<b>115,711,548</b>	<b>-</b>	<b>(28,446,241)</b>	<b>-</b>	<b>87,265,307</b>
<b>Net closing balance</b>	<b>25,671,818</b>	<b>-</b>	<b>765,539,005</b>	<b>882,531</b>	<b>792,093,354</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	30,903,483	-	765,539,005	882,531	797,325,019
Reinsurance contract liabilities	(5,231,665)	-	-	-	(5,231,665)
<b>Net reinsurance contract assets 31 December 2022</b>	<b>25,671,818</b>	<b>-</b>	<b>765,539,005</b>	<b>882,531</b>	<b>792,093,354</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Motor)**

	31 December 2022 (Restated)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
<b>Insurance contracts - 1 January 2022</b>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	38,494,065	4,653,859	51,921,154	2,927,310	97,996,387
<b>Net insurance contract liabilities</b>	<b>38,494,065</b>	<b>4,653,859</b>	<b>51,921,154</b>	<b>2,927,310</b>	<b>97,996,387</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Insurance revenue</b>	<b>(160,929,006)</b>	-	-	-	<b>(160,929,006)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	161,130,583	1,489,306	162,619,889
Insurance acquisition cash flows amortization	13,542,450	-	-	-	13,542,450
Losses and reversals of losses on onerous contracts	-	(4,653,617)	-	-	(4,653,617)
Changes that relate to past service - adjustments to the LIC	-	-	(4,887,313)	(1,880,785)	(6,768,098)
<b>Insurance service expenses</b>	<b>13,542,450</b>	<b>(4,653,617)</b>	<b>156,243,270</b>	<b>(391,479)</b>	<b>164,740,624</b>
<b>Insurance service result</b>	<b>(147,386,556)</b>	<b>(4,653,617)</b>	<b>156,243,270</b>	<b>(391,479)</b>	<b>3,811,618</b>
Finance income from insurance contracts	-	-	1,311,315	72,792	1,384,107
<b>Total changes in the statement of income and OCI</b>	<b>(147,386,556)</b>	<b>(4,653,617)</b>	<b>157,554,586</b>	<b>(318,688)</b>	<b>5,195,725</b>
<b><u>Cashflows</u></b>					
Premiums received	136,389,685	-	-	-	136,389,685
Claims and other directly attributable expenses paid	-	-	(162,624,594)	-	(162,624,594)
Insurance acquisition cashflows paid	(16,114,996)	-	-	-	(16,114,996)
<b>Total cash inflows / (outflows)</b>	<b>120,274,688</b>	-	<b>(162,624,594)</b>	-	<b>(42,349,906)</b>
<b>Net closing balance</b>	<b>11,382,197</b>	<b>242</b>	<b>46,851,145</b>	<b>2,608,622</b>	<b>60,842,206</b>
<b>Insurance contracts</b>					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	11,382,197	242	46,851,145	2,608,622	60,842,206
<b>Net insurance contract liabilities - 31 December 2022</b>	<b>11,382,197</b>	<b>242</b>	<b>46,851,145</b>	<b>2,608,622</b>	<b>60,842,206</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Motor) (continued)**

	31 December 2022 (Restated)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	-	-	12,327,284	-	12,327,284
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	-	-	<b>12,327,284</b>	-	<b>12,327,284</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(1,305,600)</b>	-	-	-	<b>(1,305,600)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	-	-	-
Changes that relate to past service: changes related to AIC	-	-	(23,800)	-	(23,800)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	-	-	<b>(23,800)</b>	-	<b>(23,800)</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(1,305,600)</b>	-	<b>(23,800)</b>	-	<b>(1,329,400)</b>
Finance income from reinsurance contracts	-	-	-	-	-
<b>Total changes in the statement of income and OCI</b>	<b>(1,305,600)</b>	-	<b>(23,800)</b>	-	<b>(1,329,400)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	1,305,600	-	-	-	1,305,600
Recoveries from reinsurance	-	-	(600,000)	-	(600,000)
<b>Total cash inflows / (outflows)</b>	<b>1,305,600</b>	-	<b>(600,000)</b>	-	<b>705,600</b>
<b>Net closing balance</b>	-	-	<b>11,703,484</b>	-	<b>11,703,484</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	-	-	11,703,484	-	11,703,484
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets 31 December 2022</b>	-	-	<b>11,703,484</b>	-	<b>11,703,484</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Medical)**

	31 December 2022 (Restated)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2022					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	20,346,096	7,054,090	50,584,323	2,753,670	80,738,179
Net insurance contract liabilities	20,346,096	7,054,090	50,584,323	2,753,670	80,738,179
Changes in the statement of income and OCI:					
Insurance revenue	(277,879,759)	-	-	-	(277,879,759)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	234,351,126	3,257,086	237,608,212
Insurance acquisition cash flows amortization	15,630,555	-	-	-	15,630,555
Losses and reversals of losses on onerous contracts	-	(1,764,982)	-	-	(1,764,982)
Changes that relate to past service - adjustments to the LIC	-	-	2,856,167	(2,758,343)	97,823
Insurance service expenses	15,630,555	(1,764,982)	237,207,293	498,742	251,571,608
Insurance service result	(262,249,204)	(1,764,982)	237,207,293	498,742	(26,308,151)
Finance income from insurance contracts	-	-	1,019,305	78,795	1,098,100
Total changes in the statement of income and OCI	(262,249,204)	(1,764,982)	238,226,598	577,537	(25,210,051)
Cashflows					
Premiums received	430,584,404	-	-	-	430,584,404
Claims and other directly attributable expenses paid	-	-	(202,681,610)	-	(202,681,610)
Insurance acquisition cashflows paid	(20,567,889)	-	-	-	(20,567,889)
Total cash inflows / (outflows)	410,016,515	-	(202,681,610)	-	207,334,906
Net closing balance	168,113,407	5,289,108	86,129,311	3,331,207	262,863,034
Insurance contracts					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	168,113,407	5,289,108	86,129,311	3,331,207	262,863,034
Net insurance contract liabilities - 31 December 2022	168,113,407	5,289,108	86,129,311	3,331,207	262,863,034

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Medical) (continued)**

	31 December 2022 (Restated)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	3,565,226	381,206	14,595,043	503,371	19,044,847
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>3,565,226</b>	<b>381,206</b>	<b>14,595,043</b>	<b>503,371</b>	<b>19,044,847</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(18,768,775)</b>	-	-	-	<b>(18,768,775)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	14,650,741	635,202	15,285,942
Changes that relate to past service: changes related to AIC	-	-	4,326,751	(1,011,001)	3,315,750
Losses and reversals of losses on onerous contracts	-	(381,206)	-	-	(381,206)
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>(381,206)</b>	<b>18,977,491</b>	<b>(375,799)</b>	<b>18,220,486</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(18,768,775)</b>	<b>(381,206)</b>	<b>18,977,491</b>	<b>(375,799)</b>	<b>(548,289)</b>
Finance income from reinsurance contracts	-	-	105,549	8,023	113,572
<b>Total changes in the statement of income and OCI</b>	<b>(18,768,775)</b>	<b>(381,206)</b>	<b>19,083,041</b>	<b>(367,776)</b>	<b>(434,718)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	9,971,884	-	-	-	9,971,884
Recoveries from reinsurance	-	-	(18,774,545)	-	(18,774,545)
<b>Total cash inflows / (outflows)</b>	<b>9,971,884</b>	<b>-</b>	<b>(18,774,545)</b>	<b>-</b>	<b>(8,802,661)</b>
<b>Net closing balance</b>	<b>(5,231,665)</b>	<b>-</b>	<b>14,903,539</b>	<b>135,595</b>	<b>9,807,468</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	-	-	14,903,539	135,595	15,039,134
Reinsurance contract liabilities	(5,231,665)	-	-	-	(5,231,665)
<b>Net reinsurance contract assets 31 December 2022</b>	<b>(5,231,665)</b>	<b>-</b>	<b>14,903,539</b>	<b>135,595</b>	<b>9,807,468</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Property)**

	31 December 2022 (Restated)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2022					
Insurance contract assets	(724,330)	-	-	-	(724,330)
Insurance contract liabilities	-	-	41,144,175	1,494	41,145,669
Net insurance contract liabilities	(724,330)	-	41,144,175	1,494	40,421,339
Changes in the statement of income and OCI:					
Insurance revenue	(63,128,253)	-	-	-	(63,128,253)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	675,545,435	24,124	675,569,559
Insurance acquisition cash flows amortization	5,943,797	-	-	-	5,943,797
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(6,865,161)	(1,289)	(6,866,450)
Insurance service expenses	5,943,797	-	668,680,274	22,835	674,646,906
Insurance service result	(57,184,456)	-	668,680,274	22,835	611,518,653
Finance income from insurance contracts	-	-	18,684,518	678	18,685,196
Total changes in the statement of income and OCI	(57,184,456)	-	687,364,792	23,513	630,203,849
Cashflows					
Premiums received	60,936,384	-	-	-	60,936,384
Claims and other directly attributable expenses paid	-	-	(39,625,594)	-	(39,625,594)
Insurance acquisition cashflows paid	(6,963,901)	-	-	-	(6,963,901)
Total cash inflows / (outflows)	53,972,482	-	(39,625,594)	-	14,346,889
Net closing balance	(3,936,303)	-	688,883,373	25,006	684,972,076
Insurance contracts					
Insurance contract assets	(3,936,303)	-	-	-	(3,936,303)
Insurance contract liabilities	-	-	688,883,373	25,006	688,908,379
Net insurance contract liabilities - 31 December 2022	(3,936,303)	-	688,883,373	25,006	684,972,076

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Property) (continued)**

	31 December 2022 (Restated)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	8,053,883	-	37,314,595	1,438	45,369,916
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>8,053,883</b>	<b>-</b>	<b>37,314,595</b>	<b>1,438</b>	<b>45,369,916</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(51,918,344)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,918,344)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	663,207,307	23,888	663,231,195
Changes that relate to past service: changes related to AIC	-	-	(2,831,822)	(1,104)	(2,832,927)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>660,375,485</b>	<b>22,783</b>	<b>660,398,268</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(51,918,344)</b>	<b>-</b>	<b>660,375,485</b>	<b>22,783</b>	<b>608,479,924</b>
Finance income from reinsurance contracts	-	-	18,608,069	676	18,608,745
<b>Total changes in the statement of income and OCI</b>	<b>(51,918,344)</b>	<b>-</b>	<b>678,983,554</b>	<b>23,459</b>	<b>627,088,669</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	53,856,112	-	-	-	53,856,112
Recoveries from reinsurance	-	-	(4,423,983)	-	(4,423,983)
<b>Total cash inflows / (outflows)</b>	<b>53,856,112</b>	<b>-</b>	<b>(4,423,983)</b>	<b>-</b>	<b>49,432,129</b>
<b>Net closing balance</b>	<b>9,991,652</b>	<b>-</b>	<b>711,874,166</b>	<b>24,897</b>	<b>721,890,714</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	9,991,652	-	711,874,166	24,897	721,890,714
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets 31 December 2022</b>	<b>9,991,652</b>	<b>-</b>	<b>711,874,166</b>	<b>24,897</b>	<b>721,890,714</b>



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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Engineering)**

	31 December 2022 (Restated)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2022					
Insurance contract assets	(1,306,566)	-	-	-	(1,306,566)
Insurance contract liabilities	-	-	6,299,269	234,967	6,534,236
Net insurance contract liabilities	(1,306,566)	-	6,299,269	234,967	5,227,670
Changes in the statement of income and OCI:					
Insurance revenue	(18,559,636)	-	-	-	(18,559,636)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	4,538,738	99,300	4,638,039
Insurance acquisition cash flows amortization	1,686,753	-	-	-	1,686,753
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(1,370,042)	(126,971)	(1,497,013)
Insurance service expenses	1,686,753	-	3,168,696	(27,670)	4,827,779
Insurance service result	(16,872,883)	-	3,168,696	(27,670)	(13,731,857)
Finance income from insurance contracts	-	-	132,293	4,935	137,228
Total changes in the statement of income and OCI	(16,872,883)	-	3,300,989	(22,736)	(13,594,629)
Cashflows					
Premiums received	32,100,713	-	-	-	32,100,713
Claims and other directly attributable expenses paid	-	-	(3,910,512)	-	(3,910,512)
Insurance acquisition cashflows paid	(2,210,328)	-	-	-	(2,210,328)
Total cash inflows / (outflows)	29,890,385	-	(3,910,512)	-	25,979,873
Net closing balance	11,710,936	-	5,689,746	212,232	17,612,914
Insurance contracts					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	11,710,936	-	5,689,746	212,232	17,612,914
Net insurance contract liabilities - 31 December 2022	11,710,936	-	5,689,746	212,232	17,612,914

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Engineering) (continued)**

31 December 2022 (Restated)					
Asset for remaining coverage		Asset for incurred claims			
Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total	
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	5,529,657	-	3,778,570	143,936	9,452,164
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>5,529,657</b>	<b>-</b>	<b>3,778,570</b>	<b>143,936</b>	<b>9,452,164</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(12,336,778)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,336,778)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	2,271,600	84,709	2,356,309
Changes that relate to past service: changes related to AIC	-	-	(1,276,143)	(97,479)	(1,373,622)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>995,457</b>	<b>(12,770)</b>	<b>982,687</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(12,336,778)</b>	<b>-</b>	<b>995,457</b>	<b>(12,770)</b>	<b>(11,354,091)</b>
Finance income from reinsurance contracts	-	-	81,001	3,021	84,022
<b>Total changes in the statement of income and OCI</b>	<b>(12,336,778)</b>	<b>-</b>	<b>1,076,458</b>	<b>(9,748)</b>	<b>(11,270,069)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	17,629,652	-	-	-	17,629,652
Recoveries from reinsurance	-	-	(1,363,074)	-	(1,363,074)
<b>Total cash inflows / (outflows)</b>	<b>17,629,652</b>	<b>-</b>	<b>(1,363,074)</b>	<b>-</b>	<b>16,266,578</b>
<b>Net closing balance</b>	<b>10,822,531</b>	<b>-</b>	<b>3,491,954</b>	<b>134,188</b>	<b>14,448,673</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	10,822,531	-	3,491,954	134,188	14,448,673
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets 31 December 2022</b>	<b>10,822,531</b>	<b>-</b>	<b>3,491,954</b>	<b>134,188</b>	<b>14,448,673</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Marine)**

	31 December 2022 (Restated)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2022					
Insurance contract assets	(4,433,040)	-	-	-	(4,433,040)
Insurance contract liabilities	-	-	5,746,234	432,364	6,178,598
Net insurance contract liabilities	(4,433,040)	-	5,746,234	432,364	1,745,558
Changes in the statement of income and OCI:					
Insurance revenue	(12,157,723)	-	-	-	(12,157,723)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	2,495,040	88,999	2,584,039
Insurance acquisition cash flows amortization	1,411,092	-	-	-	1,411,092
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(1,463,339)	(309,638)	(1,772,976)
Insurance service expenses	1,411,092	-	1,031,701	(220,639)	2,222,154
Insurance service result	(10,746,631)	-	1,031,701	(220,639)	(9,935,569)
Finance income from insurance contracts	-	-	72,110	5,426	77,536
Total changes in the statement of income and OCI	(10,746,631)	-	1,103,811	(215,213)	(9,858,033)
Cashflows					
Premiums received	11,831,340	-	-	-	11,831,340
Claims and other directly attributable expenses paid	-	-	(3,964,048)	-	(3,964,048)
Insurance acquisition cashflows paid	(1,637,706)	-	-	-	(1,637,706)
Total cash inflows / (outflows)	10,193,634	-	(3,964,048)	-	6,229,586
Net closing balance	(4,986,037)	-	2,885,997	217,151	(1,882,889)
Insurance contracts					
Insurance contract assets	(4,986,037)	-	-	-	(4,986,037)
Insurance contract liabilities	-	-	2,885,996	217,151	3,103,147
Net insurance contract liabilities - 31 December 2022	(4,986,037)	-	2,885,996	217,151	(1,882,889)

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Marine) (continued)**

	31 December 2022 (Restated)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	1,374,582	-	4,115,340	318,470	5,808,392
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>1,374,582</b>	<b>-</b>	<b>4,115,340</b>	<b>318,470</b>	<b>5,808,392</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(7,998,890)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,998,890)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	1,447,158	108,662	1,555,820
Changes that relate to past service: changes related to AIC	-	-	(1,645,992)	(270,690)	(1,916,681)
Losses and reversals of losses on onerous contracts	-	-	-	-	-
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>(198,834)</b>	<b>(162,027)</b>	<b>(360,861)</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(7,998,890)</b>	<b>-</b>	<b>(198,834)</b>	<b>(162,027)</b>	<b>(8,359,751)</b>
Finance income from reinsurance contracts	-	-	57,217	4,305	61,522
<b>Total changes in the statement of income and OCI</b>	<b>(7,998,890)</b>	<b>-</b>	<b>(141,617)</b>	<b>(157,722)</b>	<b>(8,298,229)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	9,179,632	-	-	-	9,179,632
Recoveries from reinsurance	-	-	(1,991,471)	-	(1,991,471)
<b>Total cash inflows / (outflows)</b>	<b>9,179,632</b>	<b>-</b>	<b>(1,991,471)</b>	<b>-</b>	<b>7,188,162</b>
<b>Net closing balance</b>	<b>2,555,324</b>	<b>-</b>	<b>1,982,252</b>	<b>160,748</b>	<b>4,698,325</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	2,555,324	-	1,982,252	160,748	4,698,325
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets 31 December 2022</b>	<b>2,555,325</b>	<b>-</b>	<b>1,982,252</b>	<b>160,748</b>	<b>4,698,325</b>

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Other)**

	31 December 2022 (Restated)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2022					
Insurance contract assets	(4,051,724)	-	-	-	(4,051,724)
Insurance contract liabilities	163,118	903,087	17,046,861	120,198	18,233,263
Net insurance contract liabilities	(3,888,607)	903,087	17,046,861	120,198	14,181,539
Changes in the statement of income and OCI:					
Insurance revenue	(27,996,363)	-	-	-	(27,996,363)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	13,100,747	266,716	13,367,463
Insurance acquisition cash flows amortization	3,226,818	-	-	-	3,226,818
Losses and reversals of losses on onerous contracts	-	(852,140)	-	-	(852,140)
Changes that relate to past service - adjustments to the LIC	-	-	3,022,034	84,975	3,107,008
Insurance service expenses	3,226,818	(852,140)	16,122,780	351,691	18,849,149
Insurance service result	(24,769,544)	(852,140)	16,122,780	351,691	(9,147,214)
Finance income from insurance contracts	-	-	513,125	7,844	520,969
Total changes in the statement of income and OCI	(24,769,544)	(852,140)	16,635,906	359,535	(8,626,244)
Cashflows					
Premiums received	35,619,298	-	-	-	35,619,298
Claims and other directly attributable expenses paid	-	-	(4,639,323)	-	(4,639,323)
Insurance acquisition cashflows paid	(3,940,142)	-	-	-	(3,940,142)
Total cash inflows / (outflows)	31,679,156	-	(4,639,323)	-	27,039,832
Net closing balance	3,021,005	50,947	29,043,443	479,733	32,595,128
Insurance contracts					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	3,021,005	50,947	29,043,443	479,733	32,595,128
Net insurance contract liabilities - 31 December 2022	3,021,005	50,947	29,043,443	479,733	32,595,128

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**12. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)**

**PAA, gross (Other) (continued)**

	31 December 2022 (Restated)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	2,996,299	646,422	10,462,833	96,374	14,201,929
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>2,996,299</b>	<b>646,422</b>	<b>10,462,833</b>	<b>96,374</b>	<b>14,201,929</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(19,230,991)</b>	-	-	-	<b>(19,230,991)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	9,512,398	249,900	9,762,298
Changes that relate to past service: changes related to AIC	-	-	2,534,328	74,050	2,608,378
Losses and reversals of losses on onerous contracts	-	(646,422)	-	-	(646,422)
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>(646,422)</b>	<b>12,046,726</b>	<b>323,950</b>	<b>11,724,254</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(19,230,991)</b>	<b>(646,422)</b>	<b>12,046,726</b>	<b>323,950</b>	<b>(7,506,737)</b>
Finance income from reinsurance contracts	-	-	367,218	6,780	373,998
<b>Total changes in the statement of income and OCI</b>	<b>(19,230,991)</b>	<b>(646,422)</b>	<b>12,413,944</b>	<b>330,730</b>	<b>(7,132,740)</b>
<b><u>Cashflows</u></b>					
Premiums ceded and acquisition cashflows paid	23,768,667	-	-	-	23,768,667
Recoveries from reinsurance	-	-	(1,293,168)	-	(1,293,168)
<b>Total cash inflows / (outflows)</b>	<b>23,768,667</b>	<b>-</b>	<b>(1,293,168)</b>	<b>-</b>	<b>22,475,499</b>
<b>Net closing balance</b>	<b>7,533,975</b>	<b>-</b>	<b>21,583,609</b>	<b>427,104</b>	<b>29,544,689</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	7,533,975	-	21,583,609	427,104	29,544,689
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets 31 December 2022</b>	<b>7,533,975</b>	<b>-</b>	<b>21,583,609</b>	<b>427,104</b>	<b>29,544,689</b>

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**13) OTHER OPERATING EXPENSES**

	2023	2022
Policy acquisition cost	32,791,672	29,345,979
Employees' costs	41,337,817	29,693,411
Supervision and control costs	484,955	372,430
Claims administration expenses	25,622,567	11,096,920
Communications expenses	1,507,522	1,779,853
Advertising	559,319	71,980
Legal and professional fees	5,661,644	6,622,350
Rentals	1,084,363	616,094
Lease finance charges	656,129	74,936
Depreciation on property and equipment	3,858,278	3,003,896
Depreciation on right of use assets	1,319,650	1,917,918
Insurance expenses	3,287,379	2,627,819
Stationery, publications, information technology and maintenance	7,166,641	6,813,500
Travel and accommodation	609,030	289,838
Remuneration/expenses for Board of Directors for attending meetings	3,187,119	846,821
Training fees	244,386	209,966
Potential VAT and withholding tax	13,411,672	3,244,196
Others	4,024,605	4,009,068
Total	<u>146,814,749</u>	<u>102,636,977</u>

**13.1 Allocation of expenses is as follows:**

	2023	
	Insurance Operations	Shareholders' Operations
	Total	
a. Other attributable expenses *	72,314,767	-
b. Policy acquisition cost *	32,791,673	-
c. Other operating expenses (non-attributable)**	38,213,777	3,494,532
	<u>143,320,217</u>	<u>3,494,532</u>
	<u>146,814,749</u>	
	2022	
	Insurance Operations	Shareholders' Operations
	Total	
a. Other attributable expenses *	50,997,335	-
b. Policy acquisition cost *	29,345,979	-
c. Other operating expenses (non-attributable)**	21,099,623	1,194,040
	<u>101,442,937</u>	<u>1,194,040</u>
	<u>102,636,977</u>	

\*Reported part of insurance service expense.

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

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**14. PROPERTY AND EQUIPMENT, NET**

	Leasehold and Improvements	Furnitures, Fixtures and Office Equipments	Vehicles	Computer hardware and Software	Total
<b>Cost:</b>					
As at: 1 January 2021	4,166,269	6,140,663	507,410	19,206,036	30,020,378
Additions during the year	22,201	281,932	576,180	2,558,109	3,438,422
As at: 1 January 2022	4,188,470	6,422,595	1,083,590	21,764,145	33,458,800
Additions during the year	278,178	437,521	132,500	4,890,356	5,738,555
As at: 31 December 2022	4,466,648	6,860,116	1,216,090	26,654,501	39,197,355
Additions during the year	<b>354,205</b>	<b>190,761</b>	-	<b>4,583,227</b>	<b>5,128,193</b>
<b>As at: 31 December 2023</b>	<b>4,820,853</b>	<b>7,050,877</b>	<b>1,216,090</b>	<b>31,237,727</b>	<b>44,325,548</b>
<b>Depreciation:</b>					
As at: 1 January 2021	1,834,228	6,140,663	364,417	15,082,345	23,421,653
Depreciation of the year	338,684	231,946	121,445	1,927,118	2,619,193
As at: 1 January 2022	2,172,912	6,372,609	485,862	17,009,463	26,040,846
Depreciation of the year	313,761	52,198	165,668	2,472,269	3,003,896
As at: 31 December 2022	2,486,673	6,424,807	651,530	19,481,732	29,044,742
Depreciation of the year	<b>337,890</b>	<b>148,566</b>	<b>162,233</b>	<b>3,209,589</b>	<b>3,858,278</b>
<b>As at: 31 December 2023</b>	<b>2,824,563</b>	<b>6,573,373</b>	<b>813,763</b>	<b>22,691,321</b>	<b>32,903,020</b>
<b>Net Book Value:</b>					
As at: 1 January 2022	2,015,558	49,986	597,728	4,754,682	7,417,954
As at: 31 December 2022	1,979,975	435,309	564,560	7,172,769	10,152,613
<b>As at: 31 December 2023</b>	<b>1,996,290</b>	<b>477,504</b>	<b>402,327</b>	<b>8,546,407</b>	<b>11,422,528</b>

**15. ACCRUED EXPENSES AND OTHER LIABILITIES**

	31 December 2023		
	Operations	Shareholders	Total
Due to suppliers and intermediaries	55,736,733	23,612	<b>55,760,345</b>
Withholding tax due	9,119,430	-	<b>9,119,430</b>
Council of Health Insurance dues	769,833	-	<b>769,833</b>
Board attendance expenses and allowances	-	2,000,000	<b>2,000,000</b>
Surplus payable distribution	8,323,640	167,335	<b>8,490,975</b>
	<b>73,949,636</b>	<b>2,190,947</b>	<b>76,140,583</b>
Surplus payable distribution	31 December 2022 (Restated)		
	Operations	Shareholders	Total
Due to suppliers and intermediaries	32,796,816	135,466	32,932,282
Withholding tax due	6,300,186	-	6,300,186
Council of Health Insurance dues	1,110,528	-	1,110,528
Board attendance expenses and allowances	-	1,169,914	1,169,914
Surplus payable distribution	2,494,147	167,334	2,661,481
	<b>42,701,677</b>	<b>1,472,714</b>	<b>44,174,391</b>
	1 January 2022 (Restated)		
	Operations	Shareholders	Total
Due to suppliers and intermediaries	2,941,505	116	2,941,621
Withholding tax due	1,443,835	-	1,443,835
Council of Health Insurance dues	413,201	-	413,201
Board attendance expenses and allowances	1,456,899	1,033,914	2,490,813
Surplus payable distribution	1,438,544	167,334	1,605,878
	<b>7,693,984</b>	<b>1,201,364</b>	<b>8,895,348</b>



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**16. PREPAID EXPENSES AND OTHER ASSETS**

	<b>31 December 2023</b>		
	<b>Operations</b>	<b>Shareholders</b>	<b>Total</b>
Prepaid expenses	61,628,348	631,430	<b>62,259,778</b>
Prepayment to vendors	1,803,184	-	<b>1,803,184</b>
Banking Letter of Guarantee	1,800,000	-	<b>1,800,000</b>
Personal balances	2,694,809	-	<b>2,694,809</b>
Deferred TPA Fees	9,839,921	-	<b>9,839,921</b>
Accrued incomes	3,427,486	7,596,602	<b>11,024,088</b>
Due from related parties	292,095	-	<b>292,095</b>
	<b>81,485,843</b>	<b>8,228,032</b>	<b>89,713,875</b>

	<b>31 December 2022 (Restated)</b>		
	<b>Operations</b>	<b>Shareholders</b>	<b>Total</b>
Prepaid expenses	54,894,787	631,429	55,526,216
Prepayment to vendors	1,738,127	1,750,578	3,488,705
Banking Letter of Guarantee	2,708,500	-	2,708,500
Personal balances	2,909,808	-	2,909,808
Deferred TPA Fees	8,675,112	-	8,675,112
Accrued incomes	883,165	933,437	1,816,602
Due from related parties	83,346	-	83,346
	<b>71,892,845</b>	<b>3,315,444</b>	<b>75,208,289</b>

	<b>1 January 2022 (Restated)</b>		
	<b>Operations</b>	<b>Shareholders</b>	<b>Total</b>
Prepaid expenses	18,106,654	347,994	18,454,648
Prepayment to vendors	1,960,890	1,048,988	3,009,878
Banking Letter of Guarantee	2,709,500	-	2,709,500
Personal balances	1,171,848	-	1,171,848
Deferred TPA Fees	2,775,116	-	2,775,116
Accrued incomes	381,110	1,000,290	1,381,400
Due from related parties	83,347	-	83,347
	<b>27,188,465</b>	<b>2,397,272</b>	<b>29,585,737</b>

**17. RIGHT-OF-USE ASSETS**

The following table shows the balance of right to use assets in addition to the depreciation charged on each of the following items:

	<b>31 December 2023</b>		<b>31 December 2022 (Restated)</b>		<b>1 January 2022 (Restated)</b>	
	<b>Depreciation</b>	<b>Balance</b>	<b>Depreciation</b>	<b>Balance</b>	<b>Depreciation</b>	<b>Balance</b>
<b>Buildings</b>	<b>1,319,650</b>	5,717,052	1,917,918	1,296,797	2,157,237	3,214,715
	<b>1,319,650</b>	<b>5,717,052</b>	1,917,918	1,296,797	2,157,237	3,214,715

The lease liabilities at the end of the year are as follows:

	<b>31 December 2023</b>	<b>31 December 2022 (Restated)</b>	<b>1 January 2022 (Restated)</b>
Non-Current part of lease liability	3,765,124	1,200,751	2,667,556
Current part of lease liability	1,378,092	35,276	74,936
	<b>5,143,216</b>	<b>1,236,027</b>	<b>2,742,492</b>

Interest on lease financing is 4% (2022: 4%), during the year ended 31 December 2023 which is SAR 656,131 (2022: SAR 74,936).

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**18) PROVISION FOR END OF SERVICE BENEFITS**

The Company has carried out actuarial valuation of its end of service benefits obligation as at 31 December 2023. The following table summarizes the components of the employees' end-of-service benefits recognized in the statement of income, statement of comprehensive income and in the statement of financial position.

<b>The amounts recognized in the statement of financial position</b>	<b>31 December 2023</b>	31 December 2022	1 January 2022
Present value of end of service benefits	<b>15,384,258</b>	11,563,543	10,479,356
	<b>15,384,258</b>	11,563,543	10,479,356

<b>Movement in Present value of end of service benefits</b>	<b>31 December 2023</b>	31 December 2022
End of service benefits at the beginning of year	<b>11,563,543</b>	10,479,356
Current service cost	<b>1,691,919</b>	1,134,003
Interest cost	<b>398,314</b>	329,997
Re-measurement loss/(gain) on end of service benefits	<b>2,120,564</b>	(31,327)
Benefits paid	<b>(390,082)</b>	(348,486)
Present value of end of service benefits at the end of year	<b>15,384,258</b>	11,563,543

**End of service benefits expense (recognized in statement of income - insurance operations)**

	<b>31 December 2023</b>	31 December 2022
Current service cost	<b>1,691,919</b>	1,134,003
Interest cost	<b>398,314</b>	329,997
Present value of end of service benefits at the end of year	<b>2,090,233</b>	1,464,000

**The valuation of the defined benefit obligation and assumptions**

Liability under the scheme is based on various assumptions ("actuarial assumptions") including the estimation of the discount rate, inflation rate, expected rate of salary increase and normal retirement ages. Based on the assumptions, cash outflows are estimated for the Company's employees as a whole giving the total payments expected over the future years, which are discounted to arrive at the obligation at the reporting date. Any changes in actuarial assumptions from one period to another may affect the determination of the estimated obligation at the reporting date, which is accounted for as an actuarial gain or loss for the year.

The principal actuarial assumptions (in respect of the employee benefit scheme) used for the valuation as at 31 December are as follows:

**Basic actuarial assumptions as at:**

	<b>31 December 2023</b>	31 December 2022
Discount rate	<b>5.20%</b>	3.50%
Rate of salary increase	<b>5%</b>	4.30%
Normal retirement age	<b>60 years</b>	60 years

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

The impact of changes in sensitivities on present value of employees' end-of-service ((Increase) / Decrease) benefits is as follows:

	<b>31 December 2023</b>	31 December 2022
Discount rate		
- increase by 1.0%	1,857	1,396
- decrease by 1.0%	(2,163)	(1,625)
Salary increase rate		
- increase by 1.0%	(2,147)	(1,613)
- decrease by 1.0%	1,792	(1,347)
Employee turnover		
- increase by 1.0%	318	240
- decrease by 1.0%	(372)	(279)

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## 19. SHARE CAPITAL

As at 31 December 2023, the authorized, subscribed and paid up share capital of the company is SAR 530 million, divided into 53 million shares at nominal value of SAR 10 each. (As at 31 December 2022, paid up share capital of the company is SAR 265 million, divided into 26.5 million shares at nominal value of SAR 10 each.)

During the previous year (on Rabi-Al-Thani 26, 1444 H corresponding to 20 November 2022) The Extra -Ordinary General Assembly approved increasing the capital by 100%, accordingly a total of 26.5 million right shares was issued at a nominal value of SAR 10 per share. The funds for the capital increase were received on January 18, 2023. The total transaction cost related to increase in share capital amount of SAR 14.9 million.

## 20. CAPITAL MANAGEMENT

Objectives are set by the company to maintain good capital ratios in order to support its business objectives and increase shareholder value.

Manages its capital company requirements by assessing deficiencies between the authorized and required levels of capital on a regular basis.

Adjustments are made to current capital levels in light of changes in market conditions and the risk characteristics of the Company's activities. To maintain or adjust capital, the company may adjust dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the company has fully complied with the capital requirements imposed from abroad during the reported financial period.

## 21. STATUTORY DEPOSIT

The deposit represents 10% of the paid-up share capital as of 31 December 2023, in accordance with the requirements of the Cooperative Insurance Companies Control Law in Saudi Arabia. This statutory deposit cannot be withdrawn without the approval of the regulatory body. Accrued income on this deposit is payable to Insurance Authority amounting to SR 8.4 million (31 December 2022: SR 5.4 million and 1 January 2022: SR 4.5 million), noting that the asset side is shown on the statement of financial position net of impairment allowance.

## 22. EARNINGS PER SHARE

The earnings per share for the year ended 31 December 2023 and 2022 is calculated by dividing the net profit / (loss) of the period attributed to shareholders by the average number of shares issued for the period. The weighted average shares outstanding was recalculated to account for the capital increase of SR 265 million for the year ended 31 December 2023.

	31 December 2023	31 December 2022 (Restated)
Issued ordinary shares as at 1st January	26,500,000	26,500,000
New shares issued during the period (Right issue)	26,500,000	-
Restatement effect of rights issue of shares	-	2,775,739
Weighted average number of ordinary shares	53,000,000	29,275,739

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.10 which is a ratio of the theoretical ex-rights of SAR 11.18 and closing price per share of 12.34 on 20 November 2022, the last day on which the shares were traded before the rights issue.

The basic and diluted loss per share is calculated as follows:

	31 December 2023	31 December 2022 (Restated)
Net Income for the year attributable to the shareholders	60,462,174	6,200,177
Weighted average number of ordinary shares	53,000,000	29,275,739
Basic and diluted earnings per share	1.14	0.21

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**23. Claims Development Table**

The following tables show the estimates of cumulative incurred claims, including both claims reported and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

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

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

**2023**

<b>Accident Year</b>	<b>2020 and earlier</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Undiscounted liabilities for incurred claims gross of reinsurance</b>					
At end of accident year	2,339,809,075	314,223,141	1,045,744,863	457,070,151	4,156,847,230
1 year later	2,324,637,064	312,442,327	1,062,255,956	-	3,699,335,346
2 years later	2,317,605,279	315,636,469	-	-	2,633,241,748
3 years later	2,316,857,733	-	-	-	2,316,857,733
<b>Current estimate of ultimate claims</b>	<b>2,316,857,733</b>	<b>315,636,469</b>	<b>1,062,255,956</b>	<b>457,070,151</b>	<b>4,151,820,309</b>
<b>Ultimate payments to date</b>	<b>2,291,371,590</b>	<b>298,664,601</b>	<b>345,805,641</b>	<b>335,067,063</b>	<b>3,270,908,896</b>
Gross Liability for incurred claims					
Undiscounted excl. Risk adjustment	25,486,143	16,971,868	716,450,315	122,003,087	880,911,413
Gross Risk Adjustment undiscounted					8,355,990
<b>Balance as at 31 December</b>					<b>889,267,403</b>

**2022**

<b>Accident Year</b>	<b>2019 and earlier</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
<b>Undiscounted liabilities for incurred claims gross of reinsurance</b>					
At end of accident year	2,166,285,022	235,676,183	314,223,141	1,045,744,863	3,761,929,209
1 year later	2,104,132,892	222,551,540	312,442,327	-	2,639,126,759
2 years later	2,102,085,524	221,697,377	-	-	2,323,782,900
3 years later	2,095,907,902	-	-	-	2,095,907,902
<b>Current estimate of ultimate claims</b>	<b>2,095,907,902</b>	<b>221,697,377</b>	<b>312,442,327</b>	<b>1,045,744,863</b>	<b>3,675,792,469</b>
<b>Ultimate payments to date</b>	<b>2,071,212,333</b>	<b>217,617,121</b>	<b>293,279,785</b>	<b>243,214,027</b>	<b>2,825,323,265</b>
Gross liability for incurred claims					
undiscounted excl. risk adjustment	24,695,569	4,080,256	19,162,542	802,530,837	850,469,204
Gross risk adjustment undiscounted					7,054,120
<b>Balance as at 31 December</b>					<b>857,523,324</b>

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**23. Claims Development Table (CONTINUED)**

**2023**

<b>Accident Year</b>	<b>2020 and earlier</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Undiscounted liabilities for incurred claims net of reinsurance</b>					
At end of accident year	1,495,656,656	233,339,345	311,343,294	432,049,088	2,472,388,382
1 year later	1,489,739,762	234,884,061	337,775,430	-	2,062,399,253
2 years later	1,481,031,938	238,180,208	-	-	1,719,212,146
3 years later	1,482,329,642	-	-	-	1,482,329,642
<b>Current estimate of ultimate claims</b>	<b>1,482,329,642</b>	<b>238,180,208</b>	<b>337,775,430</b>	<b>432,049,088</b>	<b>2,490,334,368</b>
<b>Ultimate payments to date</b>	<b>1,475,444,240</b>	<b>234,594,006</b>	<b>324,304,462</b>	<b>334,299,435</b>	<b>2,368,642,143</b>
Net liability for incurred claims undiscounted excl. risk adjustment	6,885,402	3,586,202	13,470,968	97,749,652	121,692,225
Net risk adjustment undiscounted					7,052,608
<b>Balance as at 31 December</b>					<b>128,744,833</b>

**2022**

<b>Accident Year</b>	<b>2019 and earlier</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
<b>Undiscounted liabilities for incurred claims net of reinsurance</b>					
At end of accident year	1,360,892,089	175,919,519	233,339,345	311,343,294	2,081,494,247
1 year later	1,319,737,136	165,799,487	234,884,061	-	1,720,420,685
2 years later	1,323,940,275	164,775,474	-	-	1,488,715,749
3 years later	1,316,256,464	-	-	-	1,316,256,464
<b>Current estimate of ultimate claims</b>	<b>1,316,256,464</b>	<b>164,775,474</b>	<b>234,884,061</b>	<b>311,343,294</b>	<b>2,027,259,294</b>
<b>Ultimate payments to date</b>	<b>1,309,593,191</b>	<b>162,773,759</b>	<b>230,123,146</b>	<b>226,791,618</b>	<b>1,929,281,714</b>
Net liability for incurred claims undiscounted excl. risk adjustment	6,663,274	2,001,715	4,760,915	84,551,677	97,977,580
Net risk adjustment undiscounted					6,146,368
<b>Balance as at 31 December</b>					<b>104,123,948</b>

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**24. SUPPLEMENTARY INFORMATION**

**- STATEMENT OF FINANCIAL POSITION**

	31 December 2023			31 December 2022 (Restated)			1 January 2022 (Restated)		
	Policyholders Operations	Shareholders Operations	Total	Policyholders Operations	Shareholders Operations	Total	Policyholders Operations	Shareholders Operations	Total
<b>ASSETS</b>									
Cash and cash equivalents	54,235,251	3,484,258	57,719,509	34,387,257	44,732,118	79,119,375	26,223,760	59,119,263	85,343,023
Insurance contract assets	23,654,641	-	23,654,641	8,922,340	-	8,922,340	10,515,660	-	10,515,660
Reinsurance contract assets	844,690,084	-	844,690,084	797,325,019	-	797,325,019	106,204,532	-	106,204,532
Prepaid expenses and other assets	81,485,844	8,228,031	89,713,875	71,892,845	3,315,444	75,208,289	27,188,465	2,397,272	29,585,737
Term deposits	172,434,868	354,173,548	526,608,416	135,679,918	38,308,671	173,988,589	20,390,520	37,040,405	57,430,925
Statutory deposit	-	53,000,000	53,000,000	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Accrued income on statutory deposit	-	8,447,040	8,447,040	-	5,380,250	5,380,250	-	4,493,336	4,493,336
Investments	15,760,318	163,191,908	178,952,226	32,432,470	159,704,937	192,137,407	31,889,090	144,218,493	176,107,583
Due from shareholders'	5,736,205	-	5,736,205	34,055,946	-	34,055,946	38,153,626	-	38,153,626
Right-of-use assets	5,717,052	-	5,717,052	1,296,797	-	1,296,797	3,214,715	-	3,214,715
Property and equipment, net	11,422,528	-	11,422,528	10,152,613	-	10,152,613	7,417,954	-	7,417,954
<b>TOTAL ASSETS</b>	<b>1,215,136,791</b>	<b>590,524,785</b>	<b>1,805,661,576</b>	<b>1,126,145,205</b>	<b>291,441,420</b>	<b>1,417,586,625</b>	<b>271,198,322</b>	<b>287,268,769</b>	<b>558,467,091</b>
<b>LIABILITIES</b>									
Insurance contract liabilities	1,118,895,267	-	1,118,895,267	1,065,924,808	-	1,065,924,808	250,826,332	-	250,826,332
Reinsurance contract liabilities	4,397,493	-	4,397,493	5,231,665	-	5,231,665	-	-	-
Accrued Income on statutory deposit	-	8,447,524	8,447,524	-	5,380,607	5,380,607	-	4,493,686	4,493,686
Accrued expenses and other liabilities	73,949,636	2,190,947	76,140,583	42,701,677	1,472,714	44,174,391	7,693,984	1,201,364	8,895,348
Provision for zakat and income tax	-	11,601,375	11,601,375	-	7,215,968	7,215,968	-	7,652,889	7,652,889
Lease liability	5,143,216	-	5,143,216	1,236,027	-	1,236,027	2,742,492	-	2,742,492
Due to insurance operations	-	5,736,205	5,736,205	-	34,055,946	34,055,946	-	38,153,626	38,153,626
Provision for end-of-service benefits	15,384,258	-	15,384,258	11,563,543	-	11,563,543	10,479,356	-	10,479,356
<b>TOTAL LIABILITIES</b>	<b>1,217,769,870</b>	<b>27,976,051</b>	<b>1,245,745,921</b>	<b>1,126,657,720</b>	<b>48,125,235</b>	<b>1,174,782,955</b>	<b>271,742,164</b>	<b>51,501,565</b>	<b>323,243,729</b>
<b>EQUITY</b>									
Share capital	-	530,000,000	530,000,000	-	265,000,000	265,000,000	-	265,000,000	265,000,000
Fair value reserve for investments	-	44,871,167	44,871,167	-	36,191,540	36,191,540	-	35,245,175	35,245,175
Actuarial loss on defined benefit plan	(2,633,079)	-	(2,633,079)	(512,515)	-	(512,515)	(543,842)	-	(543,842)
Accumulated losses	-	(12,322,433)	(12,322,433)	-	(57,875,355)	(57,875,355)	-	(64,477,971)	(64,477,971)
<b>TOTAL EQUITY</b>	<b>(2,633,079)</b>	<b>562,548,734</b>	<b>559,915,655</b>	<b>(512,515)</b>	<b>243,316,185</b>	<b>242,803,670</b>	<b>(543,842)</b>	<b>235,767,204</b>	<b>235,223,362</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,215,136,791</b>	<b>590,524,785</b>	<b>1,805,661,576</b>	<b>1,126,145,205</b>	<b>291,441,420</b>	<b>1,417,586,625</b>	<b>271,198,322</b>	<b>287,268,769</b>	<b>558,467,091</b>

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**24. SUPPLEMENTARY INFORMATION (continued)**

**- Statement of Income**

	31 December 2023			31 December 2022 (Restated)		
	Policyholders Operations	Shareholders Operations	Total	Policyholders Operations	Shareholders Operations	Total
<b>REVENUES</b>						
Insurance revenue	838,947,058	-	838,947,058	560,650,740	-	560,650,740
Insurance service expenses	(621,372,330)	-	(621,372,330)	(1,116,858,220)	-	(1,116,858,220)
<b>Insurance service result before reinsurance contracts held</b>	<b>217,574,728</b>	<b>-</b>	<b>217,574,728</b>	<b>(556,207,480)</b>	<b>-</b>	<b>(556,207,480)</b>
Allocation of reinsurance premiums	(138,885,421)	-	(138,885,421)	(111,559,378)	-	(111,559,378)
Amounts recoverable (reversed) from reinsurance	(2,168,701)	-	(2,168,701)	690,941,034	-	690,941,034
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(141,054,122)</b>	<b>-</b>	<b>(141,054,122)</b>	<b>579,381,656</b>	<b>-</b>	<b>579,381,656</b>
<b>Insurance service result</b>	<b>76,520,606</b>	<b>-</b>	<b>76,520,606</b>	<b>23,174,176</b>	<b>-</b>	<b>23,174,176</b>
Income from investment and deposits	9,016,623	21,640,237	30,656,860	2,718,625	4,068,772	6,787,397
Expected credit income/(loss)	21,250	(148,975)	(127,725)	(64,749)	(43,767)	(108,516)
<b>Net investment income</b>	<b>9,037,873</b>	<b>21,491,262</b>	<b>30,529,135</b>	<b>2,653,876</b>	<b>4,025,005</b>	<b>6,678,881</b>
Net finance expenses from insurance contracts issued	(35,105,656)	-	(35,105,656)	(21,903,136)	-	(21,903,136)
Net finance income from reinsurance contracts held	28,524,852	-	28,524,852	19,241,859	-	19,241,859
<b>Net insurance finance expenses</b>	<b>(6,580,804)</b>	<b>-</b>	<b>(6,580,804)</b>	<b>(2,661,277)</b>	<b>-</b>	<b>(2,661,277)</b>
<b>Net insurance and investment result</b>	<b>78,977,675</b>	<b>21,491,262</b>	<b>100,468,937</b>	<b>23,166,775</b>	<b>4,025,005</b>	<b>27,191,780</b>
Other income	17,531,040	-	17,531,040	6,857,662	-	6,857,662
Other operating expenses (non-attributable)	(38,213,777)	(3,494,532)	(41,708,309)	(21,099,623)	(1,194,040)	(22,293,663)
<b>Gross income for the year</b>	<b>58,294,938</b>	<b>17,996,730</b>	<b>76,291,668</b>	<b>8,924,814</b>	<b>2,830,965</b>	<b>11,755,779</b>
Provision for zakat & income tax	-	(10,000,000)	(10,000,000)	-	(4,500,000)	(4,500,000)
<b>Gross income for the year after zakat &amp; income tax</b>	<b>58,294,938</b>	<b>7,996,730</b>	<b>66,291,668</b>	<b>8,924,814</b>	<b>(1,669,035)</b>	<b>7,255,779</b>
<b>Gross income attributable to shareholders</b>	<b>(52,465,444)</b>	<b>52,465,444</b>	<b>-</b>	<b>(7,869,212)</b>	<b>7,869,212</b>	<b>-</b>
<b>Net income for the year</b>	<b>5,829,494</b>	<b>60,462,174</b>	<b>66,291,668</b>	<b>1,055,602</b>	<b>6,200,177</b>	<b>7,255,779</b>

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**24. SUPPLEMENTARY INFORMATION (continued)**

**- Statement of Comprehensive Income**

	<b>31 December 2023</b>			<b>31 December 2022 (Restated)</b>		
	Policyholders Operations	Shareholders Operations	<b>Total</b>	Policyholders Operations	Shareholders Operations	<b>Total</b>
<b>Net income for the year after zakat and income tax</b>	<b>5,829,494</b>	<b>60,462,174</b>	<b>66,291,668</b>	1,055,602	6,200,177	7,255,779
<b>Other comprehensive Income</b>						
<i>Items that may be reclassified to statement of income in subsequent years</i>						
Net change in investments held at fair value through other comprehensive income	-	8,679,627	8,679,627	-	946,365	946,365
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
Actuarial gain/(loss) on defined benefit obligation	(2,120,564)	-	(2,120,564)	31,327	-	31,327
<b>Total comprehensive income for the year</b>	<b>3,708,930</b>	<b>69,141,801</b>	<b>72,850,731</b>	1,086,929	7,146,542	8,233,471
Net comprehensive income attributed to the insurance operations	-	(5,829,494)	(5,829,494)	-	(1,055,602)	(1,055,602)
<b>Total comprehensive income attributable to the shareholder</b>	<b>3,708,930</b>	<b>63,312,307</b>	<b>67,021,237</b>	1,086,929	6,090,940	7,177,869



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24. SUPPLEMENTARY INFORMATION (continued)

STATEMENT OF CASH FLOWS

	31 December 2023			31 December 2022 (Restated)		
	Policyholders Operations	Shareholders Operations	Total	Policyholders Operations	Shareholders Operations	Total
<b><u>Cash Flow From Operating Activities</u></b>						
Gross income for the period after zakat and income tax	5,829,494	60,462,174	66,291,668	1,055,602	6,200,177	7,255,779
<b>Adjustments For Non-Cash Items:</b>						
Depreciation And Amortisation Of Property And Equipment	3,858,278	-	3,858,278	3,003,896	-	3,003,896
Lease finance charges	656,129	-	656,129	74,936	-	74,936
Provision For Employee Benefits Obligation	2,090,233	-	2,090,233	1,464,000	-	1,464,000
Depreciation of Right-of-use assets	1,319,650	-	1,319,650	1,917,918	-	1,917,918
Accrued zakat and income tax	-	10,000,000	10,000,000	-	4,500,000	4,500,000
Expected credit loss	127,725	-	127,725	108,516	-	108,516
	13,881,509	70,462,174	84,343,683	7,624,868	10,700,177	18,325,045
<b><u>Changes In Operating Assets And Liabilities:</u></b>						
Prepaid Expenses And Other Assets	(9,592,999)	(4,912,588)	(14,505,587)	(44,704,380)	(918,172)	(45,622,552)
Accrued Income On Statutory Deposit	-	127	127	-	7	7
Accrued Expenses And Other Liabilities	25,418,465	718,233	26,136,698	33,952,091	271,350	34,223,441
Insurance Contracts	38,110,433	-	38,110,433	816,583,281	-	816,583,281
Reinsurance Contracts	(48,199,237)	-	(48,199,237)	(685,888,822)	-	(685,888,822)
<b>Cash Generated from Operating Activities</b>	19,618,171	66,267,946	85,886,117	127,567,038	10,053,362	137,620,400
Zakat And Income Tax Paid	-	(5,614,593)	(5,614,593)	-	(4,936,921)	(4,936,921)
Payment of employee benefits obligation	(390,082)	-	(390,082)	(348,486)	-	(348,486)
<b>Net cash generated from operating activities</b>	19,228,089	60,653,353	79,881,442	127,218,552	5,116,441	132,334,993
<b><u>Cash flow from investing activities</u></b>						
Additions to property and equipment	(5,128,193)	-	(5,128,193)	(5,738,555)	-	(5,738,555)
Proceeds/(additions) from Investments	16,672,152	5,187,186	21,859,338	(543,380)	(14,137,642)	(14,681,022)
Proceeds/(additions) in term deposits	(36,754,950)	(315,864,877)	(352,619,827)	(115,289,398)	(1,268,266)	(116,557,664)
(Increase) in statutory deposit	-	(13,000,000)	(13,000,000)	-	-	-
<b>Net cash used in investing activities</b>	(25,210,991)	(323,677,691)	(348,888,682)	(121,571,333)	(15,405,908)	(136,977,241)
<b><u>Cash flow from investing activities</u></b>						
Issue of right shares	-	265,000,000	265,000,000	-	-	-
Transaction costs on the issue of right shares	-	(14,903,782)	(14,903,782)	-	-	-
Repayment of lease liabilities	(2,488,844)	-	(2,488,844)	(1,581,400)	-	(1,581,400)
Due From/ To Shareholders*	28,319,741	(28,319,741)	-	4,097,680	(4,097,680)	-
<b>Net cash generated from (used in) financing activities</b>	25,830,897	221,776,477	247,607,374	2,516,280	(4,097,680)	(1,581,400)
Net decrease in cash and cash equivalents	19,847,995	(41,247,861)	(21,399,866)	8,163,499	(14,387,147)	(6,223,648)
Cash and cash equivalents at the beginning of the year	34,387,257	44,732,118	79,119,375	26,223,760	59,119,263	85,343,023
<b>Cash and cash equivalents at the end of the year</b>	54,235,252	3,484,257	57,719,509	34,387,259	44,732,116	79,119,375
<b>Supplemental schedule of non-cash information</b>						
Change in fair value reserve on investments - OCI	-	8,679,627	8,679,627	-	946,365	946,365

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**25. RISK MANAGEMENT**

**Risk governance**

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

**Risk management structure**

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

**Board of Directors**

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

**Senior management**

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

**Audit Committee and Internal Audit Department**

Risk management processes throughout the Company are audited annually by the Internal Audit Department which examines both the adequacy of the procedures and the Company's compliance with such procedures. The Internal Audit Department discusses the results of all assessments with senior management, and reports its findings and recommendations directly to the Audit Committee.

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

***a) Insurance risk***

Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed the carrying amount of insurance liabilities. This could occur because the frequency or amounts of claims severity, actual benefits paid and subsequent development of long term claims are different than expected. Therefore the objective of the Company is to ensure that sufficient resources are available to cover these liabilities. The insurance risk arising from insurance contracts is mainly concentrated in the Kingdom of Saudi Arabia.

***Frequency and amounts of claims***

The frequency and amounts of claims can be affected by several factors. The Company underwrites mainly motor and medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

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**25. RISK MANAGEMENT (continued)**

***Motor***

For motor contracts, the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company only grants comprehensive policies for owner/drivers over 18 years of age. Substantially all of the motor contracts relate to private individuals. The Company also has risk management procedures to control cost of claims. The Company has reinsurance cover to limit the losses for any individual claim to SR 2,000,000.

***Medical insurance***

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across the industry sectors and geography to ensure that pricing takes account of current health conditions, regular view of actual claims experience and product pricing, as well as detailed claims handling procedures. The Company further enforces a policy of actively managing and promptly pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

**b) Sensitivities analysis**

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

	31 December 2023	31 December 2022 (Restated)
<b>Impact on equity, insurance contract liabilities and profit or loss due to change in claims ratio</b>		
5% Increase	35,879,634	22,797,451
5% Decrease	(35,879,634)	(22,797,451)
<b>Impact on equity, insurance contract liabilities and profit or loss due to change in risk adjustment for non-financial</b>		
5% Increase	(343,741)	(299,571)
5% Decrease	343,741	299,571

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date. As at 31 December 2023 there was no loss component recognized by the Company

<b>Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss</b>		
2% Increase	(2,904,049)	(3,362,268)
2% Decrease	937,214	3,362,268

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

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**25. RISK MANAGEMENT (continued)**

***c) Reinsurance risk***

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

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

***d) Regulatory framework risk***

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

***e) Credit risk***

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

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

- The Company only enters into insurance and reinsurance contracts with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- Cash and cash equivalents, time deposits and the statutory deposit are maintained with local banks approved by the management. Accordingly, and as prerequisite, the bank with which cash and cash equivalents, time affirming to the financial position strength.
- The Company's investment in funds and portfolios are managed by the investment officer in accordance with the investment policy established by the investment committee.

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**25. RISK MANAGEMENT (continued)**

**e) Credit risk (continued)**

- The Company, with respect to credit risk arising from other financial assets, deals only with commercial banks having strong financial positions and good credit ratings.
- There are no significant concentrations of credit risk within the Company.

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

	<b>31 December 2023</b>	<b>31 December 2022</b> (Restated)
Cash and cash equivalents	<b>57,719,509</b>	79,119,375
Insurance contract assets	<b>23,654,641</b>	8,922,340
Reinsurance contract assets	<b>844,690,084</b>	797,325,019
Time deposits	<b>526,608,416</b>	173,988,589
Investments	<b>178,952,226</b>	192,137,407
Prepaid expenses and other assets	<b>89,713,875</b>	75,208,289
Statutory deposit	<b>53,000,000</b>	40,000,000
Accrued income on statutory deposit	<b>8,447,040</b>	5,380,250
	<b>1,782,785,791</b>	1,372,081,269

**f) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

**Maturity Date**

The table below summarizes the maturity date of the financial liabilities of the Company based on the remaining expected undiscounted contractual obligations.

	<b>31 December 2023</b>		
	<b>Up to one year</b>	<b>More than one year</b>	<b>Total</b>
Insurance contract liabilities	<b>1,118,895,267</b>	-	<b>1,118,895,267</b>
Reinsurance contract liabilities	<b>4,397,493</b>	-	<b>4,397,493</b>
Accrued income on statutory deposit	<b>8,447,524</b>	-	<b>8,447,524</b>
Accrued expenses and other liabilities	<b>76,140,583</b>	-	<b>76,140,583</b>
Lease liability	<b>1,378,092</b>	<b>3,765,124</b>	<b>5,143,216</b>
Provision for end-of-service benefits	-	<b>15,384,258</b>	<b>15,384,258</b>
Provision for zakat and income tax	<b>11,601,375</b>	-	<b>11,601,375</b>
	<b>1,220,860,334</b>	<b>19,149,382</b>	<b>1,240,009,716</b>
	<b>31 December 2022</b> (Restated)		
	<b>Up to one year</b>	<b>More than one year</b>	<b>Total</b>
Insurance contract liabilities	1,065,924,808	-	1,065,924,808
Reinsurance contract liabilities	5,231,665	-	5,231,665
Accrued income on statutory deposit	5,380,607	-	5,380,607
Accrued expenses and other liabilities	44,174,391	-	44,174,391
Lease liability	35,276	1,200,751	1,236,027
Provision for end-of-service benefits	-	11,563,543	11,563,543
Provision for zakat and income tax	7,215,968	-	7,215,968
	<b>1,127,962,715</b>	<b>12,764,294</b>	<b>1,140,727,009</b>

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**(A SAUDI JOINT STOCK COMPANY)**  
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*All amounts expressed in Saudi Riyals*

**25. RISK MANAGEMENT (continued)**

**f) Liquidity risk (continued)**

No liabilities at the balance sheet date are based on discounted cash flows and are all repayable on the above basis. Analysis of due date based on expected maturity dates.

	31 December 2023		
	Current	Non-current	Total
<b>ASSETS</b>			
Insurance contract assets	23,654,641	-	23,654,641
Reinsurance contract assets	763,740,352	80,949,732	844,690,084
Cash and cash equivalents	57,719,509	-	57,719,509
Prepaid expenses and other assets	89,713,875	-	89,713,875
Term deposits	526,608,416	-	526,608,416
Statutory deposit	53,000,000	-	53,000,000
Accrued income on statutory deposit	8,447,040	-	8,447,040
Investments	113,256,888	65,695,338	178,952,226
Right-of-use assets	-	5,717,052	5,717,052
Property and equipment, net	-	11,422,528	11,422,528
<b>TOTAL ASSETS</b>	<b>1,636,140,721</b>	<b>163,784,650</b>	<b>1,799,925,371</b>

<b>LIABILITIES</b>			
Insurance contract liabilities	1,032,300,345	86,594,922	1,118,895,267
Reinsurance contract liabilities	4,397,493	-	4,397,493
Accrued income on statutory deposit	8,447,524	-	8,447,524
Accrued expenses and other liabilities	76,140,583	-	76,140,583
Provision for zakat and income tax	11,601,375	-	11,601,375
Lease liability	1,378,092	3,765,124	5,143,216
Provision for end-of-service benefits	-	15,384,258	15,384,258
<b>TOTAL LIABILITIES</b>	<b>1,134,265,412</b>	<b>105,744,304</b>	<b>1,240,009,716</b>

	31 December 2022 (Restated)		
	Current	Non-current	Total
<b>ASSETS</b>			
Insurance contract assets	8,922,340	-	8,922,340
Reinsurance contract assets	790,177,094	7,147,925	797,325,019
Cash and cash equivalents	79,119,375	-	79,119,375
Prepaid expenses and other assets	75,208,289	-	75,208,289
Term deposits	173,988,589	-	173,988,589
Statutory deposit	40,000,000	-	40,000,000
Accrued income on statutory deposit	5,380,250	-	5,380,250
Investments	112,090,244	80,047,163	192,137,407
Right-of-use assets	-	1,296,797	1,296,797
Property and equipment, net	-	10,152,613	10,152,613
<b>TOTAL ASSETS</b>	<b>1,284,886,181</b>	<b>98,644,498</b>	<b>1,383,530,679</b>

<b>LIABILITIES</b>			
Insurance contract liabilities	1,057,661,741	8,263,067	1,065,924,808
Reinsurance contract liabilities	5,231,665	-	5,231,665
Accrued income on statutory deposit	5,380,607	-	5,380,607
Accrued expenses and other liabilities	44,174,391	-	44,174,391
Provision for zakat and income tax	7,215,968	-	7,215,968
Lease liability	35,276	1,200,751	1,236,027
Provision for end-of-service benefits	-	11,563,543	11,563,543
<b>TOTAL LIABILITIES</b>	<b>1,119,699,648</b>	<b>21,027,361</b>	<b>1,140,727,009</b>

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*All amounts expressed in Saudi Riyals*

**25. RISK MANAGEMENT (continued)**

**g) Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's principal transactions are denominated in Saudi Riyal. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Company does not hedge its foreign currency exposure.

**h) Commission rate risk**

Commission rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. Floating rate financial instruments expose the Company to cash flows special commission risk, whereas fixed commission rate financial instruments expose the Company to fair value interest risk.

The Company is exposed to special commission rate risk on some of its investments. The Company limits commission rate risk by monitoring changes in commission rates in the currencies in which its investments are denominated.

The sensitivity of the income is the effect of assumed changes in special commission rates, with all other variables held constant, on the Company's profit for one year, based on the floating rate financial assets held at 31 December 2023.

**i) Interest rate risk**

Interest rate risk is the potential change in the fair value of financial instruments and expected cash flows as a result of changes in interest rates. Management constantly monitors developments in global and local interest rates and accordingly allocates the durations of its term deposits and sukuk investments. Investments in term deposits and sukuk instruments have various maturities in order to maximise investment returns while ensuring that liquidity requirements are continuously met. Details of maturities of interest-bearing securities using discounted cashflows as at 31 December are as follows:

	<b>31 December 2023</b>			
	<b>3 months to 1 year</b>	<b>1 year to 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Term deposits	521,616,524	4,991,892	-	<b>526,608,416</b>
Debt instruments at fair value	1,508,265	-	13,094,629	<b>14,602,894</b>
Debt instruments at amortised cost	20,811,357	12,168,293	32,688,004	<b>65,667,654</b>
	<b>543,936,146</b>	<b>17,160,185</b>	<b>45,782,633</b>	<b>606,878,964</b>

	<b>31 December 2022 (Restated)</b>			
	<b>3 months to 1 year</b>	<b>1 year to 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Term deposits	163,988,589	10,000,000	-	173,988,589
Debt instruments at fair value	2,000,000	1,496,965	11,673,609	15,170,574
Debt instruments at amortised cost	28,101,825	28,866,113	33,043,041	90,010,979
	<b>194,090,414</b>	<b>40,363,078</b>	<b>44,716,650</b>	<b>279,170,142</b>

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**FOR THE YEAR ENDED 31 DECEMBER 2023**

*All amounts expressed in Saudi Riyals*

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**25. RISK MANAGEMENT (continued)**

**j) Market price risk**

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

The Company has investments in sukuk, bonds, equities and investment funds (see Note 7) which are classified as fair value through other comprehensive income "FVOCI". The Company limits market price risk by closely monitoring market price developments for these investments. The change of 5% in the market price of these investments, with all other variables held constant, may change the "other comprehensive income" and hence the "shareholders' equity" (for shareholders' equity investments) by 5,665,588 million SAR (2022 by 5,608,131 million).

**k) Capital management**

Capital requirements are set and regulated by the Saudi Central Bank (SAMA) in order to ensure sufficient solvency margins in case of bankruptcy. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

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

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

Minimum capital requirement of SR 100 million  
Premium solvency margin  
Claims solvency margin

The Company has fully complied with the externally imposed capital requirements during the reported financial year.

**l) Operational risk**

Operational risk is the risk of direct or indirect loss resulting from a wide range of reasons related to operations, technology and infrastructure that support the Company's internal and external operations with the Company's service providers and from external factors other than credit, market risk and liquidity such as those arising from legal requirements Regulatory and generally accepted standards for the conduct of investment management. Operational risk arises from all of the Company's activities.

The objective of the company is to manage operational risk in order to balance the reduction of financial losses and damage to its reputation in achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of operational risk controls rests with the Board of Directors. This responsibility includes controls and control in the following areas:

- Requirements for the appropriate separation of duties between different functions, roles and responsibilities;
- Settlement and monitoring requirements; - Compliance with regulatory requirements and other legal requirements;
- Documentation of controls and procedures; - Requirements for periodic assessment of operational risks facing, and adequacy of controls and procedures to address identified risks; Ethical standards and business standards; and risk mitigation policies and procedures.



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**FOR THE YEAR ENDED 31 DECEMBER 2023**

*All amounts expressed in Saudi Riyals*

**26. PREMIUMS WRITTEN BY TYPE OF CUSTOMERS**

**For the year ended 31 December 2023**

	<b>Medical</b>	<b>Motor</b>	<b>Property and accidents</b>	<b>Protection and savings</b>	<b>Total</b>
Individual clients	36,946,687	56,089,606	987,494	-	94,023,786
Very small size entities	343,704,848	2,327,075	3,870,698	-	349,902,621
Small size entities	52,885,540	7,248,862	16,089,983	48,915	76,273,301
Medium size entities	17,880,469	42,427,803	120,101,352	132,184	180,541,808
Large size entities	27,225,169	53,290,485	141,628,848	695,178	222,839,679
Total	478,642,713	161,383,831	282,678,374	876,278	923,581,196

**For the year ended 31 December 2022**

**(Restated)**

	<b>Medical</b>	<b>Motor</b>	<b>Property and accidents</b>	<b>Protection and savings</b>	<b>Total</b>
Individual clients	43,371,728	57,505,078	1,275,066	-	102,151,872
Very small size entities	284,950,047	559,041	650,113	-	286,159,202
Small size entities	65,470,654	7,116,458	12,291,872	8,884	84,887,868
Medium size entities	32,960,885	39,032,728	24,387,927	552,204	96,933,744
Large size entities	14,454,605	59,596,198	88,817,113	192,624	163,060,539
Total	441,207,919	163,809,504	127,422,090	753,712	733,193,225

**27. COMPARATIVE FIGURES**

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

**28. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors on 18 March 2024 corresponding to 8 Ramadan 1445 H.