

**AL RAJHI COMPANY FOR COOPERATIVE INSURANCE  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND  
INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**



**Al Rajhi Company for Cooperative Insurance**  
**(A Saudi Joint Stock Company)**

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**Unaudited interim condensed financial information and independent auditors'  
review report for the three and six-month periods ended 30 June 2023**

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**INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF AL RAJHI COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)**

**INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of Al Rajhi Company for Cooperative Insurance (A Saudi Joint Stock Company) (the "Company") as at 30 June 2023, and the related interim condensed statement of income and interim condensed statement of comprehensive income for the three month and six month periods then ended, and the interim condensed statement of changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and fair presentation of the interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial information based on our review.

**SCOPE OF REVIEW**

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

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**Dr. Mohamed Al-Amri & Co.**  
P. O. Box 8736  
Riyadh 11491  
Kingdom of Saudi Arabia



**Gihad Al-Amri**  
Certified Public Accountant  
Registration No. 362



**El Sayed El Ayouty & Co.**  
P. O. Box 780  
Jeddah 21421  
Kingdom of Saudi Arabia



**Abdullah Ahmed  
Balamesh**  
Certified Public Accountant  
Registration No. 345



Date: 10 August 2023  
Corresponding to: 23 Muharram 1445H



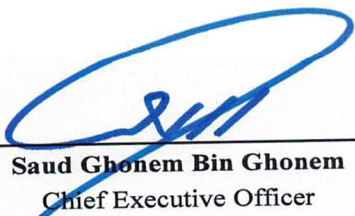
**Al Rajhi Company for Cooperative Insurance**  
**(A Saudi Joint Stock Company)**

**Interim condensed statement of financial position**  
**As at 30 June 2023**

As at 30 June 2023		Unaudited	Unaudited	Unaudited
		30 June 2023	31 December 2022	1 January 2022
			Restated	Restated
	Note	SAR '000		
<b>Assets</b>				
Cash and cash equivalents	5	845,595	618,495	498,996
Investments mandatorily measured at fair value through statement of income (FVSI)	6	529,337	467,754	526,904
Investments designated as fair value through other comprehensive income (FVOCI)	6	433,290	429,926	435,284
Investments held at amortised cost	6	2,357,729	2,197,736	1,889,566
Insurance contract assets	7	192,260	315	2,906
Retakaful / reinsurance contract assets	7	657,581	377,520	431,223
Prepayments and other assets		125,208	89,555	77,912
Property and equipment, net		80,650	81,041	83,216
Statutory deposit		39,971	39,971	39,971
Accrued income on statutory deposit		5,719	5,026	3,626
Right-of-use assets		44,073	48,371	55,733
<b>Total assets</b>		<b>5,311,413</b>	<b>4,355,710</b>	<b>4,045,337</b>
<b>Liabilities</b>				
Payable, accruals and other liabilities		151,547	73,332	82,157
Insurance contract liabilities	7	3,482,815	2,800,013	2,372,403
Retakaful / reinsurance contract liabilities	7	2,828	9,847	125,107
Provision for employees' end-of-service benefits (EOSB)		24,325	22,812	24,635
Provision for zakat	9	47,877	49,925	51,341
Payables to SAMA		10,429	9,735	8,336
Lease liabilities		41,733	49,222	54,482
<b>Total liabilities</b>		<b>3,761,554</b>	<b>3,014,886</b>	<b>2,718,461</b>
<b>Equity</b>				
Share capital	10	400,000	400,000	400,000
Statutory reserve		223,530	196,109	178,186
Retained earnings		829,625	719,943	652,011
Remeasurement reserve for EOSB		(5,423)	(5,423)	(7,327)
Fair value reserve - investments designated as FVOCI		102,127	30,195	104,006
<b>Total equity</b>		<b>1,549,859</b>	<b>1,340,824</b>	<b>1,326,876</b>
<b>Total liabilities and equity</b>		<b>5,311,413</b>	<b>4,355,710</b>	<b>4,045,337</b>
<b>Commitments and contingencies</b>	11	<b>44,920</b>	<b>61,318</b>	<b>40,190</b>



**Nabeel Ali Shoaib**  
Member-Board



**Saud Ghonem Bin Ghonem**  
Chief Executive Officer



**Muhammad Imran Bashir**  
Chief Financial Officer-Acting

The accompanying notes 1 to 18 form an integral part of this interim condensed financial information.



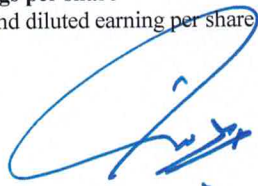
**Al Rajhi Company for Cooperative Insurance  
(A Saudi Joint Stock Company)**

**Interim condensed statement of income  
For the three and six-month period ended 30 June 2023**

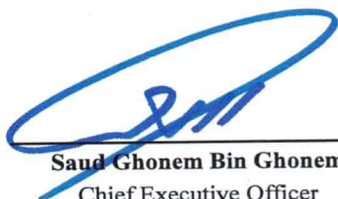
		Unaudited Three-month 30 June 2023	Unaudited period ended 30 June 2022 Restated	Unaudited Six-month 30 June 2023	Unaudited period ended 30 June 2022 Restated
	Note	SAR '000			
Insurance revenue	12.1	940,251	711,543	1,805,549	1,417,049
Insurance service expenses	12.2	(767,418)	(516,280)	(1,667,685)	(1,260,238)
<b>Insurance service result before retakaful / reinsurance contracts held</b>		<b>172,833</b>	<b>195,263</b>	<b>137,864</b>	<b>156,811</b>
Allocation of retakaful / reinsurance contributions		(30,088)	(382,179)	(175,404)	(419,568)
Amounts recoverable from retakaful / reinsurance for incurred claims		(5,853)	154,352	272,048	246,089
<b>Net (expense) / income from retakaful / reinsurance contracts held</b>	12.3	<b>(35,941)</b>	<b>(227,827)</b>	<b>96,644</b>	<b>(173,479)</b>
<b>Insurance service result</b>		<b>136,892</b>	<b>(32,564)</b>	<b>234,508</b>	<b>(16,668)</b>
Finance (expense) / income from insurance contracts issued	12.4	(82,996)	14,720	(117,406)	14,054
Finance income from retakaful / reinsurance contracts held	12.5	11,453	1,871	11,317	1,153
<b>Net finance (expenses) / income</b>		<b>(71,543)</b>	<b>16,591</b>	<b>(106,089)</b>	<b>15,207</b>
Net gains on investments mandatorily measured at FVSI		2,294	2,147	5,080	8,968
Dividend income		2,458	3,427	5,951	6,145
Special commission income		34,450	14,975	57,930	29,387
(Impairment) / reversal of impairment on financial assets		(81)	68	(95)	(49)
<b>Net investment income</b>		<b>39,121</b>	<b>20,617</b>	<b>68,866</b>	<b>44,451</b>
<b>Net insurance and investment result</b>		<b>104,470</b>	<b>4,644</b>	<b>197,285</b>	<b>42,990</b>
Other operating expenses		(27,782)	1,377	(58,877)	(30,078)
Other income		12	28	90	-
<b>Net income for the period before zakat</b>		<b>76,700</b>	<b>6,049</b>	<b>138,498</b>	<b>12,912</b>
Provision for zakat	9	(879)	(2,017)	(1,395)	(5,117)
<b>Net income for the period after zakat</b>		<b>75,821</b>	<b>4,032</b>	<b>137,103</b>	<b>7,795</b>

**Earnings per share**

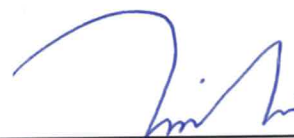
Basic and diluted earning per share	17	1.90	0.10	3.43	0.19
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**Nabeel Ali Shoaib**  
Member-Board



**Saud Ghonem Bin Ghonem**  
Chief Executive Officer



**Muhammad Imran Bashir**  
Chief Financial Officer-Acting

The accompanying notes 1 to 18 form an integral part of this interim condensed financial information.



**Al Rajhi Company for Cooperative Insurance**  
**(A Saudi Joint Stock Company)**

**Interim condensed statement of comprehensive income**  
**For the three and six-month period ended 30 June 2023**

	Unaudited Three-month period ended 30 June 2023	Unaudited 30 June 2022 Restated	Unaudited Six-month period ended 30 June 2023	Unaudited 30 June 2022 Restated
	SAR '000			
Net income for the period after zakat	75,821	4,032	137,103	7,795
Other comprehensive income:				
<i>Items that will not be reclassified to statement of income in subsequent periods</i>				
Net fair value changes on investments designated as FVOCI	28,805	(16,570)	71,932	(16,570)
Total comprehensive income for the period	<u>104,626</u>	<u>(12,538)</u>	<u>209,035</u>	<u>(8,775)</u>



**Nabeel Ali Shoaib**  
Member-Board



**Saud Ghonem Bin Ghonem**  
Chief Executive Officer



**Muhammad Imran Bashir**  
Chief Financial Officer-Acting

The accompanying notes 1 to 18 form an integral part of this interim condensed financial information.



**Al Rajhi Company for Cooperative Insurance  
(A Saudi Joint Stock Company)**

**Interim condensed statement of changes in equity**  
**For the six-month period ended 30 June 2023**

	Share capital	Statutory reserve	Retained earnings	Remeasurement reserve for EOSB	Fair value reserve - investments designated as FVOCI	Total
			SAR '000			
<b>Balance as at 1 January 2023 (unaudited)</b>	400,000	196,109	719,943	(5,423)	30,195	1,340,824
<i>Total comprehensive income:</i>						
Net income for the period after zakat	-	-	137,103	-	-	137,103
Other comprehensive income	-	-	-	-	71,932	71,932
Total comprehensive income for the period	-	-	137,103	-	71,932	209,035
Transfer to statutory reserve	-	27,421	(27,421)	-	-	-
<b>Balance as at 30 June 2023 (unaudited)</b>	400,000	223,530	829,625	(5,423)	102,127	1,549,859
<b>Balance as at 31 December 2021 (audited)</b>	400,000	178,186	595,551	(7,327)	104,006	1,270,416
Adjustment on initial application of IFRS 17	-	-	56,460	-	-	56,460
<b>Restated balance as at 1 January 2022 (unaudited)</b>	400,000	178,186	652,011	(7,327)	104,006	1,326,876
<i>Total comprehensive income:</i>						
Net income for the period after zakat	-	-	7,795	-	-	7,795
Other comprehensive income	-	-	-	-	(16,570)	(16,570)
Total comprehensive income for the period	-	-	7,795	-	(16,570)	(8,775)
Transfer to statutory reserve	-	11,606	(11,606)	-	-	-
<b>Balance as at 30 June 2022 (unaudited)</b>	400,000	189,792	648,200	(7,327)	87,436	1,318,101

*(Signature)*

**Nabeel Ali Shoaib**  
Member-Board

  
Saud Ghonem Bin Ghonem  
Chief Executive Officer

**Chief Executive Officer**

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**Muhammad Imran Bashir**  
Chief Financial Officer-Acting

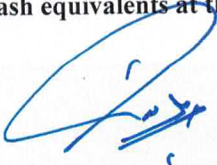
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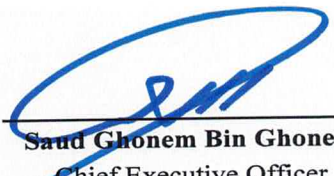



**Al Rajhi Company for Cooperative Insurance**  
**(A Saudi Joint Stock Company)**

**Interim condensed statement of cash flows**  
**For the six-month period ended 30 June 2023**

		Unaudited 30 June 2023	Unaudited 30 June 2022 Restated
	Note	SAR '000	
<b>Net income for the period before zakat</b>		<b>138,498</b>	<b>12,912</b>
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment		14,395	11,183
Depreciation of right-of-use assets		3,438	4,429
Unrealized gain on investments mandatorily measured at FVSI		(23,692)	(13,926)
Impairment loss on financial assets		95	49
Finance cost		1,235	1,345
Provision for end-of-service benefits (EOSB)		3,314	3,257
		<b>137,283</b>	<b>19,249</b>
<b>Changes in operating assets and liabilities:</b>			
Insurance contract assets		(191,945)	(5,195)
Retakaful / reinsurance contract assets		(280,061)	(49,521)
Prepayments and other assets		(35,653)	(36,800)
Accrued income on statutory deposit		(693)	(694)
Payable, accruals and other liabilities		78,212	74,674
Insurance contract liabilities		682,802	(132,487)
Retakaful / reinsurance contract liabilities		(7,019)	2,068
Deposit against guarantees		16,398	(10,797)
Payables to SAMA		694	694
		<b>400,018</b>	<b>(138,809)</b>
Zakat paid	9	(3,443)	(11,666)
End-of-service benefits paid (EOSB)		(1,801)	(2,870)
<b>Net cash from / (used in) operating activities</b>		<b>394,774</b>	<b>(153,345)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments mandatorily measured at FVSI		(870,914)	(878,218)
Disposals of investments mandatorily measured at FVSI		833,023	814,910
Disposals of investments designated as FVOCI		68,568	-
Purchase of investments held at amortised cost		(350,000)	(501,853)
Disposal of investments held at amortised cost		190,000	475,000
Purchase of property and equipment		(14,004)	(5,791)
Disposal of right-of-use assets		860	-
<b>Net cash used in investing activities</b>		<b>(142,467)</b>	<b>(95,952)</b>
<b>Cash flows from financing activities</b>			
Lease liability paid		(8,724)	(9,325)
<b>Net cash used in financing activities</b>		<b>(8,724)</b>	<b>(9,325)</b>
<b>Net change in cash and cash equivalents</b>		<b>243,583</b>	<b>(258,622)</b>
Cash and cash equivalents at the beginning of the period		552,594	454,097
<b>Cash and cash equivalents at the end of the period</b>	5	<b>796,177</b>	<b>195,475</b>

  
**Nabeel Ali Shoaib**  
Member-Board

  
**Saud Ghonem Bin Ghonem**  
Chief Executive Officer

  
**Muhammad Imran Bashir**  
Chief Financial Officer-Acting

The accompanying notes 1 to 18 form an integral part of this interim condensed financial information.



# **Al Rajhi Company for Cooperative Insurance**

## **(A Saudi Joint Stock Company)**

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### **Notes to the interim condensed financial information**

#### **For the three and six-month period ended 30 June 2023**

#### **1. General**

Al Rajhi Company for Cooperative Insurance (a Saudi Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. (M/35) dated 27 Jumada al thani 1429, (1 January 2008). The Company operates under Commercial Registration no. 1010270371 dated 5 Rajab 1430, corresponding to 28 June 2009. The registered address of the Company's head office is as follows:

Al Rajhi Company for Cooperative Insurance  
P.O. Box 67791  
Riyadh 11517  
Kingdom of Saudi Arabia

The purpose of the Company is to conduct takaful operations and all related activities including retakaful / reinsurance and agency activities. Its principal lines of business include motor, medical, protection & savings, marine, fire, engineering and casualty insurance.

On 31 July 2003, corresponding to 2 Jumada al thani 1424, the Saudi Central Bank (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia. On 20 April 2004, corresponding to 1 Rabi' al-awwal 1425, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32).

As a commitment from the Company for its activities to be in compliance with Islamic Shari'a legislations, since its inception, the Company has established a Shari'a Authority to review and approve the activities and the products of the Company.

#### **2. Basis of preparation**

##### **2.1 Statement of compliance**

The interim condensed financial information of the Company, as at and for the three and six-month period ended 30 June 2023, have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia (KSA), and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).”

This is the first set of the Company's interim condensed financial information in which IFRS 17 “Insurance Contracts”, as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant accounting policies are described in Note 3.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited annual financial statements as at 31 December 2022.

The Company's interim condensed statement of financial position is not presented using a current / non-current classification. The following balances would generally be classified as non-current: financial assets at fair value through other comprehensive income, financial asset at amortised cost, property and equipment, statutory deposit, other assets, end of service benefits. All other assets and liabilities would be classified as current.

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



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**2. Basis of preparation** *(continued)*

**2.2 Basis of measurement**

The interim condensed financial information is prepared under the historical cost convention, except for the measurement of investments carried at fair value through statement of income (FVSI), financial assets measured at fair value through other comprehensive income (FVOCI), end of service benefits (EOSB) at present value and liability of incurred claims (LIC) and assets for incurred claims (AIC) recorded at the present value at the current discount rates.

The interim condensed financial information may not be considered indicative of the expected results for the full year.

**2.3 Critical accounting judgments, estimates and assumptions**

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying notes including disclosure of contingent liabilities. The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited annual financial statements of the Company for the year ended 31 December 2022. In addition, the areas involving a high degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial information, in respect of application of IFRS 17, relate primarily to:

*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 premium allocation approach (PAA) eligibility assessment, risk adjustment, expense attribution, discounting methodology, liability for incurred claims (LIC) and liability for remaining coverage (LRC). Refer to note 3 for further details.

**2.4 Functional and presentation currency**

The interim condensed financial information have been presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All financial information presented in Saudi Arabian Riyal has been rounded to the nearest thousands, except where otherwise indicated.

**2.5 Seasonality of operations**

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



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**3. Significant Accounting Policies**

The accounting policies adopted in the preparation of the unaudited interim condensed financial information are consistent with those followed in the preparation of the Company's audited annual financial statements for the year ended 31 December 2022, except for the adoption of new standard:

*New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company*

The Company has applied IFRS 17, including any consequential amendments to other standards from 1 January 2023. This standard have brought significant changes to the accounting for insurance and retakaful / reinsurance contracts. As a result, the Company has restated certain comparative amounts. The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 are summarised below:

**3.1 IFRS 17 Insurance Contracts**

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17.

When identifying contracts in the scope of IFRS 17, in some cases the Company have assessed whether a set of or series of contracts need to be treated as a single contract and whether the embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard for insurance and retakaful / reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements. Therefore, all insurance contracts issued and retakaful / reinsurance contracts held are within the scope of IFRS 17 except for the self-insurance contracts. Further, the Company doesn't have embedded derivatives in insurance contracts written and / or retakaful / reinsurance contracts held.

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Group of contracts are determined by first identifying portfolios of contracts, each comprising groups of contracts with similar risks which are managed together. Contracts in different product lines or issued by different group entities are expected to be in different portfolios. Each portfolios are further divided based on expected profitability at inception into three categories:

- Group of contracts that are onerous on initial recognition
- Group of contracts that, on initial recognition have no significant possibility of becoming onerous, and
- Group of remaining contracts

The Company does not issue any insurance contracts and held retakaful / reinsurance contracts which qualify contract combination / unbundling.

**3.1.1 Changes to classification and measurement**

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

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



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**3. Significant Accounting Policies** *(continued)*

**3.1 IFRS 17 Insurance Contracts** *(continued)*

**3.1.1 Changes to classification and measurement** *(continued)*

**i) Measurement**

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2005, IFRS 17 provides the following different measurement models:

*General Measurement Model (GMM)*

The GMM is based on the following “building blocks”:

- a) The fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows, and
  - a risk adjustment for non-financial risk;
- b) Contractual service margin (CSM)

The CSM represents the unearned profit for a group of insurance contracts and recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception is recorded in the condensed statement of income immediately. At the end of each subsequent reporting period, the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage (LRC), which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims (LIC), which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services. Since the CSM cannot be negative, changes in future cash flows that are greater than the remaining CSM are recognized in interim condensed statement of income.

The effect of changes in discount rates is reported in interim condensed statement of income, as determined by an accounting policy choice.

*Variable Fee Approach (VFA)*

The VFA is a mandatory model for measuring contracts with direct participation features (also referred to as ‘direct participating contracts’). The assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, in addition to the adjustment under GMM, the CSM is also adjusted for:

- a) the entity’s share of the changes in the fair value of underlying items; and
- b) the effect of changes in the time value of money and in financial risks not relating to the underlying items.



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**3. Significant Accounting Policies** *(continued)*

**3.1 IFRS 17 Insurance Contracts** *(continued)*

**3.1.1 Changes to classification and measurement** *(continued)*

**i) Measurement** *(continued)*

*Premium Allocation Approach (PAA)*

In addition, a simplified PAA is permitted for the measurement of the LRC, if it provides a measurement that is not materially different from the GMM or if the coverage period for each contract in the group is one year or less. With the PAA, the LRC corresponds to premiums received at initial recognition less insurance acquisition cash flows. The GMM remains applicable for the measurement of the LIC. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

The Company uses different measurement approaches, depending on the type of contracts, as follows:

	<b>Measurement model</b>
<b>Insurance contracts issued</b>	
All non-life contracts except for engineering contracts	PAA
Engineering contracts	GMM
All life contracts except for group-life and Individual family takaful policy	VFA
Group-life	PAA
Individual family takaful policy	GMM
<b>Retakaful / reinsurance contracts held</b>	
All life and non-life contracts	GMM

The Company does not have any retakaful / reinsurance contracts issued to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring LRC, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims (LIC), the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

**ii) PAA eligibility assessment approach**

The Company has calculated a LRC and Asset for remaining coverage (ARC) for those groups of insurance contracts written and retakaful / reinsurance contracts held respectively where the coverage period was more than one year. The calculation is performed under both simplified approach i.e. PAA and GMM. Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the group's initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference; this difference compounds over longer contract durations.



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**3. Significant Accounting Policies** *(continued)*

**3.1 IFRS 17 Insurance Contracts** *(continued)*

**3.1.1 Changes to classification and measurement** *(continued)*

**ii) PAA eligibility assessment approach** *(continued)*

Upon analysis of the possible differences between LRC and / or ARC applying the PAA and GMM approach, respectively, the Company did note material difference for contracts with coverage period of more than one year. Hence, it has opted to report all such contracts using the GMM approach.

**iii) Discounting methodology**

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company generally determines the risk-free rates using Saudi Arabia Government Bonds. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations.

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk free rates as adjusted for illiquidity.

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

**iv) Risk Adjustment methodology, including correlations, and confidence level selected**

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique. The risk adjustments for non-financial risk are determined using the following techniques:

- Non-life contracts, a confidence level technique;
- Life and participating contracts: a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results. Applying a confidence level technique, the company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

**v) CSM release pattern**

The amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognizing in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**3. Significant Accounting Policies** *(continued)*

**3.1 IFRS 17 Insurance Contracts** *(continued)*

**3.1.1 Changes to classification and measurement** *(continued)*

**vi) Onerosity determination**

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

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

**vii) Expected premium receipts adjustment**

Insurance revenue is adjusted with the amounts of expected receipts adjustment calculated on premiums not yet collected as at date of the interim condensed statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance.

**viii) Non-performance risk**

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized under reinsurance finance income / expenses in the interim condensed statement of income. The computation is performed using IFRS 9 simplified approach to calculate ECL allowance.

**ix) Significant financing component**

The Company has assessed its LRC and concluded that no significant financing component exists within LRC. Therefore, the Company has not adjusted the carrying amount of the LRC to reflect the time value of money and the effect of financial risk using the discount rates.

**x) VAT treatment**

Transaction-based taxes (such as premium taxes, value added taxes and goods & services taxes) and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis, are included within insurance contract liabilities as part of fulfilment cash flows within the boundary of insurance contracts.

**3.1.2 Accounting Policy Choices**

**i) Length of cohorts**

The Company has adopted annual cohorts to measure groups of insurance contracts issued and retakaful / reinsurance contracts held.



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**3. Significant Accounting Policies** *(continued)*

**3.1 IFRS 17 Insurance Contracts** *(continued)*

**3.1.2 Accounting Policy Choices** *(continued)*

**ii) Use of OCI for insurance finance income / expenses (IFIE)**

The Company has adopted annual cohorts to measure groups of insurance contracts issued and retakaful / reinsurance contracts held.

**iii) Unwinding of discount on risk adjustment**

The Company is not disaggregating the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result in interim condensed statement of income.

**iv) Expense attribution**

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

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

On the other hand, non-directly attributable expenses, overheads and one-off exceptional expenses is recognized in the interim condensed statement of income immediately when incurred.

**v) Deferral of acquisition cost**

Where coverage period of all contracts within a group is no longer than one year, acquisition costs (revised as per IFRS 17) can either be expensed as they arise or capitalized and amortized over the coverage period. For groups containing contracts longer than one year, acquisition costs must be capitalized.

**vi) Policyholder surplus accounting**

Policyholder surplus is recognized under liability for incurred claims within insurance contract liabilities with the corresponding effect recorded under insurance service expenses.



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes**

As stated in note 2, this is the Company's first interim condensed financial information prepared in accordance with the requirements of IFRS 17.

The accounting policies set out in note 3 have been applied in preparing the interim condensed financial statements for the period ended 30 June 2023 and 30 June 2022 and in the preparation of an opening IFRS 17 statement of financial position at 1 January 2022 (the Company's date of transition) and 31 December 2022.

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

**Reclassification impact on the interim condensed consolidated statement of financial position on adoption of IFRS 17**

Presentation changes in the interim condensed statement of financial position are introduced by IFRS 17. The previously reported line items: contributions and retakaful / reinsurance balances receivable, net, deferred policy acquisition costs, takaful 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: retakaful / reinsurance share of unearned contributions, retakaful / reinsurance share of outstanding claims, retakaful / reinsurance share of claims incurred but not reported, retakaful / reinsurance balances payable are presented together by portfolio on a single line called retakaful / reinsurance contract assets or liabilities.

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

- Insurance contract assets
- Retakaful / reinsurance contract assets
- Insurance contract liabilities
- Retakaful / reinsurance contract liabilities

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

<b>Year of Issue</b>	<b>Transition Approach</b>
From Inception	All group of contracts except for Protection & Savings: - Full retrospective approach
2015-2022	Protection & Savings: - Full retrospective approach was impracticable; - Modified retrospective approach (Child Education Takaful Plan and Individual Retirement Policy)



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes** *(continued)*

**Transitional impact on the interim condensed statement of financial position on adoption of IFRS 17**

	<b>Impact on transition to IFRS 17 as on 1 January 2022</b>
	<b>SAR '000</b>
<b>Impact on equity</b>	
<i>Drivers of changes</i>	
Changes in measurement of insurance contract liabilities	780,722
Changes in measurement of retakaful / reinsurance contract assets	(724,262)
<b>Total impact</b>	<b>56,460</b>
<b>Impact on insurance contract liabilities</b>	
<i>Drivers of changes</i>	-
Risk adjustment	(127,921)
Loss component on onerous contracts	1,967
Discounting on LIC	18,413
Premium receivable - reclassification	380,981
Deferred insurance acquisition cost - reclassification	109,940
Unearned reinsurance commission - reclassification	20,457
Re-Takaful balances payable - reclassification	233,157
Reserve adjustments - LIC	63,362
CSM impact from GMM & VFA	83,373
Others	(3,007)
<b>Total impact</b>	<b>780,722</b>
<b>Impact on retakaful / reinsurance contract assets</b>	
<i>Drivers of changes</i>	
Reinsurance risk adjustment	44,294
Discounting of AIC	(1,102)
Deferred insurance acquisition cost - reclassification	(109,940)
Premium receivable - reclassification	(380,981)
Re-Takaful receivable - reclassification	(233,157)
Unearned reinsurance commission - reclassification	(20,457)
CSM impact from GMM & VFA	(16,156)
Others	(6,763)
<b>Total impact</b>	<b>(724,262)</b>



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes (continued)**

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

	1 January 2022 - Unaudited			
	Pre-adoption of	IFRS 17	Post adoption of	
	IFRS 17	Reclassification	Remeasurement	IFRS 17
	SAR '000			
<b>Assets</b>				
Cash and cash equivalents	498,996	-	-	498,996
Contributions and re-takaful / reinsurance balances receivable, net	414,546	(414,546)	-	-
Retakaful / reinsurance share of unearned contributions	227,284	(227,284)	-	-
Retakaful / reinsurance share of outstanding claims	207,122	(207,122)	-	-
Retakaful / reinsurance share of claims incurred but not reported	60,387	(60,387)	-	-
Retakaful / reinsurance share of mathematical reserve at FVSI	31	(31)	-	-
Deferred policy acquisition costs	109,940	(109,940)	-	-
Investments mandatorily measured at FVSI	526,904	-	-	526,904
Investments designated as FVOCI	435,284	-	-	435,284
Investments held at amortised cost	1,889,566	-	-	1,889,566
Prepayments and other assets	88,712	(10,800)	-	77,912
Property and equipment, net	83,216	-	-	83,216
Statutory deposit	39,971	-	-	39,971
Accrued income on statutory deposit	3,626	-	-	3,626
Right-of-use assets	55,733	-	-	55,733
Insurance contract assets	-	2,906	-	2,906
Retakaful / reinsurance contract assets	-	431,223	-	431,223
<b>Total Assets</b>	<b>4,641,318</b>	<b>(595,981)</b>	<b>-</b>	<b>4,045,337</b>
<b>Liabilities</b>				
Payables, accruals and other liabilities	180,208	(98,051)	-	82,157
Retakaful / reinsurance balances payable	179,530	(179,530)	-	-
Unearned contributions	1,168,466	(1,168,466)	-	-
Unearned retakaful / reinsurance commission income	20,457	(20,457)	-	-
Gross outstanding claims	471,282	(471,282)	-	-
Claims incurred but not reported	881,625	(881,625)	-	-
Contribution deficiency reserve	64,301	(64,301)	-	-
Unit linked liabilities at FVSI	217,611	(217,611)	-	-
End-of-service benefits (EOSB)	24,635	-	-	24,635
Provision for zakat	51,341	-	-	51,341
Payables to SAMA	8,336	-	-	8,336
Lease liabilities	54,482	-	-	54,482
Takaful operations' surplus payable	48,628	(48,628)	-	-
Insurance contract liabilities	-	2,372,403	-	2,372,403
Retakaful / reinsurance contract liabilities	-	125,107	-	125,107
<b>Total Liabilities</b>	<b>3,370,902</b>	<b>(652,441)</b>	<b>-</b>	<b>2,718,461</b>
<b>Equity</b>				
Share capital	400,000	-	-	400,000
Statutory reserve	178,186	-	-	178,186
Retained earnings	595,551	56,460	-	652,011
Remeasurement reserve for EOSB	(7,327)	-	-	(7,327)
Fair value reserve - investments designated as FVOCI	104,006	-	-	104,006
<b>Equity</b>	<b>1,270,416</b>	<b>56,460</b>	<b>-</b>	<b>1,326,876</b>
<b>Total liabilities and equity</b>	<b>4,641,318</b>	<b>(595,981)</b>	<b>-</b>	<b>4,045,337</b>



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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes (continued)**

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

	31 December 2022 - Unaudited		
	Pre-adoption of	IFRS 17	Post adoption of
	IFRS 17	Reclassification Remeasurement SAR '000	IFRS 17
<b>Assets</b>			
Cash and cash equivalents	618,495	-	618,495
Contributions and re-takaful / reinsurance balances receivable, net	683,950	(683,950)	-
Retakaful / reinsurance share of unearned contributions	320,424	(320,424)	-
Retakaful / reinsurance share of outstanding claims	186,097	(186,097)	-
Retakaful / reinsurance share of claims incurred but not reported	93,146	(93,146)	-
Retakaful / reinsurance share of mathematical reserve at FVSI	45	(45)	-
Deferred policy acquisition costs	164,633	(164,633)	-
Investments mandatorily measured at FVSI	467,754	-	467,754
Investments designated as FVOCI	429,926	-	429,926
Investments held at amortised cost	2,197,736	-	2,197,736
Prepayments and other assets	89,555	-	89,555
Property and equipment, net	81,041	-	81,041
Statutory deposit	39,971	-	39,971
Accrued income on statutory deposit	5,026	-	5,026
Right-of-use assets	48,371	-	48,371
Insurance contract assets	-	315	315
Retakaful / reinsurance contract assets	-	377,520	377,520
<b>Total Assets</b>	<b>5,426,170</b>	<b>(1,070,460)</b>	<b>4,355,710</b>
<b>Liabilities</b>			
Payables, accruals and other liabilities	277,606	(204,274)	73,332
Retakaful / reinsurance balances payable	311,837	(311,837)	-
Unearned contributions	1,603,783	(1,603,783)	-
Unearned retakaful / reinsurance commission income	28,780	(28,780)	-
Gross outstanding claims	125,150	(125,150)	-
Claims incurred but not reported	1,294,170	(1,294,170)	-
Contribution deficiency reserve	52,587	(52,587)	-
Unit linked liabilities at FVSI	275,118	(275,118)	-
End-of-service benefits (EOSB)	22,812	-	22,812
Provision for zakat	49,925	-	49,925
Payables to SAMA	9,735	-	9,735
Lease liabilities	49,222	-	49,222
Takaful operations' surplus payable	37,318	(37,318)	-
Insurance contract liabilities	-	2,800,013	2,800,013
Retakaful / reinsurance contract liabilities	-	9,847	9,847
<b>Total Liabilities</b>	<b>4,138,043</b>	<b>(1,123,157)</b>	<b>3,014,886</b>
<b>Equity</b>			
Share capital	400,000	-	400,000
Statutory reserve	196,109	-	196,109
Retained earnings	667,246	52,697	719,943
Remeasurement reserve for EOSB	(5,423)	-	(5,423)
Fair value reserve - investments designated as FVOCI	30,195	-	30,195
<b>Equity</b>	<b>1,288,127</b>	<b>52,697</b>	<b>1,340,824</b>
<b>Total liabilities and equity</b>	<b>5,426,170</b>	<b>(1,070,460)</b>	<b>4,355,710</b>



**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes** *(continued)*

**4.3 Reconciliation of interim condensed statement of income for the period ended 30 June 2022**

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

The line-item descriptions in the interim condensed statement of income have been changed significantly compared with prior periods. Previously, the Company reported the following line items:

- Gross written premium
- Retakaful / reinsurance premiums ceded
- Excess of loss expenses (XOL)
- Changes in unearned contribution – net
- Gross claims paid
- Retakaful / reinsurance 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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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes (continued)**

**4.3 Reconciliation of interim condensed statement of income for the period ended 30 June 2022 (continued)**

	30 June 2022 - Unaudited			
	Pre-adoption of	IFRS 17		Post adoption of
	IFRS 17	Reclassification	Remeasurement	IFRS 17
	SAR '000			
<b>Revenues</b>				
Gross contribution written	1,756,148	(1,756,148)	-	-
Retakaful / reinsurance contributions ceded - domestic	(2,096)	2,096	-	-
Retakaful / reinsurance contributions ceded - foreign	(504,342)	504,342	-	-
Excess of loss expenses (XOL)	(6,501)	6,501	-	-
<b>Net contributions written</b>	<b>1,243,209</b>	<b>(1,243,209)</b>	<b>-</b>	<b>-</b>
Changes in unearned contributions, net	(86,327)	86,327	-	-
<b>Net contributions earned</b>	<b>1,156,882</b>	<b>(1,156,882)</b>	<b>-</b>	<b>-</b>
Retakaful / reinsurance commission income	21,629	(21,629)	-	-
Other underwriting income	2,762	(2,762)	-	-
<b>Total Revenues</b>	<b>1,181,273</b>	<b>(1,181,273)</b>	<b>-</b>	<b>-</b>
Insurance revenue	-	1,417,049	-	1,417,049
Insurance service expenses	-	(1,260,238)	-	(1,260,238)
<b>Insurance service result before retakaful / reinsurance contracts held</b>	<b>-</b>	<b>156,811</b>	<b>-</b>	<b>156,811</b>
Allocation of retakaful / reinsurance contributions	-	(419,568)	-	(419,568)
Amounts recoverable from retakaful / reinsurance for incurred claims	-	246,089	-	246,089
<b>Net expense from retakaful / reinsurance contracts held</b>	<b>-</b>	<b>(173,479)</b>	<b>-</b>	<b>(173,479)</b>
<b>Insurance service result</b>	<b>-</b>	<b>(16,668)</b>	<b>-</b>	<b>(16,668)</b>
<b>Underwriting costs and expenses</b>				
Gross claims paid and loss adjustment expenses	(934,819)	934,819	-	-
Surrenders and maturities	(23,172)	23,172	-	-
Expenses incurred related to claims	(19,874)	19,874	-	-
Retakaful / reinsurance share of claims paid	100,566	(100,566)	-	-
<b>Net claims and other benefits paid</b>	<b>(877,299)</b>	<b>877,299</b>	<b>-</b>	<b>-</b>
Changes in outstanding claims, net	(55,026)	55,026	-	-
Changes in incurred but not reported (IBNR) claims, net	89,513	(89,513)	-	-
Change in contribution deficiency reserve	(21,470)	21,470	-	-
<b>Net claims and other benefits incurred</b>	<b>(864,282)</b>	<b>864,282</b>	<b>-</b>	<b>-</b>
Change in unit linked liabilities at FVSI, net	(29,412)	29,412	-	-
Policy acquisition costs	(125,984)	125,984	-	-
Other underwriting income	-	-	-	-
Other underwriting expenses, net	(17,819)	17,819	-	-
<b>Total underwriting costs and expenses</b>	<b>(1,037,497)</b>	<b>1,037,497</b>	<b>-</b>	<b>-</b>
<b>Net underwriting income</b>	<b>143,776</b>	<b>(143,776)</b>	<b>-</b>	<b>-</b>



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes (continued)**

**4.3 Reconciliation of interim condensed statement of income for the period ended 30 June 2022 (continued)**

	30 June 2022 - Unaudited		
	Pre-adoption of	IFRS 17	Post adoption of
	IFRS 17	Reclassification	IFRS 17
		Remeasurement	
		SAR '000	
Net gains on investments mandatorily measured at FVSI	-	8,968	8,968
Dividend income	-	6,145	6,145
Special commission income	-	29,387	29,387
Impairment loss on financial assets	-	(49)	(49)
<b>Net investment income</b>	-	<b>44,451</b>	<b>44,451</b>
Finance income from insurance contracts issued	-	14,054	14,054
Finance income from retakaful / reinsurance contracts held	-	1,153	1,153
<b>Net finance income</b>	-	<b>15,207</b>	<b>15,207</b>
<b>Net insurance and investment result</b>	-	<b>42,990</b>	<b>42,990</b>
<b>Other operating (expenses)/ income</b>			
Reversal of allowance for doubtful debts - contributions and retakaful / reinsurance balances receivable	3,696	(3,696)	-
General and administrative expenses	(122,973)	122,973	-
Special commission income	29,387	(29,387)	-
Net gains on investments mandatorily measured at FVSI	8,968	(8,968)	-
Dividend income	6,145	(6,145)	-
Reversal / impairment loss on financial assets	(49)	49	-
Other income	(28)	28	-
<b>Total other operating expenses</b>	<b>(74,854)</b>	<b>74,854</b>	-
Other operating expenses	-	(30,078)	(30,078)
Other income	-	-	-
<b>Net income for the period before zakat</b>	<b>68,922</b>	<b>(56,010)</b>	<b>12,912</b>
Net income for the year attributable to takaful operations	(5,775)	5,775	-
<b>Net income for the year before zakat attributable to the shareholders</b>	<b>63,147</b>	<b>(50,235)</b>	<b>12,912</b>
Provision for zakat	(5,117)	-	(5,117)
<b>Net income for the year after zakat attributable to the shareholders</b>	<b>58,030</b>	<b>(50,235)</b>	<b>7,795</b>



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**Notes to the interim condensed financial information** *(continued)*

**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes** *(continued)*

**4.4 Reconciliation of interim condensed statement of comprehensive income for the period ended 30 June 2022**

	30 June 2022 - Unaudited			
	Pre-adoption of	IFRS 17		Post adoption of
	IFRS 17	Reclassification	Remeasurement	IFRS 17
	SAR '000			
Net income for the period after zakat attributable to the shareholders	58,030	(50,235)	-	7,795
<i>Items that will not be reclassified to statement of income in subsequent periods</i>				
Net fair value changes on investments designated as FVOCI	(16,570)	-	-	(16,570)
Total comprehensive income for the period	41,460	(50,235)	-	(8,775)



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**For the three and six-month period ended 30 June 2023**

**4. Explanation to transition to IFRS 17 and other changes** *(continued)*

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

	Share capital	Statutory reserve	Retained earnings	Remeasurement reserve for EOSB	Fair value reserve - investments designated as FVOCI	Total
	SAR '000					
1 January 2022 <i>(previously reported)</i>	400,000	178,186	595,551	(7,327)	104,006	1,270,416
Remeasurement under IFRS 17	-	-	56,460	-	-	56,460
1 January 2022 - restated - unaudited	400,000	178,186	652,011	(7,327)	104,006	1,326,876
31 December 2022 <i>(previously reported)</i>	400,000	196,109	667,246	(5,423)	30,195	1,288,127
Remeasurement under IFRS 17	-	-	52,697	-	-	52,697
31 December 2022 - restated - unaudited	400,000	196,109	719,943	(5,423)	30,195	1,340,824



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**5. Cash and cash equivalents**

		<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>30 June 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
			Restated	Restated
	<b>Note</b>	<b>SAR '000</b>		
Short term deposits	5.1	<b>320,774</b>	175,000	-
Banks balances and cash	5.2	<b>478,410</b>	379,467	455,171
Cash balance with Al Rajhi Capital		<b>(3,007)</b>	(1,873)	(1,074)
Total cash and cash equivalents in the statement of cash flows		<b>796,177</b>	552,594	454,097
Expected credit loss allowance		<b>(211)</b>	(126)	-
Total cash and cash equivalents		<b>795,966</b>	552,468	454,097
Cash at banks (statutory deposit income)		<b>4,709</b>	4,709	4,709
Deposits against letters of guarantee		<b>44,920</b>	61,318	40,190
Cash and bank balances		<b>845,595</b>	618,495	498,996

**5.1** The deposits are held with banks and financial institution registered with Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are denominated in Saudi riyals and have an original maturity of less than three months.

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

**6. Investments**

Investments are classified as follows:

		Unaudited	Unaudited	Unaudited
		30 June 2023	31 December 2022	1 January 2022
			Restated	Restated
Note		SAR '000		
<b>Financial assets mandatorily measured at FVSI</b>				
Mutual funds	6.1	529,337	467,754	526,904
<b>Financial assets designated as FVOCI</b>				
Listed equity securities		393,588	422,384	427,742
Unlisted equity securities		39,702	7,542	7,542
		433,290	429,926	435,284
<b>Financial assets held at amortised cost</b>				
Murabaha deposits		1,170,000	1,025,000	1,200,000
Sukuk		1,188,902	1,173,918	690,596
Expected credit loss allowance		(1,173)	(1,182)	(1,030)
		2,357,729	2,197,736	1,889,566
<b>Total investments</b>		<b>3,320,356</b>	<b>3,095,416</b>	<b>2,851,754</b>

**6.1** This includes Unit linked investments of SAR 372.58 million. (31 December 2022: SAR 268.51 million).



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts**

		<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>30 June 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
			<b>Restated</b>	<b>Restated</b>
	<b>Note</b>	<b>SAR '000</b>		
<b>Insurance contracts assets</b>	<b>7.1.1</b>			
Motor	7.1.1 (a)	-	33	2,906
Medical / Health	7.1.1 (b)	<b>98,466</b>	282	-
Property & casualty	7.1.1 (c)	-	-	-
Protection & savings	7.1.1 (d)	<b>93,794</b>	-	-
		<b>192,260</b>	<b>315</b>	<b>2,906</b>
<b>Insurance contracts liabilities</b>	<b>7.1.1</b>			
Motor	7.1.1 (a)	<b>1,930,747</b>	1,556,020	1,448,012
Medical / Health	7.1.1 (b)	<b>378,321</b>	312,092	209,907
Property & casualty	7.1.1 (c)	<b>698,628</b>	453,893	353,328
Protection & savings	7.1.1 (d)	<b>475,119</b>	478,008	361,156
		<b>3,482,815</b>	<b>2,800,013</b>	<b>2,372,403</b>
<b>Retakaful / reinsurance contract assets</b>	<b>7.1.2</b>			
Motor	7.1.2 (a)	<b>95</b>	12,015	11,778
Medical / Health	7.1.2 (b)	-	-	-
Property & casualty	7.1.2 (c)	<b>599,250</b>	248,563	279,407
Protection & savings	7.1.2 (d)	<b>58,236</b>	116,942	140,038
		<b>657,581</b>	<b>377,520</b>	<b>431,223</b>
<b>Retakaful / reinsurance contract liabilities</b>	<b>7.1.2</b>			
Motor	7.1.2 (a)	<b>347</b>	-	490
Medical / Health	7.1.2 (b)	-	-	-
Property & casualty	7.1.2 (c)	-	-	-
Protection & savings	7.1.2 (d)	<b>2,481</b>	9,847	124,617
		<b>2,828</b>	<b>9,847</b>	<b>125,107</b>



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**Notes to the interim condensed financial information** *(continued)*

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**7. Insurance and retakaful / reinsurance contracts** *(continued)*

**7.1 Movements in insurance and reinsurance contract balances**

**7.1.1 Insurance contracts**

**a) Motor**

Motor	Unaudited					Total
	30 June 2023					
	LRC		LIC for contracts not under the PAA	LIC for contracts under the PAA		
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening insurance contract liabilities	628,493	93,679	-	779,438	54,410	1,556,020
Opening insurance contract assets	-	-	-	(33)	-	(33)
Net balance as at 1 January - restated	628,493	93,679	-	779,405	54,410	1,555,987
Insurance revenue	(994,187)	-	-	-	-	(994,187)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	-	904,493	18,149	922,642
Changes that relate to past service - adjustments to the LIC	-	-	-	(33,628)	(5,090)	(38,718)
Losses on onerous contracts and reversal of those losses	-	(93,679)	-	-	-	(93,679)
Insurance acquisition cash flows amortisation	82,556	-	-	-	-	82,556
	82,556	(93,679)	-	870,865	13,059	872,801
Insurance service result	(911,631)	(93,679)	-	870,865	13,059	(121,386)
Finance expenses from insurance contracts issued	-	-	-	15,453	1,369	16,822
Total amounts recognised in statement of income	(911,631)	(93,679)	-	886,318	14,428	(104,564)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums received	1,271,599	-	-	-	-	1,271,599
Claims and other directly attributable expenses paid	-	-	-	(749,227)	-	(749,227)
Insurance acquisition cash flows	(43,048)	-	-	-	-	(43,048)
	1,228,551	-	-	(749,227)	-	479,324
Net balance as at 30 June	945,413	-	-	916,496	68,838	1,930,747
Closing insurance contract liabilities	945,413	-	-	916,496	68,838	1,930,747
Closing insurance contract assets	-	-	-	-	-	-
Net balance as at 30 June	945,413	-	-	916,496	68,838	1,930,747



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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.1 Insurance contracts (continued)**

**a) Motor (continued)**

Motor (continued)	Unaudited					
	31 December 2022					
	LRC		LIC for contracts not under the PAA	LIC for contracts under the PAA		Total
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening insurance contract liabilities	502,952	46,385	-	835,840	62,835	1,448,012
Opening insurance contract assets	(2,906)	-	-	-	-	(2,906)
Net balance as at 1 January - restated	500,046	46,385	-	835,840	62,835	1,445,106
Insurance revenue	(1,500,361)	-	-	-	-	(1,500,361)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	-	1,693,144	27,406	1,720,550
Changes that relate to past service - adjustments to the LIC	-	-	-	(288,207)	(35,749)	(323,956)
Losses on onerous contracts and reversal of those losses	-	47,294	-	-	-	47,294
Insurance acquisition cash flows amortisation	183,197	-	-	-	-	183,197
	183,197	47,294	-	1,404,937	(8,343)	1,627,085
Insurance service result	(1,317,164)	47,294	-	1,404,937	(8,343)	126,724
Finance expenses from insurance contracts issued	-	-	-	(7,624)	(82)	(7,706)
Total amounts recognised in statement of income	(1,317,164)	47,294	-	1,397,313	(8,425)	119,018
Investment components	-	-	-	-	-	-
Cash flows						
Premiums received	1,681,123	-	-	-	-	1,681,123
Claims and other directly attributable expenses paid	-	-	-	(1,453,748)	-	(1,453,748)
Insurance acquisition cash flows	(235,512)	-	-	-	-	(235,512)
	1,445,611	-	-	(1,453,748)	-	(8,137)
Net balance as at 31 December - restated	628,493	93,679	-	779,405	54,410	1,555,987
Closing insurance contract liabilities	628,493	93,679	-	779,438	54,410	1,556,020
Closing insurance contract assets	-	-	-	(33)	-	(33)
Net balance as at 31 December - restated	628,493	93,679	-	779,405	54,410	1,555,987



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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.1 Insurance contracts (continued)**

**b) Medical / Health**

	Unaudited				
	30 June 2023				
	LRC		LIC for contracts under the PAA		Total
	Excluding loss component	Loss component	LIC for contracts not under the PAA	Present value of future cash flows	Risk adjustment for non-financial risks
	SAR '000				
Opening insurance contract liabilities	-	16,074	-	274,630	21,388
Opening insurance contract assets	(282)	-	-	-	-
<b>Net balance as at 1 January - restated</b>	(282)	16,074	-	274,630	21,388
<b>Insurance revenue</b>	(468,805)	-	-	-	-
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	-	576,901	16,139
Changes that relate to past service - adjustments to the LIC	-	-	-	(115,271)	(11,618)
Losses on onerous contracts and reversal of those losses	-	(11,057)	-	-	-
Insurance acquisition cash flows amortisation	7,456	-	-	-	-
	7,456	(11,057)	-	461,630	4,521
<b>Insurance service result</b>	(461,349)	(11,057)	-	461,630	4,521
Finance expenses from insurance contracts issued	-	-	-	6,436	671
<b>Total amounts recognised in statement of income</b>	(461,349)	(11,057)	-	468,066	5,192
Investment components	-	-	-	-	-
<b>Cash flows</b>					
Premiums received	372,408	-	-	-	-
Claims and other directly attributable expenses paid	-	-	-	(395,972)	-
Insurance acquisition cash flows	(9,243)	-	-	-	-
	363,165	-	-	(395,972)	-
<b>Net balance as at 30 June</b>	(98,466)	5,017	-	346,724	26,580
Closing insurance contract liabilities	-	5,017	-	346,724	26,580
Closing insurance contract assets	(98,466)	-	-	-	-
<b>Net balance as at 30 June</b>	(98,466)	5,017	-	346,724	26,580



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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.1 Insurance contracts (continued)**

**b) Medical / Health (continued)**

Medical / Health (continued)	Unaudited					
	31 December 2022					
	LRC		LIC for contracts not under the PAA	LIC for contracts under the PAA		
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risks	Total
	SAR '000					
Opening insurance contract liabilities	40,137	15,957	-	137,677	16,136	209,907
Opening insurance contract assets	-	-	-	-	-	-
Net balance as at 1 January - restated	40,137	15,957	-	137,677	16,136	209,907
Insurance revenue	(550,293)	-	-	-	-	(550,293)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	-	511,892	17,094	528,986
Changes that relate to past service - adjustments to the LIC	-	-	-	(26,605)	(12,037)	(38,642)
Losses on onerous contracts and reversal of those losses	-	117	-	-	-	117
Insurance acquisition cash flows amortisation	25,955	-	-	-	-	25,955
	25,955	117	-	485,287	5,057	516,416
Insurance service result	(524,338)	117	-	485,287	5,057	(33,877)
Finance expenses from insurance contracts issued	-	-	-	760	195	955
Total amounts recognised in statement of income	(524,338)	117	-	486,047	5,252	(32,922)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums received	507,643	-	-	-	-	507,643
Claims and other directly attributable expenses paid	-	-	-	(349,094)	-	(349,094)
Insurance acquisition cash flows	(23,724)	-	-	-	-	(23,724)
	483,919	-	-	(349,094)	-	134,825
Net balance as at 31 December - restated	(282)	16,074	-	274,630	21,388	311,810
Closing insurance contract liabilities	-	16,074	-	274,630	21,388	312,092
Closing insurance contract assets	(282)	-	-	-	-	(282)
Net balance as at 31 December - restated	(282)	16,074	-	274,630	21,388	311,810



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**Notes to the interim condensed financial information** *(continued)*

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts** *(continued)*

**7.1 Movements in insurance and reinsurance contract balances** *(continued)*

**7.1.1 Insurance contracts** *(continued)*

**c) Property & casualty**

Property & casualty	Unaudited					
	30 June 2023					
	LRC		LIC for contracts not under the PAA	LIC for contracts under the PAA		Total
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening insurance contract liabilities	252,048	101	48,128	140,658	12,958	453,893
Opening insurance contract assets	-	-	-	-	-	-
Net balance as at 1 January - restated	252,048	101	48,128	140,658	12,958	453,893
Insurance revenue	(253,122)	-	-	-	-	(253,122)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	12,635	195,247	16,579	224,461
Changes that relate to past service - adjustments to the LIC	-	-	57,227	102,914	9,385	169,526
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	5,428	-	-	-	-	5,428
	5,428	-	69,862	298,161	25,964	399,415
Insurance service result	(247,694)	-	69,862	298,161	25,964	146,293
Finance expenses from insurance contracts issued	2,253	-	1,298	2,369	334	6,254
Total amounts recognised in statement of income	(245,441)	-	71,160	300,530	26,298	152,547
Investment components	-	-	-	-	-	-
Cash flows						
Premiums received	123,042	-	-	-	-	123,042
Claims and other directly attributable expenses paid	-	-	(3,675)	(20,916)	-	(24,591)
Insurance acquisition cash flows	(6,263)	-	-	-	-	(6,263)
	116,779	-	(3,675)	(20,916)	-	92,188
Net balance as at 30 June	123,386	101	115,613	420,272	39,256	698,628
Closing insurance contract liabilities	123,386	101	115,613	420,272	39,256	698,628
Closing insurance contract assets	-	-	-	-	-	-
Net balance as at 30 June	123,386	101	115,613	420,272	39,256	698,628



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**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.1 Insurance contracts (continued)**

**c) Property & casualty (continued)**

Property & casualty <i>(continued)</i>	Unaudited					Total
	31 December 2022					
	LRC		LIC for contracts not under the PAA	LIC for contracts under the PAA		
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening insurance contract liabilities	184,406	-	9,107	125,193	34,622	353,328
Opening insurance contract assets	-	-	-	-	-	-
Net balance as at 1 January - restated	184,406	-	9,107	125,193	34,622	353,328
Insurance revenue	(487,643)	-	-	-	-	(487,643)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	42,765	123,900	9,898	176,563
Changes that relate to past service - adjustments to the LIC	-	-	4,450	(72,993)	(31,953)	(100,496)
Losses on onerous contracts and reversal of those losses	-	101	-	-	-	101
Insurance acquisition cash flows amortisation	13,537	-	-	-	-	13,537
	13,537	101	47,215	50,907	(22,055)	89,705
Insurance service result	(474,106)	101	47,215	50,907	(22,055)	(397,938)
Finance expenses from insurance contracts issued	2,095	-	(221)	216	391	2,481
Total amounts recognised in statement of income	(472,011)	101	46,994	51,123	(21,664)	(395,457)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums received	550,597	-	-	-	-	550,597
Claims and other directly attributable expenses paid	-	-	(7,973)	(35,658)	-	(43,631)
Insurance acquisition cash flows	(10,944)	-	-	-	-	(10,944)
	539,653	-	(7,973)	(35,658)	-	496,022
Net balance as at 31 December - restated	252,048	101	48,128	140,658	12,958	453,893
Closing insurance contract liabilities	252,048	101	48,128	140,658	12,958	453,893
Closing insurance contract assets	-	-	-	-	-	-
Net balance as at 31 December - restated	252,048	101	48,128	140,658	12,958	453,893



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts** *(continued)*

**7.1 Movements in insurance and reinsurance contract balances** *(continued)*

**7.1.1 Insurance contracts** *(continued)*

**c) Property & casualty** *(continued)*

Property & casualty (continued)	Unaudited							
	30 June 2023			31 December 2022				
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	SAR '000							
Opening insurance contract liabilities	-	9,760	191,422	201,182	-	2,309	83,939	86,248
Opening insurance contract assets	(27,188)	-	-	(27,188)	(11,338)	-	-	(11,338)
Net balance as at 1 January - restated	(27,188)	9,760	191,422	173,994	(11,338)	2,309	83,939	74,910
Changes that relate to current service								
CSM recognised for the services provided	-	-	(30,326)	(30,326)	-	-	(23,584)	(23,584)
Change in the risk adjustment for non financial risk for the risk expired	-	(1,331)	-	(1,331)	-	2,326	-	2,326
Experience adjustments	(27,172)	-	-	(27,172)	(66,013)	-	-	(66,013)
	(27,172)	(1,331)	(30,326)	(58,829)	(66,013)	2,326	(23,584)	(87,271)
Changes that relate to future service								
Changes in estimates that adjust the CSM	(5,729)	(879)	28,727	22,119	17,630	2,942	21,908	42,480
Changes in estimates that result in onerous contract losses or reversal of losses	-	-	-	-	101	-	-	101
Contracts initially recognised in the period	-	-	-	-	(108,969)	2,196	106,773	-
Experience adjustments	(22,119)	-	-	(22,119)	(42,480)	-	-	(42,480)
	(27,848)	(879)	28,727	-	(133,718)	5,138	128,681	101
Changes that relate to past service								
Changes that relate to past service - adjustments to the LIC	71,123	7,594	-	78,717	4,282	(16)	-	4,266
Experience adjustments	(21,490)	-	-	(21,490)	184	-	-	184
	49,633	7,594	-	57,227	4,466	(16)	-	4,450
Insurance service result	(5,387)	5,384	(1,599)	(1,602)	(195,265)	7,448	105,097	(82,720)
Finance expenses from insurance contracts issued	(918)	294	4,174	3,550	(515)	3	2,386	1,874
Total amounts recognised in statement of income	(6,305)	5,678	2,575	1,948	(195,780)	7,451	107,483	(80,846)
Investment components	-	-	-	-	-	-	-	-
Cash flows								
Premiums received	55,344	-	-	55,344	191,771	-	-	191,771
Claims and other directly attributable expenses paid	(3,675)	-	-	(3,675)	(7,972)	-	-	(7,972)
Insurance acquisition cash flows	(2,105)	-	-	(2,105)	(3,869)	-	-	(3,869)
	49,564	-	-	49,564	179,930	-	-	179,930
Net balance as at 30 June / 31 December - restated	16,071	15,438	193,997	225,506	(27,188)	9,760	191,422	173,994
Closing insurance contract liabilities	16,071	15,438	193,997	225,506	-	9,760	191,422	201,182
Closing insurance contract assets	-	-	-	-	(27,188)	-	-	(27,188)
Net balance as at 30 June / 31 December - restated	16,071	15,438	193,997	225,506	(27,188)	9,760	191,422	173,994



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**Notes to the interim condensed financial information (continued)**

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**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.1 Insurance contracts (continued)**

**d) Protection & savings**

Protection & savings	Unaudited					
	30 June 2023					
	LRC		LIC for contracts not under the PAA	LIC for contracts under the PAA		Total
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening insurance contract liabilities	308,806	33	-	156,907	12,262	478,008
Opening insurance contract assets	-	-	-	-	-	-
Net balance as at 1 January - restated	308,806	33	-	156,907	12,262	478,008
Insurance revenue	(89,435)	-	-	-	-	(89,435)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	3,695	(27,466)	1,291	(22,480)
Changes that relate to past service - adjustments to the LIC	-	-	-	(14,917)	(8,073)	(22,990)
Losses on onerous contracts and reversal of those losses	-	(12)	-	-	-	(12)
Insurance acquisition cash flows amortisation	(21,599)	-	-	-	-	(21,599)
	(21,599)	(12)	3,695	(42,383)	(6,782)	(67,081)
Insurance service result	(111,034)	(12)	3,695	(42,383)	(6,782)	(156,516)
Finance expenses from insurance contracts issued	85,958	-	-	998	267	87,223
Total amounts recognised in statement of income	(25,076)	(12)	3,695	(41,385)	(6,515)	(69,293)
Investment components	(20,105)	-	20,105	-	-	-
Cash flows						
Premiums received	175,241	-	-	-	-	175,241
Claims and other directly attributable expenses paid	-	-	(23,800)	(41,807)	-	(65,607)
Insurance acquisition cash flows	(137,024)	-	-	-	-	(137,024)
	38,217	-	(23,800)	(41,807)	-	(27,390)
Net balance as at 30 June	301,842	21	-	73,715	5,747	381,325
Closing insurance contract liabilities	395,636	21	-	73,715	5,747	475,119
Closing insurance contract assets	(93,794)	-	-	-	-	(93,794)
Net balance as at 30 June	301,842	21	-	73,715	5,747	381,325



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**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.1 Insurance contracts (continued)**

**d) Protection & savings (continued)**

Protection & savings (continued)	Unaudited					
	31 December 2022					
	LRC		LIC for contracts not under the PAA	LIC for contracts under the PAA		Total
	Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening insurance contract liabilities	180,299	2	-	167,458	13,397	361,156
Opening insurance contract assets	-	-	-	-	-	-
Net balance as at 1 January - restated	180,299	2	-	167,458	13,397	361,156
Insurance revenue	(396,763)	-	-	-	-	(396,763)
Insurance service expenses						
Incurred claims and other directly attributable expenses	-	-	6,659	196,704	7,544	210,907
Changes that relate to past service - adjustments to the LIC	-	-	-	(22,856)	(8,872)	(31,728)
Losses on onerous contracts and reversal of those losses	-	30	-	-	-	30
Insurance acquisition cash flows amortisation	87,103	-	-	-	-	87,103
	87,103	30	6,659	173,848	(1,328)	266,312
Insurance service result	(309,660)	30	6,659	173,848	(1,328)	(130,451)
Finance expenses from insurance contracts issued	(9,847)	1	-	189	193	(9,464)
Total amounts recognised in statement of income	(319,507)	31	6,659	174,037	(1,135)	(139,915)
Investment components	(45,911)	-	45,911	-	-	-
Cash flows						
Premiums received	518,022	-	-	-	-	518,022
Claims and other directly attributable expenses paid	-	-	(52,570)	(184,588)	-	(237,158)
Insurance acquisition cash flows	(24,097)	-	-	-	-	(24,097)
	493,925	-	(52,570)	(184,588)	-	256,767
Net balance as at 31 December - restated	308,806	33	-	156,907	12,262	478,008
Closing insurance contract liabilities	308,806	33	-	156,907	12,262	478,008
Closing insurance contract assets	-	-	-	-	-	-
Net balance as at 31 December - restated	308,806	33	-	156,907	12,262	478,008



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.1 Insurance contracts (continued)**

**d) Protection & savings (continued)**

	Unaudited							
	30 June 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non financial risk	Contractual service margin	Total
	SAR '000							
Opening insurance contract liabilities	187,000	10,800	68,183	265,983	151,996	14,376	65,217	231,589
Opening insurance contract assets	-	-	-	-	-	-	-	-
<b>Net balance as at 1 January - restated</b>	187,000	10,800	68,183	265,983	151,996	14,376	65,217	231,589
<b>Changes that relate to current service</b>								
CSM recognised for the services provided	-	-	(3,508)	(3,508)	-	-	(2,443)	(2,443)
Change in the risk adjustment for non financial risk for the risk expired	-	(6,757)	-	(6,757)	-	(10,175)	-	(10,175)
Experience adjustments	(40,324)	-	-	(40,324)	(18,774)	-	-	(18,774)
	(40,324)	(6,757)	(3,508)	(50,589)	(18,774)	(10,175)	(2,443)	(31,392)
<b>Changes that relate to future service</b>								
Changes in estimates that adjust the CSM	(4,386)	5,401	(1,015)	-	(42,185)	6,140	36,044	(1)
Changes in estimates that result in onerous contract losses or reversal of losses	(571)	560	-	(11)	(9)	9	-	-
Contracts initially recognised in the period	(48,079)	4,160	43,919	-	(12,439)	2,952	9,524	37
Experience adjustments	42,923	-	(42,923)	-	22,917	-	(22,917)	-
	(10,113)	10,121	(19)	(11)	(31,716)	9,101	22,651	36
<b>Changes that relate to past service</b>								
Changes that relate to past service - adjustments to the LIC	-	-	-	-	-	-	-	-
Experience adjustments	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Insurance service result</b>	(50,437)	3,364	(3,527)	(50,600)	(50,490)	(1,074)	20,208	(31,356)
Finance expenses from insurance contracts issued	5,707	710	79,541	85,958	9,898	(2,502)	(17,242)	(9,846)
<b>Total amounts recognised in statement of income</b>	(44,730)	4,074	76,014	35,358	(40,592)	(3,576)	2,966	(41,202)
Investment components	-	-	-	-	-	-	-	-
<b>Cash flows</b>								
Premiums received	122,706	-	-	122,706	148,896	-	-	148,896
Claims and other directly attributable expenses paid	(23,801)	-	-	(23,801)	(52,570)	-	-	(52,570)
Insurance acquisition cash flows	(17,957)	-	-	(17,957)	(20,730)	-	-	(20,730)
	80,948	-	-	80,948	75,596	-	-	75,596
<b>Net balance as at 30 June / 31 December - restated</b>	223,218	14,874	144,197	382,289	187,000	10,800	68,183	265,983
Closing insurance contract liabilities	223,218	14,874	144,197	382,289	187,000	10,800	68,183	265,983
Closing insurance contract assets	-	-	-	-	-	-	-	-
<b>Net balance as at 30 June / 31 December - restated</b>	223,218	14,874	144,197	382,289	187,000	10,800	68,183	265,983



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**Notes to the interim condensed financial information** *(continued)*

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**7. Insurance and retakaful / reinsurance contracts** *(continued)*

**7.1 Movements in insurance and reinsurance contract balances** *(continued)*

**7.1.2 Retakaful / reinsurance contracts**

**a) Motor**

Motor	Unaudited					
	30 June 2023					
	ARC		AIC for contracts not under the PAA	AIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening retakaful / reinsurance contract assets	-	-	12,015	-	-	12,015
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 1 January - restated	-	-	12,015	-	-	12,015
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	3,812	-	-	-	-	3,812
Other incurred directly attributable expenses	-	-	-	-	-	-
Claims recovered	-	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(11,995)	-	-	(11,995)
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	-
	3,812	-	(11,995)	-	-	(8,183)
Finance income from retakaful / reinsurance contracts held	(29)	-	75	-	-	46
Total amounts recognised in statement of income	3,783	-	(11,920)	-	-	(8,137)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	(4,130)	-	-	-	-	(4,130)
Recoveries from retakaful / reinsurance	-	-	-	-	-	-
	(4,130)	-	-	-	-	(4,130)
Net balance as at 30 June	(347)	-	95	-	-	(252)
Closing retakaful / reinsurance contract assets	-	-	95	-	-	95
Closing retakaful / reinsurance contract liabilities	(347)	-	-	-	-	(347)
Net balance as at 30 June	(347)	-	95	-	-	(252)



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**a) Motor (continued)**

Motor (continued)

	Unaudited					
	31 December 2022					
	ARC		AIC for contracts not under the PAA	AIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening retakaful / reinsurance contract assets	-	-	11,778	-	-	11,778
Opening retakaful / reinsurance contract liabilities	(490)	-	-	-	-	(490)
Net balance as at 1 January - restated	(490)	-	11,778	-	-	11,288
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	(9,416)	-	-	-	-	(9,416)
Other incurred directly attributable expenses	-	-	-	-	-	-
Claims recovered	-	-	1,672	-	-	1,672
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	953	-	-	953
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	-
	(9,416)	-	2,625	-	-	(6,791)
Finance income from retakaful / reinsurance contracts held	81	-	50	-	-	131
Total amounts recognised in statement of income	(9,335)	-	2,675	-	-	(6,660)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	9,825	-	-	-	-	9,825
Recoveries from retakaful / reinsurance	-	-	(2,438)	-	-	(2,438)
	9,825	-	(2,438)	-	-	7,387
Net balance as at 31 December - restated	-	-	12,015	-	-	12,015
Closing retakaful / reinsurance contract assets	-	-	12,015	-	-	12,015
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 31 December - restated	-	-	12,015	-	-	12,015



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**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**a) Motor (continued)**

Unaudited							
30 June 2023				31 December 2022			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
SAR '000							
10,882	1,121	-	12,003	10,415	873	-	11,288
-	-	-	-	-	-	-	-
10,882	1,121	-	12,003	10,415	873	-	11,288
-	-	(1,844)	(1,844)	-	-	(7,148)	(7,148)
-	-	-	-	-	76	-	76
-	-	-	-	1,596	-	-	1,596
-	-	(1,844)	(1,844)	1,596	76	(7,148)	(5,476)
-	-	7,586	7,586	-	-	-	-
(3,019)	-	3,019	-	(7,059)	-	7,059	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(7,705)	-	-	(7,705)	-	-	-	-
(10,724)	-	10,605	(119)	(7,059)	-	7,059	-
(10,992)	(1,003)	-	(11,995)	780	173	-	953
5,656	-	-	5,656	(2,268)	-	-	(2,268)
(5,336)	(1,003)	-	(6,339)	(1,488)	173	-	(1,315)
(16,060)	(1,003)	8,761	(8,302)	(6,951)	249	(89)	(6,791)
66	(13)	(7)	46	31	(1)	89	119
(15,994)	(1,016)	8,754	(8,256)	(6,920)	248	-	(6,672)
-	-	-	-	-	-	-	-
(4,130)	-	-	(4,130)	9,826	-	-	9,826
-	-	-	-	(2,439)	-	-	(2,439)
(4,130)	-	-	(4,130)	7,387	-	-	7,387
(9,242)	105	8,754	(383)	10,882	1,121	-	12,003
-	105	-	105	10,882	1,121	-	12,003
(9,242)	-	8,754	(488)	-	-	-	-
(9,242)	105	8,754	(383)	10,882	1,121	-	12,003



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**Notes to the interim condensed financial information** *(continued)*

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts** *(continued)*

**7.1 Movements in insurance and reinsurance contract balances** *(continued)*

**7.1.2 Retakaful / reinsurance contracts** *(continued)*

**b) Medical / Health**

Medical / Health	Unaudited					
	30 June 2023					
	ARC			AIC for contracts under the PAA		
	Excluding loss recovery component	Loss recovery component	AIC for contracts not under the PAA	Present value of future cash flows	Risk-adjustment for non financial risks	Total
	SAR '000					
Opening retakaful / reinsurance contract assets	-	-	-	-	-	-
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 1 January - restated	-	-	-	-	-	-
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	-	-	-	-	-	-
Other incurred directly attributable expenses	-	-	-	-	-	-
Claims recovered	-	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	-	-	-	-
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	-
	-	-	-	-	-	-
Finance income from retakaful / reinsurance contracts held	-	-	-	-	-	-
Total amounts recognised in statement of income	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	-	-	-	-	-	-
Recoveries from retakaful / reinsurance	-	-	-	-	-	-
	-	-	-	-	-	-
Net balance as at 30 June	-	-	-	-	-	-
Closing retakaful / reinsurance contract assets	-	-	-	-	-	-
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 30 June	-	-	-	-	-	-



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts** *(continued)*

**7.1 Movements in insurance and reinsurance contract balances** *(continued)*

**7.1.2 Retakaful / reinsurance contracts** *(continued)*

**b) Medical / Health** *(continued)*

Medical / Health (continued)	Unaudited					
	31 December 2022					
	ARC		AIC for contracts not under the PAA	AIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non financial risks	
	SAR '000					
Opening retakaful / reinsurance contract assets	-	-	-	-	-	
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	
Net balance as at 1 January - restated	-	-	-	-	-	
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	-	-	-	-	-	
Other incurred directly attributable expenses	-	-	-	-	-	
Claims recovered	-	-	-	-	-	
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	-	-	-	
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	
	-	-	-	-	-	
Finance income from retakaful / reinsurance contracts held	-	-	-	-	-	
Total amounts recognised in statement of income	-	-	-	-	-	
Investment components	-	-	-	-	-	
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	-	-	-	-	-	
Recoveries from retakaful / reinsurance	-	-	-	-	-	
	-	-	-	-	-	
Net balance as at 31 December - restated	-	-	-	-	-	
Closing retakaful / reinsurance contract assets	-	-	-	-	-	
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	
Net balance as at 31 December - restated	-	-	-	-	-	



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**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**b) Medical / Health (continued)**

**Unaudited**

	30 June 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	SAR '000							
Opening retakaful / reinsurance contract assets	-	-	-	-	-	-	-	-
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	-	-	-
<b>Net balance as at 1 January - restated</b>	-	-	-	-	-	-	-	-
<b>Changes that relate to current service</b>								
CSM recognised for the services received	-	-	-	-	-	-	-	-
Change in the risk adjustment for non-financial risk for the risk expired	-	-	-	-	-	-	-	-
Experience adjustments	-	-	-	-	-	-	-	-
<b>Changes that relate to future service</b>								
Changes in estimates that adjust the CSM	-	-	-	-	-	-	-	-
Contracts initially recognised in the period	-	-	-	-	-	-	-	-
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	-	-	-	-	-	-
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-	-	-	-
Experience adjustments	-	-	-	-	-	-	-	-
<b>Changes that relate to past service</b>								
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	-	-	-	-	-	-
Experience adjustments	-	-	-	-	-	-	-	-
<b>Insurance service result</b>	-	-	-	-	-	-	-	-
Finance income from retakaful / reinsurance contracts held	-	-	-	-	-	-	-	-
<b>Total amounts recognised in statement of income</b>	-	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-	-
<b>Cash flows</b>								
Premiums paid net of ceding commissions and other directly attributable expenses paid	-	-	-	-	-	-	-	-
Recoveries from retakaful / reinsurance	-	-	-	-	-	-	-	-
<b>Net balance as at 30 June / 31 December - restated</b>	-	-	-	-	-	-	-	-
Closing retakaful / reinsurance contract assets	-	-	-	-	-	-	-	-
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	-	-	-
<b>Net balance as at 30 June / 31 December - restated</b>	-	-	-	-	-	-	-	-



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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**c) Property & casualty**

Property & casualty	Unaudited					
	30 June 2023					
	ARC		AIC for contracts not under the PAA	AIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening retakaful / reinsurance contract assets	45,057	-	203,506	-	-	248,563
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 1 January - restated	45,057	-	203,506	-	-	248,563
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	(170,185)	-	-	-	-	(170,185)
Other incurred directly attributable expenses	-	-	-	-	-	-
Claims recovered	-	-	194,224	-	-	194,224
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	149,413	-	-	149,413
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	-
	(170,185)	-	343,637	-	-	173,452
Finance income from retakaful / reinsurance contracts held	6,584	-	2,910	-	-	9,494
Total amounts recognised in statement of income	(163,601)	-	346,547	-	-	182,946
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	171,576	-	-	-	-	171,576
Recoveries from retakaful / reinsurance	-	-	(3,835)	-	-	(3,835)
	171,576	-	(3,835)	-	-	167,741
Net balance as at 30 June	53,032	-	546,218	-	-	599,250
Closing retakaful / reinsurance contract assets	53,032	-	546,218	-	-	599,250
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 30 June	53,032	-	546,218	-	-	599,250



**Al Rajhi Company for Cooperative Insurance**  
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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**c) Property & casualty (continued)**

Property & casualty (continued)	Unaudited					
	31 December 2022					
	ARC		AIC for contracts not under the PAA	AIC for contracts under the PAA		Total
	Excluding loss recovery component	Loss recovery component		Present value of future cash flows	Risk adjustment for non-financial risks	
	SAR '000					
Opening retakaful / reinsurance contract assets	123,419	-	155,988	-	-	279,407
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 1 January - restated	123,419	-	155,988	-	-	279,407
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	(412,569)	-	-	-	-	(412,569)
Other incurred directly attributable expenses	-	-	-	-	-	-
Claims recovered	-	-	158,301	-	-	158,301
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(90,828)	-	-	(90,828)
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	-
	(412,569)	-	67,473	-	-	(345,096)
Finance income from retakaful / reinsurance contracts held	4,580	-	(445)	-	-	4,135
Total amounts recognised in statement of income	(407,989)	-	67,028	-	-	(340,961)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	329,627	-	-	-	-	329,627
Recoveries from retakaful / reinsurance	-	-	(19,510)	-	-	(19,510)
	329,627	-	(19,510)	-	-	310,117
Net balance as at 31 December - restated	45,057	-	203,506	-	-	248,563
Closing retakaful / reinsurance contract assets	45,057	-	203,506	-	-	248,563
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	-
Net balance as at 31 December - restated	45,057	-	203,506	-	-	248,563



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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**c) Property & casualty (continued)**

Unaudited							
30 June 2023				31 December 2022			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
SAR '000							
-	26,601	259,283	285,884	126,643	59,673	93,091	279,407
(37,321)	-	-	(37,321)	-	-	-	-
(37,321)	26,601	259,283	248,563	126,643	59,673	93,091	279,407
-	-	(283,138)	(283,138)	-	-	(464,313)	(464,313)
-	13,460	-	13,460	-	(11,940)	-	(11,940)
142,125	-	-	142,125	34,742	-	-	34,742
142,125	13,460	(283,138)	(127,553)	34,742	(11,940)	(464,313)	(441,511)
(82,304)	(8,621)	195,316	104,391	20,736	616	204,731	226,083
(215,939)	9,301	206,638	-	(424,851)	3,615	421,236	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(104,391)	-	-	(104,391)	(226,083)	-	-	(226,083)
(402,634)	680	401,954	-	(630,198)	4,231	625,967	-
136,813	12,600	-	149,413	(64,862)	(25,966)	-	(90,828)
151,592	-	-	151,592	187,243	-	-	187,243
288,405	12,600	-	301,005	122,381	(25,966)	-	96,415
27,896	26,740	118,816	173,452	(473,075)	(33,675)	161,654	(345,096)
1,038	29	8,427	9,494	(1,006)	603	4,538	4,135
28,934	26,769	127,243	182,946	(474,081)	(33,072)	166,192	(340,961)
-	-	-	-	-	-	-	-
171,576	-	-	171,576	329,627	-	-	329,627
(3,835)	-	-	(3,835)	(19,510)	-	-	(19,510)
167,741	-	-	167,741	310,117	-	-	310,117
159,354	53,370	386,526	599,250	(37,321)	26,601	259,283	248,563
159,354	53,370	386,526	599,250	-	26,601	259,283	285,884
-	-	-	-	(37,321)	-	-	(37,321)
159,354	53,370	386,526	599,250	(37,321)	26,601	259,283	248,563



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts** *(continued)*

**7.1 Movements in insurance and reinsurance contract balances** *(continued)*

**7.1.2 Retakaful / reinsurance contracts** *(continued)*

**d) Protection & savings**

Protection & savings	Unaudited					
	30 June 2023					
	ARC		AIC for contracts under the PAA			
	Excluding loss recovery component	Loss recovery component	AIC for contracts not under the PAA	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	SAR '000					
Opening retakaful / reinsurance contract assets	-	32	116,910	-	-	116,942
Opening retakaful / reinsurance contract liabilities	(9,847)	-	-	-	-	(9,847)
Net balance as at 1 January - restated	(9,847)	32	116,910	-	-	107,095
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	(9,031)	-	-	-	-	(9,031)
Other incurred directly attributable expenses	-	-	-	-	-	-
Claims recovered	-	-	(18,060)	-	-	(18,060)
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(41,534)	-	-	(41,534)
Income on initial recognition of onerous underlying contracts	-	-	-	-	-	-
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-	-
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	-
	(9,031)	-	(59,594)	-	-	(68,625)
Finance income from retakaful / reinsurance contracts held	889	-	888	-	-	1,777
Total amounts recognised in statement of income	(8,142)	-	(58,706)	-	-	(66,848)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	15,508	-	-	-	-	15,508
Recoveries from retakaful / reinsurance	-	-	-	-	-	-
	15,508	-	-	-	-	15,508
Net balance as at 30 June	(2,481)	32	58,204	-	-	55,755
Closing retakaful / reinsurance contract assets	-	32	58,204	-	-	58,236
Closing retakaful / reinsurance contract liabilities	(2,481)	-	-	-	-	(2,481)
Net balance as at 30 June	(2,481)	32	58,204	-	-	55,755



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**Notes to the interim condensed financial information (continued)**

**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**d) Protection & savings (continued)**

Protection & savings (continued)	Unaudited					
	31 December 2022					
	ARC		AIC for contracts under the PAA			
	Excluding loss recovery component	Loss recovery component	AIC for contracts not under the PAA	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	SAR '000					
Opening retakaful / reinsurance contract assets	-	-	140,038	-	-	140,038
Opening retakaful / reinsurance contract liabilities	(124,617)	-	-	-	-	(124,617)
Net balance as at 1 January - restated	(124,617)	-	140,038	-	-	15,421
Net income (expenses) from retakaful / reinsurance contracts held						
Retakaful / reinsurance expenses	(27,248)	-	-	-	-	(27,248)
Other incurred directly attributable expenses	-	-	-	-	-	-
Claims recovered	-	-	47,894	-	-	47,894
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(32,311)	-	-	(32,311)
Income on initial recognition of onerous underlying contracts	-	37	-	-	-	37
Reversal of a loss recovery component other than changes in FCF for RI contracts held	-	(1)	-	-	-	(1)
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	(5)	-	-	-	(5)
Effect of changes in the risk of retakaful / reinsurance non-performance	-	-	-	-	-	-
	(27,248)	31	15,583	-	-	(11,634)
Finance income from retakaful / reinsurance contracts held	1,394	1	396	-	-	1,791
Total amounts recognised in statement of income	(25,854)	32	15,979	-	-	(9,843)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses paid	140,624	-	-	-	-	140,624
Recoveries from retakaful / reinsurance	-	-	(39,107)	-	-	(39,107)
	140,624	-	(39,107)	-	-	101,517
Net balance as at 31 December - restated	(9,847)	32	116,910	-	-	107,095
Closing retakaful / reinsurance contract assets	-	32	116,910	-	-	116,942
Closing retakaful / reinsurance contract liabilities	(9,847)	-	-	-	-	(9,847)
Net balance as at 31 December - restated	(9,847)	32	116,910	-	-	107,095



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**7. Insurance and retakaful / reinsurance contracts (continued)**

**7.1 Movements in insurance and reinsurance contract balances (continued)**

**7.1.2 Retakaful / reinsurance contracts (continued)**

**d) Protection & savings (continued)**

Unaudited							
30 June 2023				31 December 2022			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
SAR '000							
97,519	11,981	-	109,500	(4,060)	11,184	8,296	15,420
-	-	(2,405)	(2,405)	-	-	-	-
97,519	11,981	(2,405)	107,095	(4,060)	11,184	8,296	15,420
-	-	(18,039)	(18,039)	-	-	(17,087)	(17,087)
-	182	-	182	-	5,614	-	5,614
(27,732)	-	-	(27,732)	41,974	-	-	41,974
(27,732)	182	(18,039)	(45,589)	41,974	5,614	(17,087)	30,501
(26,496)	(2,107)	30,197	1,594	279	(145)	(3,269)	(3,135)
(18,243)	3,995	14,248	-	(9,926)	259	9,667	-
-	-	-	-	-	-	37	37
-	-	-	-	-	-	(5)	(5)
(1,421)	-	(173)	(1,594)	3,166	-	(32)	3,134
(46,160)	1,888	44,272	-	(6,481)	114	6,398	31
(36,200)	(5,334)	-	(41,534)	(27,524)	(4,787)	-	(32,311)
18,497	-	-	18,497	(9,856)	-	-	(9,856)
(17,703)	(5,334)	-	(23,037)	(37,380)	(4,787)	-	(42,167)
(91,595)	(3,264)	26,233	(68,626)	(1,887)	941	(10,689)	(11,635)
1,973	(371)	175	1,777	1,949	(144)	(12)	1,793
(89,622)	(3,635)	26,408	(66,849)	62	797	(10,701)	(9,842)
-	-	-	-	-	-	-	-
15,509	-	-	15,509	140,625	-	-	140,625
-	-	-	-	(39,108)	-	-	(39,108)
15,509	-	-	15,509	101,517	-	-	101,517
23,406	8,346	24,003	55,755	97,519	11,981	(2,405)	107,095
23,406	8,346	24,003	55,755	97,519	11,981	-	109,500
-	-	-	-	-	-	(2,405)	(2,405)
23,406	8,346	24,003	55,755	97,519	11,981	(2,405)	107,095



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### Notes to the interim condensed financial information *(continued)*

#### For the three and six-month period ended 30 June 2023

#### 8. Statutory deposit

Statutory deposit amounting to SAR 40 million (31 December 2022: SAR 40 million) kept with a local bank, represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (“SAMA”). This statutory deposit cannot be withdrawn without the consent of SAMA. Under ECL method, the Company charged an impairment loss amounting to SAR 0.03 million (31 December 2022: SAR 0.03 million).

#### 9. Provision for zakat

A summary of movement in the zakat and income tax accrued during the six month period ended 30 June 2023 and the year ended 31 December 2022 are as follows:

	Unaudited 30 June 2023	Unaudited 31 December 2022	Unaudited 1 January 2022
		Restated	Restated
	SAR '000		
Opening balance	49,925	51,341	47,904
Provided during the period / year	1,395	10,250	24,158
Payments during the period / year	(3,443)	(11,666)	(20,721)
Closing balance	47,877	49,925	51,341

#### 9.1 Status of assessments

The Company had filed zakat and income tax returns with the Zakat, Tax and Customs Authority (“ZATCA”) for the years from 2010 to 2022.

ZATCA has issued assessments for the years 2015 to 2018, demanding an additional Zakat as assessed by them amounting to SAR 11.73 million pertains to these years. The Company paid an amount of SAR 1.66 million and has filed objections for SAR 10.07 million with the authority. Further, ZATCA issued initial assessment for the years 2019 & 2020, demanding additional assessed amount of SAR 10.03 million and SAR 12.10 million respectively. The company paid 10% of the assessed amounts and appealed against the additional assessed amounts in full for those years.

Based on the appeals and as per the update from tax consultant, the Company does not expect any negative outcome from the additional assessed amounts.

#### 10. Share Capital

The authorised, issued and paid-up capital of the Company was SAR 400 million at 30 June 2023 (31 December 2022: SAR 400 million) consisting of 40 million shares (31 December 2022: 40 million shares) of SAR 10 each.

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

	Unaudited 30 June 2023		
	Authorised and issued Number of Shares	Paid-up SAR '000	
Al Rajhi Insurance Co. Ltd. (Bahrain)	10,600,000	106,000	106,000
Al Rajhi Banking and Investment Corporation	14,000,000	140,000	140,000
Others	15,400,000	154,000	154,000
	40,000,000	400,000	400,000



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**10. Share Capital** *(continued)*

	Unaudited		
	31 December 2022		
	Authorised and issued	Paid-up	
	Number of Shares	SAR '000	
Al Rajhi Insurance Co. Ltd. (Bahrain)	10,600,000	106,000	106,000
Al Rajhi Banking and Investment Corporation	14,000,000	140,000	140,000
Others	15,400,000	154,000	154,000
	<u>40,000,000</u>	<u>400,000</u>	<u>400,000</u>

	Unaudited		
	1 January 2022		
	Authorised and issued	Paid-up	
	Number of Shares	SAR '000	
Al Rajhi Insurance Co. Ltd. (Bahrain)	10,600,000	106,000	106,000
Al Rajhi Banking and Investment Corporation	14,000,000	140,000	140,000
Others	15,400,000	154,000	154,000
	<u>40,000,000</u>	<u>400,000</u>	<u>400,000</u>

- 10.1** The Board of Directors, through circulation on 21 Shawwal 1444 corresponding to 11 May 2023, recommended to the General Assembly to increase the AlRajhi Takaful's capital by granting bonus shares to the Company's shareholders through capitalization of SAR 600 Million from the retained earnings by way of granting 1.50 shares for every one share owned. The proposed grant is subject to obtaining necessary approvals from official authorities and the General Assembly on the capital increase and number of granted shares.

**11. Commitments and contingencies**

- 11.1** The Company's commitments and contingencies are as follows:

	Unaudited	Unaudited	Unaudited
	30 June 2023	31 December 2022	1 January 2022
		Restated	Restated
	SAR '000		
Letters of guarantee	<u>44,920</u>	<u>61,318</u>	<u>40,190</u>

- 11.2** The Company enters into takaful contracts and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all the pending and threatened legal proceedings, management does not believe that any such proceedings (including litigation) that are in progress at reporting date will have a material effect on its results and financial position.



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**Notes to the interim condensed financial information** *(continued)*  
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**12. Insurance service result**

**12.1 Insurance revenue**

		Unaudited			
		30 June 2023			
Motor	Medical / Health	Property & casualty	Protection & savings	Total	
SAR '000					
Contracts not measured under the PAA					
Amounts relating to the changes in the LRC					
- CSM recognised for the services provided	-	-	30,326	3,508	33,834
- Change in risk adjustment for non-financial risk for risk expired	-	-	2,555	6,764	9,319
- Expected incurred claims and other insurance service expenses	-	-	16,565	8,299	24,864
- Premium experience adjustment	-	-	15,527	-	15,527
- Recovery of insurance acquisition cashflows	-	-	9,863	81	9,944
	-	-	74,836	18,652	93,488
Contracts measured under the PAA	994,187	468,805	178,286	70,783	1,712,061
	994,187	468,805	253,122	89,435	1,805,549

		Unaudited			
		30 June 2022			
Motor	Medical / Health	Property & casualty	Protection & savings	Total	
		SAR '000			
Contracts not measured under the PAA					
Amounts relating to the changes in the LRC					
- CSM recognised for the services provided	-	-	27,397	1,200	28,597
- Change in risk adjustment for non-financial risk for risk expired	-	-	598	7,000	7,598
- Expected incurred claims and other insurance service expenses	-	-	6,725	5,286	12,011
- Premium experience adjustment	-	-	9,133	-	9,133
- Recovery of insurance acquisition cashflows	-	-	2,374	20	2,394
	-	-	46,227	13,506	59,733
Contracts measured under the PAA	716,099	189,707	187,844	263,666	1,357,316
	716,099	189,707	234,071	277,172	1,417,049



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**12. Insurance service result (continued)**

**12.2 Insurance service expenses**

	Unaudited				
	30 June 2023				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
Incurring claims and other incurred insurance service expenses (including other directly attributable expenses)	(922,642)	(593,040)	(224,461)	22,480	(1,717,663)
Changes that relate to past service – adjustment to the LIC	38,718	126,889	(169,526)	22,990	19,071
Changes that relate to future service – losses on onerous groups of contracts and reversal of such losses	93,679	11,057	-	12	104,748
Insurance acquisition cash flows amortisation	(82,556)	(7,456)	(5,428)	21,599	(73,841)
	(872,801)	(462,550)	(399,415)	67,081	(1,667,685)

	Unaudited				
	30 June 2022				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
Incurring claims and other incurred insurance service expenses (including other directly attributable expenses)	(783,856)	(234,277)	(104,771)	(229,782)	(1,352,686)
Changes that relate to past service – adjustment to the LIC	204,893	39,913	65,243	(75,266)	234,783
Changes that relate to future service – losses on onerous groups of contracts and reversal of such losses	(5,975)	(23,437)	-	(1)	(29,413)
Insurance acquisition cash flows amortisation	(82,253)	(9,365)	(9,437)	(11,867)	(112,922)
	(667,191)	(227,166)	(48,965)	(316,916)	(1,260,238)



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**12. Insurance service result (continued)**

**12.3 Income or expenses from retakaful / reinsurance contracts held**

			Unaudited		Total
	Motor	Medical / Health	Property & casualty	Protection & savings	
			30 June 2023		
			SAR '000		
<i>Amounts relating to the changes in the remaining coverage</i>					
- Expected amount recoverable for claims and other insurance service expenses incurred in the period	-	-	(34,830)	(8,810)	(43,640)
- Change in risk adjustment for non-financial risk for risk expired	-	-	(3,809)	(679)	(4,488)
- CSM recognised for services received	(1,844)	-	(283,138)	(18,039)	(303,021)
- Experience adjustments for premium paid	5,656	-	151,592	18,497	175,745
<b>Contracts not measured under the PAA</b>	<b>3,812</b>	<b>-</b>	<b>(170,185)</b>	<b>(9,031)</b>	<b>(175,404)</b>
<b>Contracts measured under the PAA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocation of retakaful / reinsurance contributions</b>	<b>3,812</b>	<b>-</b>	<b>(170,185)</b>	<b>(9,031)</b>	<b>(175,404)</b>
 Amounts recoverable for incurred claims and other incurred insurance service expenses	 -	 -	 194,224	 (18,060)	 176,164
 Changes in amounts recoverable that relate to past service – adjustments to incurred claims	 (11,995)	 -	 149,413	 (41,534)	 95,884
 Recoveries of loss on recognition of underlying onerous contracts	 -	 -	 -	 -	 -
 Recoveries of losses on onerous group of underlying contracts and reversal of such losses	 -	 -	 -	 -	 -
<b>Contracts not measured under the PAA</b>	<b>(11,995)</b>	<b>-</b>	<b>343,637</b>	<b>(59,594)</b>	<b>272,048</b>
<b>Contracts measured under the PAA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amounts recoverable from retakaful / reinsurance</b>	<b>(11,995)</b>	<b>-</b>	<b>343,637</b>	<b>(59,594)</b>	<b>272,048</b>
 <b>Net income from retakaful / reinsurance contracts held</b>	 <b>(8,183)</b>	 <b>-</b>	 <b>173,452</b>	 <b>(68,625)</b>	 <b>96,644</b>



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**Notes to the interim condensed financial information (continued)**  
**For the three and six-month period ended 30 June 2023**

**12. Insurance service result (continued)**

**12.3 Income or expenses from retakaful / reinsurance contracts held (continued)**

	Unaudited			
	30 June 2022			
	Motor	Medical / Health	Property & casualty	Protection & savings
	SAR '000			
	Total			
<i>Amounts relating to the changes in the remaining coverage</i>				
- Expected amount recoverable for claims and other insurance service expenses incurred in the period	-	-	(80,485)	(100,980)
- Change in risk adjustment for non-financial risk for risk expired	-	-	(19,177)	(7,975)
- CSM recognised for services received	(1,016)	-	(108,144)	(102,316)
- Experience adjustments for premium paid	(7,939)	-	(43,484)	51,948
Contracts not measured under the PAA	(8,955)	-	(251,290)	(159,323)
Contracts measured under the PAA	-	-	-	-
Allocation of retakaful / reinsurance contributions	(8,955)	-	(251,290)	(159,323)
Amounts recoverable for incurred claims and other incurred insurance service expenses	11,537	-	88,212	159,516
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	(11,783)	-	(60,210)	58,817
Recoveries of loss on recognition of underlying onerous contracts	-	-	-	3
Recoveries of losses on onerous group of underlying contracts and reversal of such losses	-	-	-	(3)
Contracts not measured under the PAA	(246)	-	28,002	218,333
Contracts measured under the PAA	-	-	-	-
Amounts recoverable from retakaful / reinsurance	(246)	-	28,002	218,333
Net income from retakaful / reinsurance contracts held	(9,201)	-	(223,288)	59,010



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**12. Insurance & retakaful / reinsurance finance income / expenses**

**12.4 Finance expense from insurance contracts issued - net**

	Unaudited			
	30 June 2023			
	Motor	Medical / Health	Property & casualty	Protection & savings
	SAR '000			
Changes in fair value of underlying assets of contracts measured under the VFA	-	-	-	(82,118)
Interest accreted	(10,386)	(2,737)	(5,754)	(5,302)
Effect of changes in interest rates and other financial assumptions	(6,436)	(4,370)	(586)	209
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	86	(12)
Foreign exchange differences	-	-	-	-
	(16,822)	(7,107)	(6,254)	(87,223)
	Unaudited			
	30 June 2022			
	Motor	Medical / Health	Property & casualty	Protection & savings
	SAR '000			
Changes in fair value of underlying assets of contracts measured under the VFA	-	-	-	4,788
Interest accreted	(2,367)	(385)	(1,025)	(752)
Effect of changes in interest rates and other financial assumptions	11,522	588	934	492
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	259	-
Foreign exchange differences	-	-	-	-
	9,155	203	168	4,528

**12.5 Finance income (expenses) from retakaful / reinsurance contracts held**

	Unaudited			
	30 June 2023			
	Motor	Medical / Health	Property & casualty	Protection & savings
	SAR '000			
Interest accreted	59	-	8,488	629
Effect of changes in interest rates and other financial assumptions	15	-	488	460
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	(28)	-	518	688
	46	-	9,494	1,777
	Unaudited			
	30 June 2022			
	Motor	Medical / Health	Property & casualty	Protection & savings
	SAR '000			
Interest accreted	2,022	-	1,492	130
Effect of changes in interest rates and other financial assumptions	(42)	-	(2,804)	614
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	1	-	(494)	234
	1,981	-	(1,806)	978



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**13. Operating Segments**

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

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

Segment assets do not include takaful operations' bank balances and cash, net contributions receivable, investments etc., accordingly, they are included in unallocated assets. Segment liabilities do not include takaful operations' payables accruals and other liabilities and re-takaful / re-insurance balances payable etc., accordingly, they are included in unallocated liabilities.

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 June 2023 and 31 December 2022, its total revenues, expenses, and net income for period ended, are as follows:

Customers' category	Unaudited				
	For the six-month period ended 30 June 2023				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
Gross contribution written					
Retail	710,135	30,766	6,858	123,314	871,073
Very small	112,056	2,145	-	-	114,201
Small	8,807	9,126	16	-	17,949
Medium	29,775	18,562	6	-	48,343
Corporate	462,855	580,958	290,146	76,482	1,410,441
Total gross contribution written	1,323,628	641,557	297,026	199,796	2,462,007

Customers' category	Unaudited				Total
	For the six-month period ended 30 June 2022				
	Motor	Medical / Health	Property & casualty	Protection & savings	
	SAR '000				
Gross contribution written					
Retail	307,388	27,678	7,047	66,228	408,341
Very small	17,140	1,852	-	-	18,992
Small	59,691	7,879	-	-	67,570
Medium	34,141	14,805	39	-	48,985
Corporate	281,602	311,103	376,077	243,478	1,212,260
Total gross contribution written	699,962	363,317	383,163	309,706	1,756,148



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**Notes to the interim condensed financial information** *(continued)*  
**For the three and six-month period ended 30 June 2023**

**13. Operating Segments** *(continued)*

Customers' category	Unaudited				
	For the three-month period ended 30 June 2023				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
Gross contribution written					
Retail	360,778	12,416	3,938	70,060	447,192
Very small	52,421	-	-	-	52,421
Small	3,897	-	-	-	3,897
Medium	14,298	13,297	6	-	27,601
Corporate	188,243	291,022	201,632	42,349	723,246
Total gross contribution written	619,637	316,735	205,576	112,409	1,254,357

Customers' category	Unaudited				
	For the three-month period ended 30 June 2022				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
Gross contribution written					
Retail	163,413	13,571	4,932	33,929	215,845
Very small	17,140	-	-	-	17,140
Small	11,742	-	-	-	11,742
Medium	19,250	1,842	4	-	21,096
Corporate	112,682	239,157	217,991	130,835	700,665
Total gross contribution written	324,227	254,570	222,927	164,764	966,488



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**13. Operating Segments (continued)**

	Unaudited				
	For the six-month period ended 30 June 2023				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
Insurance revenue	994,187	468,805	253,122	89,435	1,805,549
Insurance service expenses	(872,801)	(462,550)	(399,415)	67,081	(1,667,685)
<b>Insurance service result before retakaful / reinsurance contracts held</b>	<b>121,386</b>	<b>6,255</b>	<b>(146,293)</b>	<b>156,516</b>	<b>137,864</b>
Allocation of retakaful / reinsurance contributions	3,812	-	(170,185)	(9,031)	(175,404)
Amounts recoverable from retakaful / reinsurance for incurred claims	(11,995)	-	343,637	(59,594)	272,048
<b>Net (expense) / income from retakaful / reinsurance contracts held</b>	<b>(8,183)</b>	<b>-</b>	<b>173,452</b>	<b>(68,625)</b>	<b>96,644</b>
<b>Insurance service result</b>	<b>113,203</b>	<b>6,255</b>	<b>27,159</b>	<b>87,891</b>	<b>234,508</b>
Finance expense from insurance contracts issued	(16,822)	(7,107)	(6,254)	(87,223)	(117,406)
Finance income from retakaful / reinsurance contracts held	46	-	9,494	1,777	11,317
<b>Net finance (expenses) / income</b>	<b>(16,776)</b>	<b>(7,107)</b>	<b>3,240</b>	<b>(85,446)</b>	<b>(106,089)</b>
Net gains on investments mandatorily measured at FVSI					5,080
Dividend income					5,951
Special commission income					57,930
Reversal of impairment on financial assets					(95)
<b>Net investment income</b>					<b>68,866</b>
<b>Net insurance and investment result</b>					<b>197,285</b>
Other operating expenses					(58,877)
Other income					90
<b>Net income for the period before zakat</b>					<b>138,498</b>
Provision for zakat					(1,395)
<b>Net income for the period after zakat</b>					<b>137,103</b>



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**Notes to the interim condensed financial information (continued)**  
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**13. Operating Segments (continued)**

	Unaudited				
	For the six-month period ended 30 June 2022				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
Insurance revenue	716,099	189,707	234,071	277,172	1,417,049
Insurance service expenses	(667,191)	(227,166)	(48,965)	(316,916)	(1,260,238)
Insurance service result before retakaful / reinsurance contracts held	48,908	(37,459)	185,106	(39,744)	156,811
Allocation of retakaful / reinsurance contributions	(8,955)	-	(251,290)	(159,323)	(419,568)
Amounts recoverable from retakaful / reinsurance for incurred claims	(246)	-	28,002	218,333	246,089
Net (expense) / income from retakaful / reinsurance contracts held	(9,201)	-	(223,288)	59,010	(173,479)
Insurance service result	39,707	(37,459)	(38,182)	19,266	(16,668)
Finance expense from insurance contracts issued	9,155	203	168	4,528	14,054
Finance income from retakaful / reinsurance contracts held	1,981	-	(1,806)	978	1,153
Net finance (expenses) / income	11,136	203	(1,638)	5,506	15,207
Net gains on investments mandatorily measured at FVSI					8,968
Dividend income					6,145
Special commission income					29,387
Reversal of impairment on financial assets					(49)
Net investment income					44,451
Net insurance and investment result					42,990
Other operating expenses					(30,078)
Other income					-
Net income for the period before zakat					12,912
Provision for zakat					(5,117)
Net income for the period after zakat					7,795



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**13. Operating Segments (continued)**

	Unaudited				
	As at 30 June 2023				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
<b>Assets</b>					
Insurance contract assets	-	98,466	-	93,794	<b>192,260</b>
Retakaful / reinsurance contract assets	95	-	599,250	58,236	<b>657,581</b>
Cash and cash equivalents					<b>845,595</b>
Investments					<b>3,320,356</b>
Other unallocated assets					<b>295,621</b>
<b>Total assets</b>					<b>5,311,413</b>
<b>Liabilities</b>					
Insurance contract liabilities	1,930,747	378,321	698,628	475,119	<b>3,482,815</b>
Retakaful / reinsurance contract liabilities	347	-	-	2,481	<b>2,828</b>
Other unallocated liabilities, equity and surplus					<b>1,825,770</b>
<b>Total liabilities, accumulated surplus and equity</b>					<b>5,311,413</b>
	Unaudited				
	As at 31 December 2022				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
<b>Assets</b>					
Insurance contract assets	33	282	-	-	315
Retakaful / reinsurance contract assets	12,015	-	248,563	116,942	377,520
Cash and cash equivalents					618,495
Investments					3,095,416
Other unallocated assets					263,964
<b>Total assets</b>					<b>4,355,710</b>
<b>Liabilities</b>					
Insurance contract liabilities	1,556,020	312,092	453,893	478,008	2,800,013
Retakaful / reinsurance contract liabilities	-	-	-	9,847	9,847
Unallocated liabilities, equity and surplus					1,545,850
<b>Total liabilities, accumulated surplus and equity</b>					<b>4,355,710</b>
	Unaudited				
	As at 1 January 2022				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	SAR '000				
<b>Assets</b>					
Insurance contract assets	2,906	-	-	-	2,906
Retakaful / reinsurance contract assets	11,778	-	279,407	140,038	431,223
Cash and cash equivalents					498,996
Investments					2,851,754
Other unallocated assets					260,458
<b>Total assets</b>					<b>4,045,337</b>
<b>Liabilities</b>					
Insurance contract liabilities	1,448,012	209,907	353,328	361,156	2,372,403
Retakaful / reinsurance contract liabilities	490	-	-	124,617	125,107
Unallocated liabilities, equity and surplus					1,547,827
<b>Total liabilities, accumulated surplus and equity</b>					<b>4,045,337</b>



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**14. Related party transactions and balances**

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

	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>Transactions for the</b>		<b>Balance receivable / (payable)</b>		
	<b>period ended</b>		<b>as at</b>		
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>31 December</b>	<b>1 January</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>SAR '000</b>				
<b>Major shareholders</b>					
Gross contribution written	<b>303,283</b>	273,571	<b>137,358</b>	121,709	95,806
Claims paid	<b>184,495</b>	309,189	-	-	-
Claims incurred and notified during the period	<b>(214,423)</b>	391,239	<b>(47,857)</b>	(351,061)	(101,720)
Bank balance	-	-	<b>406,001</b>	294,200	255,485
Investment in shares of Al Rajhi Banking and Investment Corporation	-	-	<b>53,190</b>	54,793	64,575
<b>Entities controlled, jointly controlled or significantly influenced by related parties</b>					
Gross contribution written	<b>47,201</b>	19,596	<b>30,678</b>	1,215	1,529
Claims paid	-	127	-	-	-
Claims incurred and notified during the period	<b>(861)</b>	29,046	<b>25,485</b>	(26,345)	(9,679)
Investments managed by affiliates	<b>6,184</b>	2,703	<b>402,812</b>	302,591	292,003
Investment management fee paid to Al Rajhi Capital Company	<b>1,307</b>	1,507	-	-	-

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

	<b>Unaudited</b>	<b>Unaudited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>Restated</b>	
	<b>SAR '000</b>	
Salaries and other allowances	<b>3,251</b>	2,783
End of service benefits	<b>786</b>	1,006
	<b>4,037</b>	3,789
Shariah committee remuneration	<b>120</b>	105



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**15. Fair values of financial instruments**

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

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

**Determination of fair value and fair value hierarchy**

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

- Level 1: financial instruments with 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;
- Level 3: valuation techniques for which any significant input is not based on observable market data.

**Carrying amounts and fair value**

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

	<b>Unaudited</b>			
	<b>30 June 2023</b>			
	<b>Carrying value</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		<b>SAR '000</b>		
				<b>Total</b>
<b>Financial assets measured at fair value</b>				
Investments mandatorily measured at FVSI	529,337	-	529,337	-
Investments designated as FVOCI – Quoted securities	393,588	393,588	-	-
Investments designated as FVOCI – Unquoted securities	39,702	-	-	39,702
	<b>962,627</b>	<b>393,588</b>	<b>529,337</b>	<b>39,702</b>
				<b>962,627</b>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	845,595	-	-	-
Investments held at amortised cost	2,357,729	-	-	-
Statutory deposit	39,971	-	-	-
Other assets	30,013	-	-	-
	<b>3,273,308</b>	<b>-</b>	<b>-</b>	<b>-</b>
				<b>3,273,308</b>



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**15. Fair values of financial instruments (continued)**

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

**Carrying amounts and fair value (continued)**

	Unaudited			
	31 December 2022			
	Fair value			Total
	Carrying value	Level 1	Level 2	Level 3
	SAR '000			
Financial assets measured at fair value				
Investments mandatorily measured at FVSI	467,754	-	467,754	-
Investments designated as FVOCI – Quoted securities	422,384	422,384	-	-
Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542
	<u>897,680</u>	<u>422,384</u>	<u>467,754</u>	<u>7,542</u>
				<u>897,680</u>
Financial assets not measured at fair value				
Cash and cash equivalents	618,495	-	-	-
Investments held at amortised cost	2,197,736	-	-	-
Statutory deposit	39,971	-	-	-
Other assets	38,183	-	-	-
	<u>2,894,385</u>	<u>-</u>	<u>-</u>	<u>-</u>
				<u>2,894,385</u>
	Unaudited			
	1 January 2022			
	Fair value			Total
	Carrying value	Level 1	Level 2	Level 3
	SAR '000			
Financial assets measured at fair value				
Investments mandatorily measured at FVSI	526,904	-	526,904	-
Investments designated as FVOCI – Quoted securities	427,742	427,742	-	-
Investments designated as FVOCI – Unquoted securities	7,542	-	-	7,542
	<u>962,188</u>	<u>427,742</u>	<u>526,904</u>	<u>7,542</u>
				<u>962,188</u>
Financial assets not measured at fair value				
Cash and cash equivalents	498,996	-	-	-
Investments held at amortised cost	1,889,566	-	-	-
Statutory deposit	39,971	-	-	-
Other assets	26,632	-	-	-
	<u>2,455,165</u>	<u>-</u>	<u>-</u>	<u>-</u>
				<u>2,455,165</u>

The fair values of the financial assets not measured at fair value are not materially different from their carrying values.

**Level 3 fair values**

**Reconciliation of Level 3 fair values**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Unaudited
	30 June 2023
Financial assets at FVOCI – Unquoted securities	
SAR'000	
Balance at 1 January 2023	7,542
Gain / (loss) included in OCI	32,160
<b>Balance at 30 June 2023</b>	<b>39,702</b>



**Notes to the interim condensed financial information** *(continued)*  
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**16. Capital management**

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

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

The 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 SAR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at 30 June 2023 consists of paid-up share capital of SAR 400 million, statutory reserves of SAR 223.53 million and retained earnings of SAR 829.63 million (31 December 2022: paid-up share capital of SAR 400 million, statutory reserves of SAR 196.11 million and retained earnings of SAR 719.94 million) in the interim condensed statement of financial position.

**17. Earnings per share**

Earnings per share for the periods ended 30 June 2023 and 30 June 2022 are calculated by dividing the net income for the period attributable to the equity holders by 40 million shares. There were no dilutive potential shares in issue as at 30 June 2023 and 30 June 2022.

**18. Approval of the interim condensed financial information**

The interim condensed financial information was approved by the Board of Directors of the Company, on 19 Muharram 1445, corresponding 6 August 2023.