

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024



KPMG Professional Services Company
Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarter in Rivadh



Al Kharashi & Co.

Certified Accountants and Auditors
7425 Sahab Towor-Altakhasusi Street
Riyadh- KSA.
P.O Box. 8306, Riyadh 11482
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Independent auditors' report

To the Shareholders of Gulf General Cooperative Insurance Company

Opinion

We have audited the financial statements of **Gulf General Cooperative Insurance Company** (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (b) of these financial statements, which indicates that the Company has incurred a net loss of SR 94.2 million during the year ended 31 December 2024 and, as of that date, the Company's accumulated losses amounted to SR 138 million which represents 46% of the share capital. The solvency ratio which stands at a lower rate than required. These conditions, along with other matters as set forth in Note 2 (b), indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter paragraph

We draw attention to Note 1 of these financial statements, which indicates that the Company has announced signing of binding agreement with Gulf Union Al Ahlia Cooperative Insurance Company (GUAI) dated 12 February 2025 corresponding to 13th Shaban 1446H pursuant to which the Company will be merged with GUAI which will result in all rights, liabilities, assets and contracts of the Company being subsumed into GUAI. The Company has also obtained approval from Insurance Authority on 11 February 2025 and from CMA on 24 February 2025 to proceed with the merger. On 25 March 2025 the companies have entered into the termination agreement and they have announced the cancelation of the merger. Our opinion is not modified in respect of this matter.

Key Audit Matters

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



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Independent auditors' report

To the Shareholders of Gulf General Cooperative Insurance Company (continued)

Key Audit Matter (continued)

The key audit matter	How the matter was addressed in our audit
<p>Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities</p> <p>As at December 31, 2024, estimate of present value of future cash flows and risk adjustment for non-financial risk amounts to SR 68.61 million and SR 1.94 million respectively, as reported in Note 10 to the financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows is based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. Accordingly, the complexity arises from calculating the actuarial best estimate using historical data which is sensitive to external inputs, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>Due to the inherent estimation uncertainty, subjectivity and complexity involved in the assessment of valuation of the liability for incurred claims items arising from insurance contracts, along with these amounts being material, we have considered this as a key audit matter.</p> <p>Refer to Notes 3 and 4 to the financial statements for the material accounting policies and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to Note 10 for the movement in insurance contract liabilities.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> Understood, evaluated and tested key controls around the claims handling and provision setting processes. Evaluated the competence, capabilities and objectivity of the management's appointed actuary based on their professional qualifications and experience and assessed their independence. Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. Assessed the integrity of data used as inputs into the actuarial valuations by testing on sample basis, the accuracy of underlying claims data utilised by management's appointed actuary in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by tracing it to the accounting and other records. Engaged our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's appointed actuary, by performing the following: <ul style="list-style-type: none"> (i) Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought justification for any significant differences; and (ii) Assessed the appropriateness of key actuarial assumptions including expected loss ratios. We tested these assumptions by comparing them with the Company's historical experience, and our own industry knowledge. We also performed reprojections of the present value of future cashflows based on these assumption and methods and compared them with the amounts recorded by the management. Assessed the adequacy and appropriateness of the related disclosures in the financial statements.



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Independent auditors' report

To the Shareholders of Gulf General Cooperative Insurance Company (Continued)

Other Information

Management is responsible for the other information. The other information comprises the supplementary information, which we obtained prior to the date of this auditors' report, and the information included in the annual report (but does not include the financial statements and our auditors' report thereon), which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance, i.e. the Board of Directors of the Company are responsible for overseeing the Company's financial reporting process.



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Independent auditors' report

To the Shareholders of Gulf General Cooperative Insurance Company (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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Independent auditors' report

To the Shareholders of Gulf General Cooperative Insurance Company (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

We draw your attention to note 30 of the financial statements which describes that the Company has not complied with the applicable requirements of maintaining the solvency ratio as per Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law.

For KPMG Professional Services Company

Nasser Ahmed Al Shutairy
Certified Public Accountant
License No. 454

**Al Kharashi & Co. Certified
Accountants and Auditors.**

Abdullah AlMsned
Certified Public Accountant
License No. 456

March 27, 2025 G

Corresponding to Ramadan 27, 1446 H
Jeddah, Kingdom of Saudi Arabia



GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of financial position
As at December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents	5	6,559	14,462
Investments held at amortised cost	6	181,381	152,926
Investments held at fair value through profit or loss (FVTPL)	7	57,048	53,572
Investments held at fair value through other comprehensive income (FVOCI)	8	61,124	43,462
Prepaid expenses and other assets	9	15,936	35,661
Reinsurance contract assets	10	36,847	44,583
Insurance contract assets	10	1,491	--
Property and equipment	11	11,088	13,532
Intangible assets	12	11,172	12,113
Right-of-use assets	13	4,221	5,407
Goodwill	14	--	36,260
Statutory deposit	15	44,992	74,986
Accrued income on statutory deposit	15	1,327	3,233
TOTAL ASSETS		433,186	490,197
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other liabilities	16	13,235	14,123
Insurance contract liabilities	10	183,564	160,763
Zakat payable	18	3,669	2,973
Accrued income on statutory deposit	15	1,327	3,233
Lease liabilities	13	3,415	4,518
Employee defined benefit obligations	17	4,070	4,194
TOTAL LIABILITIES		209,280	189,804
EQUITY			
Share capital	19	300,000	500,000
Statutory reserve	20	2,165	2,165
Accumulated losses		(138,336)	(244,129)
Re-measurement reserve of defined benefit obligation	17	876	818
Fair value reserve for investments	8	59,201	41,539
TOTAL EQUITY		223,906	300,393
TOTAL LIABILITIES AND EQUITY		433,186	490,197



Director



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 33 form an integral part of these financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of income
For the year ended December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2024	December 31, 2023
Insurance revenue	22	414,352	315,646
Insurance service expenses	22	(440,538)	(285,347)
Net expenses from reinsurance contracts	22	(32,429)	(38,828)
Insurance service result from Company's directly written business		(58,615)	(8,529)
Share of surplus from insurance pools	25	1,579	12,258
Total insurance service result		(57,036)	3,729
Net gains on investments measured at FVTPL	23	2,636	8,705
Commission income on investments measured at amortised cost	23	11,596	6,566
Commission income on investments measured at FVTPL	23	255	255
Dividend income	23	580	476
Net investment return		15,067	16,002
Net finance income from reinsurance contracts	24	1,195	3,379
Net finance expense from insurance contracts	24	(873)	(7,886)
Net insurance finance expense		322	(4,507)
Net insurance and investment result		(41,647)	15,224
Impairment of goodwill	14	(36,260)	--
Other income	19	--	4,918
Other operating expenses	26	(10,685)	(13,823)
(Loss) / profit for the year attributable to the shareholders before zakat		(88,592)	6,319
Zakat	18	(5,615)	(2,787)
Net (loss) / profit for the year attributable to the shareholders		(94,207)	3,532
(Loss) / earnings per share (Basic and diluted) (expressed in SR per share)	19	(3.14)	0.12


 Director


 Chief Financial Officer


 Chief Executive Officer

The accompanying notes 1 to 33 form an integral part of these financial statements

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of comprehensive income
For the year ended December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2024	December 31, 2023
Net (loss) / profit for the year attributable to the shareholders		(94,207)	3,532
Other comprehensive income:			
<i>Items that will not be reclassified to statement of income in subsequent years</i>			
Net changes in fair value of investment measured at FVOCI – equity instruments	8	17,662	3,759
Remeasurement gain / (loss) on defined benefit obligations	17	58	(552)
Total comprehensive (loss) / income for the year attributable to the shareholders		(76,487)	6,739

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 33 form an integral part of these financial statements

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

Statement of changes in equity

For the year ended December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated losses	Re-measurement reserve of defined benefit obligation	Fair value reserve for investments	Total equity
Balance at 1 January 2023		500,000	2,165	(247,661)	1,370	37,780	293,654
<i>Total comprehensive income for the year</i>							
Net profit for the year attributable to the shareholders		--	--	3,532	--	--	3,532
Net changes in fair value of investment measured at FVOCI	8.2	--	--	--	--	3,759	3,759
Remeasurement gain on defined benefit obligations	17	--	--	--	(552)	--	(552)
Total comprehensive income for the year attributable to the shareholders		--	--	3,532	(552)	3,759	6,739
Balance at 31 December 2023		500,000	2,165	(244,129)	818	41,539	300,393
Balance at 1 January 2024		500,000	2,165	(244,129)	818	41,539	300,393
<i>Total comprehensive income for the year</i>							
Net loss for the year attributable to the shareholders		--	--	(94,207)	--	--	(94,207)
Net changes in fair value of investment measured at FVOCI	8	--	--	--	--	17,662	17,662
Remeasurement loss on defined benefit obligations	17	--	--	--	58	--	58
Total comprehensive income for the year attributable to the shareholders		--	--	(94,207)	58	17,662	(76,487)
Absorption of losses through capital reduction	19	(200,000)	--	200,000	--	--	--
Balance at 31 December 2024		300,000	2,165	(138,336)	876	59,201	223,906



Director



Chief Financial Officer



Chief Executive Officer

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of cashflow
For the year ended December 31, 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2024	December 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit for the year attributable to the shareholders before zakat		(88,592)	6,319
Adjustments for non-cash items:			
Depreciation	11	2,424	2,291
Amortization of intangible assets	12	1,484	1,472
Amortization of right-of-use assets	13.1	1,186	1,046
Finance cost on lease liability	13.2	191	79
Net gain on financial assets at FVTPL	7	(2,635)	(8,705)
Commission income on FVTPL investments and Murabaha	23	(11,851)	(6,821)
Dividend income	23	(580)	(476)
Employee defined benefit obligation	17.1	1,241	1,795
Expected credit loss adjustment		(210)	(208)
Impairment on Goodwill		36,260	--
		(61,082)	(3,208)
Changes in operating assets and liabilities:			
Insurance contract liabilities		22,801	(12)
Insurance contract assets		(1,491)	--
Reinsurance contract assets		7,736	12,210
Prepaid and other assets		19,941	15,058
Accrued expenses and other liabilities		(888)	(442)
		(12,983)	23,606
Zakat paid	18	(4,919)	(4,050)
Payment of employee defined benefit obligations	17.1	(1,307)	(2,814)
Net cash (used in) / generated from operating activities		(19,209)	16,742
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	(25)	(326)
Proceeds from disposal of property and equipment		45	--
Additions to intangible assets	12	(543)	(132)
Net placements in Murabaha deposits		(24,551)	(10,000)
Acquisition of investments held at FVTPL	7	(841)	--
Commission income received on FVTPL investments and Murabaha		7,935	4,065
Dividend income received	23	580	476
Release of statutory deposit	15	30,000	--
Net cash used in investing activities		12,600	(5,917)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	13.2	(1,294)	(1,514)
Net cash used in financing activities		(1,294)	(1,514)
Net change in cash and cash equivalents		(7,903)	9,311
Cash and cash equivalents at the beginning of the year		14,462	5,151
Cash and cash equivalents at the end of the year	5	6,559	14,462
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION			
Net changes in fair value of investment measured at FVOCI	8	17,662	3,759
Remeasurement gain / (loss) on defined benefit obligations	17.1	58	(552)
Addition of lease	13	--	5,926

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 33 form an integral part of these financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

Notes to the financial statements

December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General

Gulf General Cooperative Insurance Company ("GGCI" or the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 12/Q dated 17 Muharram 1431H (corresponding to January 3, 2010) and registered under Commercial Registration number 4030196620 dated 9 Safar 1431H (corresponding to January 25, 2010). The registered address of the Company's head office is as follows:

Gulf General Cooperative Insurance Company
Al Gheithy Plaza, Second Floor,
Ameer Al Shoura'a Street
Jeddah, Kingdom of Saudi Arabia

The Company also has the following branches, which are operating under separate commercial registrations:

Branch	Commercial Registration No.	Date of Registration
Riyadh	1010316823	29 Shawwal 1432H (corresponding to 27 September 2011)
Al Khobar	2051046836	19 Dhul Qa'dah 1432H (corresponding to 17 October 2011)
Jeddah	4030376633	12 Jumada Al Khira 1441H (Corresponding to 6 February 2020)

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/85 dated 5 Thul Hujja 1429H (corresponding to December 3, 2008) pursuant to Council of Ministers' Resolution No. 365 dated 3 Thul Hujja 1429H (corresponding to December 1, 2008). The Company obtained a license to conduct insurance operations in the Kingdom of Saudi Arabia from the Saudi Arabian Monetary Authority ("SAMA") on 20 Rabi-al-Awwal 1431H (corresponding to March 6, 2010). The Company was listed on the Saudi Arabian Stock Exchange ("Tadawul") on 24 Safar 1431H (corresponding to February 8, 2010).

From November 23, 2023, the Insurance Authority (IA) became the authorized regulator of the insurance industry in Saudi Arabia, however, laws and regulations issued previously by SAMA related to the insurance sector will remain in effect until further instructions are issued by the IA. Insurance Authority (IA), as the principal authority responsible for the application and administration of the Insurance Law and its Insurance Implementing Regulations.

The objectives of the Company are to engage in providing insurance and related services, which include reinsurance, in accordance with its by-laws, and applicable regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, accident & liability, marine, property and engineering.

In accordance with the by-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Transfer to shareholders' operations	90%
Transfer to insurance operations	10%
	<u>100%</u>

In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' operations in full. In accordance with Article 70 of SAMA implementing regulations, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to September 30, 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to January 19, 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The Company has presented the amended By-laws, within the timeframe allowed, to the shareholders and got them approved in its Extraordinary General Assembly meeting held on 7 November 2024.

The Company has announced the signing of a binding merger agreement with Gulf Union Al Ahlia Cooperative Insurance Company (GUAI) dated 12 February 2025 corresponding to 13th Shaban 1446H pursuant to which GGCI will be merged into GUAI which will result in all rights, liabilities, assets and contracts of GGI being subsumed into GUAI in exchange for GUAI's issuance of 22,823,227 newly issued shares with nominal value of SAR 10 each in GUAI to GGCI's shareholders pursuant to Article (225) and Articles (227) to (229) of the Companies Law, Article (49)(a)(1) of the Merger and Acquisition Regulations and in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority, and in accordance with the conditions and provisions of the Merger Agreement. The Company has also obtained approval from Insurance Authority on 11 February 2025 and from CMA on 24 February 2025 to proceed with the merger. On 25 March 2025 the companies have entered into the termination agreement and they have announced the cancelation of the merger.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

Notes to the financial statements

December 31, 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Basis of preparation

(a) Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by The Saudi Organization for Chartered and Professional Accountants ("SOCPA"). (referred to as "IFRS as endorsed in KSA").

As required by the Saudi Arabian Insurance Regulations "SAMA Implementation Regulations", the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". SAMA Implementation Regulations require a clear segregation of assets, liabilities, income and expenses of the insurance and shareholders operations. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. The supplementary information presented after the financial statements including the statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations have been provided as supplementary information to comply with requirements of the SAMA Implementing Regulations and is not required by IFRS.

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

(b) Going Concern

The Company has incurred loss of SR 94,207 thousands and negative operating cash flows from operations for the year ended 31 December 2024, and as of that date, the Company's accumulated losses amounted to SR 138 million which represents 46% of its share capital, further, the Company's calculated solvency ratio following insurance authority requirements was 76% and considering the ratio at the time of applying the minimum capital requirements of SR 300 million which will be 25%, the minimum solvency ratio in both cases should be 100% based on these instructions, If the Company fails to maintain this ratio, the Insurance Authority may require it to take appropriate corrective actions. These matters may raise substantial doubt on the Company's ability to continue as going concern.

Regardless the above indicators, the Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future (12 months from the reporting date). The management of the Company has prepared and implemented a detailed business plan for future prospects of the Company with approval by the Board of Directors and has undertaken strategic initiatives to address the accumulated losses. The steps being taken by the management to improve performance included operational measures to enhance claims management and recoveries from salvage and subrogation; manage cost rationalization through expense control and reducing discretionary spending, and improve the portfolio mix by focusing on more profitable lines of business and products. Company has also put in place measures such as actuarial pricing tools and periodic business reviews to support better business decisions.

Moreover, the Company had signed a binding agreement with Gulf Union Al Ahlia Cooperative Insurance Company dated 12 February 2025 corresponding to 12 Shaban 1446H for the potential merger between both companies, where serious actions have been taken by both parties to proceed with this merger and the approval from Insurance Authority on 11 February 2025 and from CMA on 24 February 2025. The Merger completion is still subject the approval of the shareholders of both companies on extra ordinary general meeting expected to be held by the end of March 2025. Due to this merger, the board has decided to suspend the previously approved decision taken in its meeting held on 18 March 2024 to increase the Company's capital with an amount of SR 300 million through right issue until further notice Following the merger, the Company's financial position is expected to strengthen.

Based on the above measures taken by the management, the management and those charged with governance remain confident that going concern assumption is valid. Furthermore, the management does not have any intention to liquidate the Company or to cease the operations in the near future. Based on the above these financial statements have been prepared on a going concern basis. Since the accumulated losses of the Company amounted to 46% of its share capital, the requirements of Article 4, Part 2 of 'CMA's Procedures Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital' continued to be triggered

(c) Basis of measurement

The financial statements are prepared under the going concern basis and the historical cost convention, except as described in respective policies in Note 3.

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

The Company's statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, Murabaha deposits, prepaid expenses and other assets, accrued income on statutory deposit, accrued and other liabilities, zakat payable and accrued income payable to SAMA. The following balances would generally be classified as non-current: investments, property and equipment, intangible assets, statutory deposit, lease liability and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include insurance contract liabilities, insurance contract assets and reinsurance contract assets.

(e) Functional and presentation currency

The financial statements are expressed in Saudi Arabian Riyals (SR), which is also the functional currency of the Company. All financial information presented in SR has been rounded to the nearest thousands, except where otherwise indicated.

(f) Seasonality of operations

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

(g) Changes in products and services

During the year ended December 31, 2024, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company.

3. Material accounting policies

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

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

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective date</u>
Amendments to IAS 1 Presentation of Financial Statements	Non-current Liabilities with covenants and classification of Liabilities as Current or Non- current	1 January 2024
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

These amendments had no impact on the financial statements of the Company.

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3. Material accounting policies (continued)**3.2 New standards, amendments and interpretations not yet applied by the Company**

Certain new standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new standards and interpretations on its financial statements. The Company intends to adopt these interpretations when they are effective.

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 21	Lack of exchangeability – Amendments to IAS 21	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely
New standard "IFRS 18"	IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
New standard "IFRS 19"	IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027
Amendments to IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7	1 January 2026

3.3 Insurance and reinsurance contracts*i. Classification and summary of measurement models*

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. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include marine, property, motor, engineering, accident & liability and medical. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. None of the insurance contracts issued by the Company contain embedded derivatives, investment components or any other goods and services.

ii. Level of aggregation

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

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

The portfolios are further divided by year of issue.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

ii. Level of aggregation (continued)

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

iii. Recognition

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

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous

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

- For reinsurance contracts that provide proportionate coverage, at the later of:
 - (i) the beginning of the coverage period of the group of reinsurance contracts and
 - (ii) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

However, if the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognised at the same time as the group of underlying insurance contracts is recognised.

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

iv. Contract boundaries

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

A substantive obligation to provide services ends when:

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

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

iv. Contract boundaries (continued)

- ii) Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
 - the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

v. Measurement

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

- Insurance contracts:

The coverage period of Marine, Property, Motor TPL, Motor Comprehensive and Medical contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA.

The coverage period for term life contracts is one year or less. Once the selected term has ended, the insurance contract is terminated and a policyholder could potentially obtain new coverage on the new terms, subject to successful underwriting. All insurance contracts in this product line offer fixed and guaranteed death benefits over the contractual term.

PAA eligibility testing has been performed for the Engineering and Accident & liability group of contracts since the coverage period is more than one year. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

- Reinsurance contracts:

The Company reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of insurance contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any insurance acquisition cash flows paid. For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

On initial recognition of each group of insurance contracts, the Company assesses the time between providing each part of the coverage and the related premium due date. If the period is no more than a year i.e. no significant financing component exists, the Company does not adjust the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

Subsequent measurement under PAA:

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

- a. the LRC; and
- b. the LIC, comprising the fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

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

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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

- a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b. decreased for insurance acquisition cash flows paid in the period;
- c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
- d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
- e. increased for any adjustment to the financing component, where applicable.

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

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

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, which are covered in Note 3.4(ii).

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included in the estimates of claims liability as it can reasonably be recovered from the disposal of the asset.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. *Measurement (continued)*

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilment cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

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

Non-performance risk (NPR) adjustment:

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

vi. *De-recognition and contract modification*

The Company derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified for the year ended December 31, 2024.

vii. *Acquisition & Attributable Cost*

Insurance acquisition cash flows are the costs that directly associated with selling and handling acquired businesses. The company considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are not expensed when incurred and are deferred over the life of the insurance contract. While attributable costs are the costs that can fully or partially attributed to the insurance operations. The Company has in place allocation technique to allocate the costs based on direct to indirect costs ratio. Both acquisition and attributable costs fall under the insurance service expense while the non-attributable costs are reported under other operating expenses.

viii. *Risk adjustment for non-financial risk*

The Company has decided to adopt ODS bootstrap method on incurred claims for all lines of business in the estimation of risk adjustment. The Company has chosen a confidence level based on the 70th percentile for motor and 65th percentile for other class of business for the distribution of its claim reserves, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows. While for premium risk, the LRC for loss component calculation can be taken to be the same due to the similar nature of uncertainty.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

ix. Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Company recognised in the statement of income (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue:

The insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each period on the passage of time for all groups of contracts except for longer term policies under engineering and accident & liability groups. For longer term policies under engineering and accident & liability groups of contracts, the expected premium receipts are allocated based on the expected timing of incurred insurance service expenses.

Insurance service expenses:

Insurance service expenses include the following:

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

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time for all groups of contracts except for longer term policies under engineering and accident & liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts except for longer term policies under engineering and accident & liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Umrah and Hajj insurance pool:

The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from January 1, 2020. The compulsory Hajj / Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Hajj / Umrah. The agreement terms are for 4 years starting from January 1, 2020 and it is renewable for another four years subject to the terms and conditions of the agreement.

This co-insurance arrangement, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. Given the bespoke nature of the arrangement and given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the statement of comprehensive income and has provided more details in the notes.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

ix. Presentation (continued)

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the period in profit or loss.

3.4 Financial assets and liabilities

i. Initial recognition of financial assets

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, contributions or discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

Interest income is recognised using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, profit income is recognised by applying the effective interest rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through Other Comprehensive Income (FVOCI);
- Held at amortised cost.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (i) the Company's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and profit:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Profit income from these financial assets is included in 'Interest income' using the effective profit method.

Fair value through other comprehensive income ("FVOCI"):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Interest income' using the effective profit method. Currently no debt instrument is classified as FVOCI.

Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the period in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent and no such instances have occurred for the year ended December 31, 2024.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company classifies all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. The Company has designated its investment in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company, as FVOCI.

Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Company's right to receive payments is established. Currently all equity securities are designated as FVOCI.

Any gain or loss on the disposal of equity classified as FVOCI will be non-recycling i.e. on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.

iii. Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

Stage 2 ("Under-performing") includes financial assets that have had a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A significant increase in credit risk is presumed if a receivable is more than 30 days past due. For these financial assets, lifetime ECL are recognised, but financial income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that results from all possible default events over the maximum contractual period during which the Company is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

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

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

iii. Impairment of financial assets (continued)

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

Financial assets are written-off only when there is no reasonable expectation of recovery.

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

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

iv. Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

v. Classification and subsequent measurement of financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective profit method.

vi. Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income.

3.4.1 Classification and measurement

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

The IFRS 9 measurement categories for financial assets are as follows:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company); and
- Debt instruments at amortised cost.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

3.4.1 Classification and measurement (continued)

Under IFRS 9, financial liabilities are classified as measured at amortised cost or FVTPL. Fair value changes of financial liabilities designated as at FVTPL will generally be presented as follows:

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

3.4.2 Impairment

Under IFRS 9, the Expected credit loss ("ECL") allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

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

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

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

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

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

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

IFRS 9 impairment applies to financial instruments that are not measured at Fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. Land is not depreciated. The cost of other items of property and equipment is depreciated on the straight-line method to allocate the cost over estimated useful lives, as follows:

	Years
Leasehold improvements	8
Furniture and fixtures	10
Computer and office equipment	4 - 10
Motor vehicles	4

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3. Material accounting policies (continued)

3.5 Property and equipment (continued)

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other income, net" in the statement of income.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized, and the related expenditure is reflected in the statement of income in the period in which the expenditure is incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Further, capital work in progress is not amortized.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized. Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit ("CGU") level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The estimated useful lives for the current year are as follows:

	Years
Software	10

The amortization method, useful life and residual value are reviewed at each reporting date and the changes are adjusted, if appropriate.

3.7 Goodwill

Goodwill is initially measured at excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized in the statement of income. Impairment losses relating to goodwill cannot be reversed in future periods.

3.8 Leases

Definition of lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange of consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

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3. Material accounting policies (continued)

3.8 Leases (continued)

As a lessee

The Company leases its offices, and as a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - i.e. these leases are on balance sheet.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted with certain remeasurements of lease liability. The cost of right-of-use assets includes the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentive received. The estimated useful life of right-of-use assets are determined considering the term of the lease.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from the change in an index or rate, a change in the estimate of the amount expected to be payable under residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or termination option is reasonably certain not to be exercised. The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

As a lessor

Lessors classify all leases and distinguish between two types of leases: operating and finance leases.

3.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's (CGU), fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of income. For assets, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

3.10 Employee benefit obligations

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

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3. Material accounting policies (continued)

3.10 Employee benefit obligations (continued)

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

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

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

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

3.11 Provisions, accrued expenses and other liabilities

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

3.12 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and term deposits that have original maturity periods not exceeding three months from the date of acquisition. Murabaha deposits having maturities more than three months from the date of acquisition and managed directly by the Company are classified separately as term deposits.

3.13 Commission, dividend income and other income

Commission income on term deposits is recognised on a time proportion basis using the effective interest rate method and are disclosed under 'Investment and commission income' in statement of income. Dividend income is recognised when the right to receive a dividend is established and is included under realised gain on FVTPL investments in the statement of income. Income from Umrah product, medical, general and accident insurance fund, is recognised as other income on the basis of quarterly financial statements released by their Fund Manager i.e. The Company for Cooperative Insurance.

3.14 Dividend distribution

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

3.15 Statutory reserve

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

3.16 Fair values

The fair value of financial assets is based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flow using commission for items with similar terms and risk characteristics.

For financial assets where there is no active market, fair value is determined by reference to the market value of a similar financial assets or where the fair values cannot be derived from active market, they are determined using a variety of valuation techniques. The inputs of this models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

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3. Material accounting policies (continued)

3.17 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Company is subject to zakat in accordance with the regulations of the ZATCA. Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

3.18 Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (an operating segment), which is subject to risk and rewards that are different from those of other segments.

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

4. Critical accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

i. Estimates of future cash flows to fulfil insurance contracts

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

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

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfil the insurance contracts.

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4. Critical accounting judgments, estimates and assumptions (continued)**i. Estimates of future cash flows to fulfil insurance contracts (continued)**

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in profit or loss as they are incurred. Refer Note 30.1 for the sensitivity analysis in relation to the significant assumptions.

ii. Discounting methodology

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims.

The bottom-up approach was used to derive the discount rate. Under this approach, the USD based risk free discount rates by European Insurance and Occupational Pensions Authority (EIOPA) were used as a starting point for preparing the yield curve. The Company then further added a KSA country risk premium from the source to make the yield curve appropriate for application. The Company has used the USD volatility adjustment reported by EIOPA for Solvency II as a proxy for illiquidity premium. The Company is currently discounting liability for incurred claims for all groups of insurance contracts.

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

Insurance contracts issued and reinsurance contracts held

	Currency	1 year	2 years	3 years	4 years	5 years
Marine	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Property	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Motor-Comp	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Motor-TPL	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Engineering	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Accident & liability	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Medical	SR	5.15%	4.96%	4.99%	4.95%	4.89%

Insurance contracts issued and reinsurance contracts held

	Currency	1 year	2 years	3 years	4 years	5 years
Marine	SR	5.83%	4.43%	4.13%	4.18%	4.28%
Property	SR	5.83%	4.43%	4.13%	4.18%	4.28%
Motor-Comp	SR	5.83%	4.43%	4.13%	4.18%	4.28%
Motor-TPL	SR	5.83%	4.43%	4.13%	4.18%	4.28%
Engineering	SR	5.83%	4.43%	4.13%	4.18%	4.28%
Accident & liability	SR	5.83%	4.43%	4.13%	4.18%	4.28%
Medical	SR	5.83%	4.43%	4.13%	4.18%	4.28%

iii. Risk adjustment for non-financial risks

The Company shall adjust the estimate of the present value of the future cashflows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. So, the purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk. The Company adopted the PAA simplification for the calculation of liability for remaining coverage. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognized as onerous. 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 70th percentile for Motor while 65th percentile for the remaining business (the target confidence level) over the expected present value of the future cash flows. Refer Note 30.1 for the sensitivity analysis in relation to the significant assumptions.

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4. Critical accounting judgments, estimates and assumptions (continued)**iv. Onerosity determination**

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition unless “facts and circumstances” indicate otherwise. The Company performs the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if “facts and circumstances” indicate that there are significant changes in product pricing, product design, plans and forecasts. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment. The Company has established a process for the underwriting team to capture onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately. Refer note 29 for the sensitivity analysis in relation to the significant assumptions.

v. Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 28 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

vi. Estimates for expected premium receipts

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables. The Company has identified the Gross domestic product of the country in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

vii. Impairment of non-financial assets including goodwill

The Company assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. For goodwill, the Company tests annually whether goodwill has suffered any impairment. Recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

5 Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash in hand	14	17
Bank balances	6,546	14,456
Expected credit loss (“ECL”)	(1)	(11)
	6,559	14,462

The bank balances are with banks, registered in Saudi Arabia and are denominated in Saudi Riyals and US Dollars.

The gross carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of A to BBB. The Company's exposures to credit risk are not collateralized.

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5 Cash and cash equivalents (continued)

Movement in allowance for expected credit losses on cash and cash equivalents is as follows:

	December 31, 2024	December 31, 2023
Balance at beginning of the year	11	1
ECL allowance recognised in profit or loss during the year	(10)	10
Balance at end of the year	1	11

6 Investments held at amortised cost

	December 31, 2024	December 31, 2023
Murabaha deposits	174,000	149,449
Accrued income	7,414	3,498
Expected credit loss	(33)	(21)
	181,381	152,926

Murabaha deposits with original maturity exceeding 3 months are placed with commercial banks registered in Saudi Arabia and yield income at rates of 5.4% to 6.1% per annum (December 31, 2023: 2.95% to 5.4% per annum). The gross carrying amount of Murabaha deposits represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of A to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on term deposits is as follows:

	December 31, 2024	December 31, 2023
Balance at beginning of the year	21	20
ECL allowance recognised in profit or loss during the year	12	1
Balance at end of the year	33	21

7 Investments held at fair value through profit or loss (FVTPL)

Movement in investment portfolio is as follows:

	December 31, 2024	December 31, 2023
Balance at beginning of the year	53,572	44,867
Additions	841	--
Changes in fair value of investments	2,635	8,705
Balance at end of the year	57,048	53,572

7.1.1 The following is the portfolio wise breakdown:

	December 31, 2024	December 31, 2023
Equity securities	18,423	16,800
Mutual funds	33,625	31,772
Sukuks	5,000	5,000
	57,048	53,572

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7 Investments held at fair value through profit or loss (FVTPL) (continued)**7.1.2 Investment in Tier-1 sukuku:**

	December 31, 2024	December 31, 2023
Saudi Fransi Bank Sukuku	2,000	2,000
Al Rajhi Bank – Sukuku	3,000	3,000
	5,000	5,000

These represents the Company's investment in Banque Saudi Fransi and AlRajhi Tier 1 Sukuku. These represent 2 Sukuku at a face value of SR 5 million with a coupon rate of 4.50% and 5.5% per annum. The Company has earned commission income of SR 0.255 million during the year (December 31, 2023: SR 0.255 million). The profit distribution on these sukuku is at the discretion of the issuer therefore these sukuku classified as FVTPL.

8 Investments held at fair value through other comprehensive income (FVOCI)

	December 31, 2024	December 31, 2023
Balance at beginning of the year	43,462	39,703
Changes in fair value of investments	17,662	3,759
Balance at end of the year	61,124	43,462

This above represents the Company's 3.45% (December 31, 2023: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of SR 1.9 million until December 31, 2022, but adjusted based on IFRS 9 implementation. Refer to Note 28 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

8.1 All investments are from the shareholders operations and are placed inside the Kingdom of Saudi Arabia.

9 Prepaid expenses and other assets

	Note	December 31, 2024	December 31, 2023
Prepayments		10,494	16,802
Due from Tawuniya for pool deals	25.1	1,451	12,165
Due from travel and covid products	25.2	472	4,294
Staff receivables		458	462
Bank guarantee		300	300
Others		2,826	1,919
		16,001	35,942
Expected credit loss		(65)	(281)
		15,936	35,661

Movement in allowance for expected credit losses on other receivables is as follows:

	December 31, 2024	December 31, 2023
Balance at beginning of the year	281	451
ECL allowance recognised in profit or loss during the year	(216)	(170)
Balance at end of the year	65	281

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10 Insurance and reinsurance contracts

10.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

	Medical	Motor- Third party liability	Motor- Compre hensive	Property	Engineering	Marine	Accident & liability	Total
As at December 31, 2024								
Insurance contracts								
Insurance contract assets	--	--	--	1,491	--	--	--	1,491
Insurance contract liabilities	17,212	121,441	29,379	--	3,191	2,181	10,160	183,564
	17,212	121,441	29,379	(1,491)	3,191	2,181	10,160	182,073
Reinsurance contracts								
Reinsurance contract assets	785	13,070	4,431	7,210	3,016	1,134	7,201	36,847
Reinsurance contract liability	--	--	--	--	--	--	--	--
	785	13,070	4,431	7,210	3,016	1,134	7,201	36,847
As at December 31, 2023								
Insurance contracts								
Insurance contract assets	--	--	--	--	--	--	--	--
Insurance contract liabilities	32,427	66,957	27,715	14,740	3,030	3,382	12,512	160,763
	32,427	66,957	27,715	14,740	3,030	3,382	12,512	160,763
Reinsurance contracts								
Reinsurance contract assets	2,488	12,041	7,087	12,388	2,886	2,331	5,362	44,583
Reinsurance contract liability	--	--	--	--	--	--	--	--
	2,488	12,041	7,087	12,388	2,886	2,331	5,362	44,583

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.1 Insurance contracts:(all portfolios)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	109,546	6,981	41,709	2,527	160,763	32,873	22,408	101,346	4,148	160,775
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	109,546	6,981	41,709	2,527	160,763	32,873	22,408	101,346	4,148	160,775
Insurance revenue (note 22)	(414,352)	--	--	--	(414,352)	(315,646)	--	--	--	(315,646)
Insurance service expenses										
Incurred claims and other directly attributable expenses* (note 22)	--	--	267,141	1,167	268,308	--	--	188,846	1,766	190,612
Loss / (reversal) on onerous contracts (note 22)	--	559	--	--	559	--	(15,427)	--	--	(15,427)
Changes that relate to past service - adjustments to the LIC (note 22)	--	--	105,599	(1,750)	103,849	--	--	68,788	(3,387)	65,401
Insurance acquisition cashflows amortisation (note 22)	67,822	--	--	--	67,822	44,761	--	--	--	44,761
Insurance service expenses (note 22)	67,822	559	372,740	(583)	440,538	44,761	(15,427)	257,634	(1,621)	285,347
Finance expense from insurance contracts	--	--	873	--	873	--	--	7,886	--	7,886
Total changes in the statement of income	(346,530)	(559)	(373,613)	583	(27,059)	(270,885)	(15,427)	265,520	(1,621)	(22,413)
Cashflows										
Premiums received	409,988	--	--	--	409,988	395,970	--	--	--	395,970
Claims and other directly attributable expenses paid	--	--	(346,711)	--	(346,711)	--	--	(325,157)	--	(325,157)
Insurance acquisition cashflows paid	(69,026)	--	--	--	(69,026)	(48,412)	--	--	--	(48,412)
Total cash inflows / (outflows)	340,962	--	(346,711)	--	(5,749)	347,558	--	(325,157)	--	22,401
Insurance contracts										
Insurance contract liabilities – closing	107,088	7,540	67,089	1,847	183,564	109,546	6,981	41,709	2,527	160,763
Insurance contract assets – closing	(3,110)	-	1,522	97	(1,491)	--	--	--	--	--
Closing balance – net	103,978	7,540	68,611	1,944	182,073	109,546	6,981	41,709	2,527	160,763

*This includes surplus distribution of SR 2.3 million for the year ended December 31, 2024 (December 31, 2023: SR 2.3 million)

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.2 Insurance contracts:(Medical)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	15,618	6,982	9,240	587	32,427	2,446	4,961	34,300	1,358	43,065
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	15,618	6,982	9,240	587	32,427	2,446	4,961	34,300	1,358	43,065
Insurance revenue	(33,091)	--	--	--	(33,091)	(39,982)	--	--	--	(39,982)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	-	36,818	390	37,208	--	--	27,620	503	28,123
(Reversal) / losses on onerous contracts	--	(4,329)	--	--	(4,329)	--	2,021	--	--	2,021
Changes that relate to past service adjustments to the LIC	--	--	8,343	(529)	7,814	--	--	9,735	(1,274)	8,461
Insurance acquisition cashflows amortisation	3,129	--	--	--	3,129	3,119	--	--	--	3,119
Insurance service expenses	3,129	(4,329)	45,161	(139)	43,822	3,119	2,021	37,355	(771)	41,724
Finance expense from insurance contracts	-	-	29	-	29	--	--	2,610	--	2,610
Total changes in the statement of income	(29,962)	(4,329)	45,190	(139)	10,760	(36,863)	2,021	39,965	(771)	4,352
Cashflows										
Premiums received	21,774	--	--	--	21,774	53,622	--	--	--	53,622
Claims and other directly attributable expenses paid	--	--	(45,218)	-	(45,218)	--	--	(65,025)	--	(65,025)
Insurance acquisition cashflows paid	(2,531)	--	--	--	(2,531)	(3,587)	--	--	--	(3,587)
Total cash inflows / (outflows)	19,243	--	(45,218)	--	(25,975)	50,035	--	(65,025)	--	(14,990)
Insurance contracts										
Insurance contract liabilities – closing	4,899	2,653	9,212	448	17,212	15,618	6,982	9,240	587	32,427
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	4,899	2,653	9,212	448	17,212	15,618	6,982	9,240	587	32,427

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.3 Insurance contracts: (Motor - Comprehensive)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	25,631	--	2,015	69	27,715	18,119	17,137	37,712	1,011	73,979
Insurance contract assets – opening	--	--	-	-	-	--	--	--	--	--
Opening balance – net	25,631	-	2,015	69	27,715	18,119	17,137	37,712	1,011	73,979
Insurance revenue	(113,190)	--	--	--	(113,190)	(181,408)	--	--	--	(181,408)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	47,511	309	47,820	--	--	103,098	602	103,700
(Reversal) / losses on onerous contracts	--	--	--	--	--	--	(17,137)	--	--	(17,137)
Changes that relate to past service adjustments to the LIC			48,459	(397)	48,062	--	--	60,977	(1,544)	59,433
Insurance acquisition cashflows amortisation	21,451	--	--	--	21,451	27,968	--	--	--	27,968
Insurance service expenses	21,451	--	95,970	(88)	117,333	27,968	(17,137)	164,075	(942)	173,964
Finance expense from insurance contracts	-	--	(377)	-	(377)	--	--	(928)	--	(928)
Total changes in the statement of income	(91,739)	--	95,593	(88)	3,766	(153,440)	(17,137)	163,147	(942)	(8,372)
Cashflows										
Premiums received	118,407	--	--	--	118,407	188,787	--	--	--	188,787
Claims and other directly attributable expenses paid	--	--	(96,541)	--	(96,541)	--	--	(198,844)	--	(198,844)
Insurance acquisition cashflows paid	(23,968)	--	--	--	(23,968)	(27,835)	--	--	--	(27,835)
Total cash inflows / (outflows)	94,439	--	(96,541)	--	(2,102)	160,952	--	(198,844)	--	(37,892)
Insurance contracts										
Insurance contract liabilities – closing	28,331	--	1,067	(19)	29,379	25,631	--	2,015	69	27,715
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	28,331	--	1,067	(19)	29,379	25,631	--	2,015	69	27,715

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10 Insurance and reinsurance contracts (continued)
10.2 Analysis by remaining coverage and incurred claims
10.2.4 Insurance contracts: (Motor-Third party liability)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	55,959	--	10,776	222	66,957	6,706	310	5,072	54	12,142
Insurance contract assets – opening	--	--	-	-	-	--	--	--	--	--
Opening balance – net	55,959	--	10,776	222	66,957	6,706	310	5,072	54	12,142
Insurance revenue	(224,752)	--	--	--	(224,752)	(40,638)	--	--	--	(40,638)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	169,506	405	169,911	--	--	33,824	250	34,074
Loss / (reversal) on onerous contracts	--	4,888	--	--	4,888	--	(310)	--	--	(310)
Changes that relate to past service adjustments to the LIC	--	--	52,245	336	52,581	--	--	8,119	(82)	8,037
Insurance acquisition cashflows amortisation	36,618	--	--	--	36,618	7,383	--	--	--	7,383
Insurance service expenses	36,618	4,888	221,751	741	263,998	7,383	(310)	41,943	168	49,184
Finance expense from insurance contracts	-	-	656	-	656	--	--	1,778	--	1,778
Total changes in the statement of income	(188,134)	4,888	222,407	741	39,902	(33,255)	(310)	43,721	168	10,324
Cashflows										
Premiums received	233,542	--	--	--	233,542	91,775	--	--	--	91,775
Claims and other directly attributable expenses paid	--	--	(183,278)	--	(183,278)	--	--	(38,017)	--	(38,017)
Insurance acquisition cashflows paid	(35,682)	--	--	--	(35,682)	(9,267)	--	--	--	(9,267)
Total cash inflows / (outflows)	197,860	--	(183,278)	--	14,582	82,508	--	(38,017)	--	44,491
Insurance contracts										
Insurance contract liabilities – closing	65,685	4,888	49,905	963	121,441	55,959	--	10,776	222	66,957
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	65,685	4,888	49,905	963	121,441	55,959	--	10,776	222	66,957

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10 Insurance and reinsurance contracts (continued)
10.2 Analysis by remaining coverage and incurred claims
10.2.5 Insurance contracts:(Property)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	4,215	--	9,737	788	14,740	(975)	--	10,763	736	10,524
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	4,215	--	9,737	788	14,740	(975)	--	10,763	736	10,524
Insurance revenue	(22,165)	--	--	--	(22,165)	(22,511)	--	--	--	(22,511)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	4,118	12	4,130	--	--	8,322	2	8,324
Reversal of losses on onerous contracts	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	(2,054)	(703)	(2,757)	--	--	(2,809)	50	(2,759)
Insurance acquisition cashflows amortisation	3,501	--	--	--	3,501	3,064	--	--	--	3,064
Insurance service expenses	3,501	--	2,064	(691)	4,874	3,064	--	5,513	52	8,629
Finance expense from insurance contracts	--	--	183	-	183	--	--	2,373	--	2,373
Total changes in the statement of income	(18,664)	--	2,247	(691)	(17,108)	(19,447)	--	7,886	52	(11,509)
Cashflows										
Premiums received	14,783	--	--	--	14,783	28,546	--	--	--	28,546
Claims and other directly attributable expenses paid	--	--	(10,462)	--	(10,462)	--	--	(8,912)	--	(8,912)
Insurance acquisition cashflows paid	(3,444)	--	--	--	(3,444)	(3,909)	--	--	--	(3,909)
Total cash inflows / (outflows)	11,339	--	(10,462)	--	877	24,637	--	(8,912)	--	15,725
Insurance contracts										
Insurance contract liabilities – closing	(3,110)	--	1,522	97	(1,491)	4,215	--	9,737	788	14,740
Insurance contract assets – closing	--	--	--	--	-	--	--	--	--	--
Closing balance – net	(3,110)	--	1,522	97	(1,491)	4,215	--	9,737	788	14,740

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.6 Insurance contracts:(Engineering)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	1,738	--	1,199	93	3,030	2,390	--	882	60	3,332
Insurance contract assets – opening	--	--	--	--	-	--	--	--	--	--
Opening balance – net	1,738	--	1,199	93	3,030	2,390	--	882	60	3,332
Insurance revenue	(3,548)	--	--	--	(3,548)	(5,184)	--	--	--	(5,184)
Insurance service expenses	--	--	--	--	-	--	--	--	--	--
Incurred claims and other directly attributable expenses	--	--	1,764	5	1,769	--	--	2,193	32	2,225
Reversal of losses on onerous contracts	--	--	--	--	-	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	(201)	(45)	(246)	--	--	(208)	1	(207)
Insurance acquisition cashflows amortisation	660	--	-	-	660	648	--	--	--	648
Insurance service expenses	660	--	1,563	(40)	2,183	648	--	1,985	33	2,666
Finance expense from insurance contracts	-	--	44	--	44	--	--	195	--	195
Total changes in the statement of income	(2,888)	--	1,607	(40)	(1,321)	(4,536)	--	2,180	33	(2,323)
Cashflows										
Premiums received	4,234	--	--	--	4,234	4,546	--	--	--	4,546
Claims and other directly attributable expenses paid	-	-	(2,012)	--	(2,012)	--	--	(1,863)	--	(1,863)
Insurance acquisition cashflows paid	(740)	-	--	--	(740)	(662)	--	--	--	(662)
Total cash inflows / (outflows)	3,494	--	(2,012)	--	1,482	3,884	--	(1,863)	--	2,021
Insurance contracts										
Insurance contract liabilities – closing	2,344	--	794	53	3,191	1,738	--	1,199	93	3,030
Insurance contract assets – closing	-	--	--	--	--	--	--	--	--	--
Closing balance – net	2,344	--	794	53	3,191	1,738	--	1,199	93	3,030

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10 Insurance and reinsurance contracts (continued)
10.2 Analysis by remaining coverage and incurred claims
10.2.7 Insurance contracts:(Marine)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	1,130	--	2,074	178	3,382	720	--	3,931	290	4,941
Insurance contract assets – opening	--	--	-	--	-	--	--	--	--	--
Opening balance – net	1,130	--	2,074	178	3,382	720	--	3,931	290	4,941
Insurance revenue	(9,192)	--	--	--	(9,192)	(15,563)	--	--	--	(15,563)
Insurance service expenses	--	--	--	--	-					
Incurred claims and other directly attributable expenses	--	--	4,544	38	4,582	--	--	5,391	82	5,473
Reversal of losses on onerous contracts	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	(219)	(123)	(342)	--	--	(977)	(194)	(1,171)
Insurance acquisition cashflows amortisation	1,039	--	-	-	1,039	1,464	--	--	--	1,464
Insurance service expenses	1,039	--	4,325	(85)	5,279	1,464	--	4,414	(112)	5,766
Finance expense from insurance contracts	--	--	74	-	74	--	--	499	--	499
Total changes in the statement of income	(8,153)	--	4,399	(85)	(3,839)	(14,099)	--	4,913	(112)	(9,298)
Cashflows										
Premiums received	8,782	--	--	--	8,782	16,215	--	--	--	16,215
Claims and other directly attributable expenses paid	--	--	(5,059)	--	(5,059)	--	--	(6,770)	--	(6,770)
Insurance acquisition cashflows paid	(1,085)	--	--	--	(1,085)	(1,706)	--	--	--	(1,706)
Total cash inflows / (outflows)	7,697	--	(5,059)	--	2,638	14,509	--	(6,770)	--	7,739
Insurance contracts										
Insurance contract liabilities – closing	674	--	1,414	93	2,181	1,130	--	2,074	178	3,382
Insurance contract assets – closing	-	--	--	--	--	--	--	--	--	--
Closing balance – net	674	--	1,414	93	2,181	1,130	--	2,074	178	3,382

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.8 Insurance contracts:(Accident and liability)

	As at December 31, 2024					As at December 31, 2023				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	5,255	--	6,667	590	12,512	3,467	--	8,686	639	12,792
Insurance contract assets – opening	--	--	--	--	-	--	--	--	--	--
Opening balance – net	5,255	--	6,667	590	12,512	3,467	--	8,686	639	12,792
Insurance revenue	(8,414)	--	--	--	(8,414)	(10,360)	--	--	--	(10,360)
Insurance service expenses	--	--	--	--	-					
Incurred claims and other directly attributable expenses	--	--	2,880	8	2,888	--	--	8,399	295	8,694
Reversal of losses on onerous contracts	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	(974)	(289)	(1,263)	--	--	(6,049)	(344)	(6,393)
Insurance acquisition cashflows amortisation	1,424	--	--	--	1,424	1,115	--	--	--	1,115
Insurance service expenses	1,424	--	1,906	(281)	3,049	1,115	--	2,350	(49)	3,416
Finance expense from insurance contracts	-	--	264	-	264	--	--	1,359	--	1,359
Total changes in the statement of income	(6,990)	--	2,170	(281)	(5,101)	(9,245)	--	3,709	(49)	(5,585)
Cashflows										
Premiums received	8,466	--	--	--	8,466	12,479	--	--	--	12,479
Claims and other directly attributable expenses paid	--	--	(4,141)	--	(4,141)	--	--	(5,728)	--	(5,728)
Insurance acquisition cashflows paid	(1,576)	--	-	--	(1,576)	(1,446)	--	--	--	(1,446)
Total cash inflows / (outflows)	6,890	--	(4,141)	--	2,749	11,032	--	(5,728)	--	5,305
Insurance contracts										
Insurance contract liabilities – closing	5,155	--	4,696	309	10,160	5,255	--	6,667	590	12,512
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	5,155	--	4,696	309	10,160	5,255	--	6,667	590	12,512

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10 Insurance and reinsurance contracts (continued)
10.2 Analysis by remaining coverage and incurred claims (continued)
10.2.9 Reinsurance contracts held: (all portfolios)

	As at December 31, 2024					As at December 31, 2023				
	Asset for remaining coverage	Asset for incurred claims	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Asset for remaining coverage	Asset for incurred claims	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
	Excluding loss-recovery component	Loss-recovery component				Excluding loss-recovery component	Loss-recovery component			
Reinsurance contracts										
Reinsurance contract assets – opening	18,334	1,187	23,979	1,083	44,583	19,560	2,857	33,023	1,353	56,793
Reinsurance contract liabilities – opening	-	-	-	-	-	--	--	--	--	--
Opening balance – net	18,334	1,187	23,979	1,083	44,583	19,560	2,857	33,023	1,353	56,793
Allocation of reinsurance premium paid (note 22)	(46,260)	--	--	--	(46,260)	(64,012)	--	--	--	(64,012)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses (note 22)	--	-	8,992	244	9,236	--	--	37,672	(270)	37,402
Loss (reversal) of recovery component (note 22)	--	(939)	-	-	(939)	--	(1,670)	--	--	(1,670)
Changes that relate to past service – adjustments to the LIC (note 22)	--	-	6,273	(739)	5,534	--	--	(10,548)	--	(10,548)
Amounts recoverable from reinsurers – net	--	(939)	15,265	(495)	13,831	--	(1,670)	27,124	(270)	25,184
Finance income from reinsurance contracts	--	-	1,195	-	1,195	--	--	3,379	--	3,379
Total changes in the statement of income	(46,260)	(939)	16,460	(495)	(31,234)	(64,012)	(1,670)	30,503	(270)	(35,449)
Cashflows										
Premiums ceded and acquisition cashflows paid	37,467	--	--	--	37,467	62,786	--	--	--	62,786
Recoveries from reinsurance	--	--	(9,498)	--	(9,498)	--	--	(39,547)	--	(39,547)
Commission from reinsurance	(4,471)	--	--	--	(4,471)	--	--	--	--	--
Total cash outflows / (inflows)	32,996	--	(9,498)	--	23,498	62,786	--	(39,547)	--	23,239
Reinsurance contracts										
Reinsurance contract assets – closing	5,070	248	30,941	588	36,847	18,334	1,187	23,979	1,083	44,583
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	5,070	248	30,941	588	36,847	18,334	1,187	23,979	1,083	44,583

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.10 Reinsurance contracts held: (Medical)

	As at December 31, 2024					As at December 31, 2023				
	Asset for remaining coverage Excluding loss- recovery component	Asset for incurred claims Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk	Total	Asset for remaining coverage Excluding loss- recovery component	Asset for incurred claims Loss- recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	(85)	1,187	1,308	78	2,488	(509)	595	5,093	119	5,298
Reinsurance contract liabilities – opening	-	-	-	-	-	--	--	--	--	--
Opening balance – net	(85)	1187	1308	78	2488	(509)	595	5,093	119	5,298
Allocation of reinsurance premium paid	(3,959)	--	--	--	(3,959)	(3,572)	--	--	--	(3,572)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	-	849	18	867	--	--	6,107	(41)	6,066
Reversal of recovery component	--	(988)	-	-	(988)	--	592	--	--	592
Changes that relate to past service – adjustments to the LIC	--	-	138	(77)	61	--	--	(4,265)	--	(4,265)
Amounts recoverable from reinsurers – net	--	(988)	987	(59)	(60)	--	592	1,842	(41)	2,393
Finance expense from reinsurance contracts	--	-	55	-	55	--	--	241	--	241
Total changes in the statement of income	(3,959)	(988)	1,042	(59)	(3,964)	(3,572)	592	2,083	(41)	(938)
Cashflows										
Premiums ceded and acquisition cashflows paid	3,448	--	--	--	3,448	3,996	--	--	--	3,996
Recoveries from reinsurance	--	--	(1,187)	--	(1,187)	--	--	(5,868)	--	(5,868)
Total cash (outflows) / inflows	3,448	--	(1,187)	--	2,261	3,996	--	(5,868)	--	(1,872)
Reinsurance contracts										
Reinsurance contract assets – closing	(596)	199	1,163	19	785	(85)	1,187	1,308	78	2,488
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	(596)	199	1,163	19	785	(85)	1,187	1,308	78	2,488

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.11 Reinsurance contracts held: (Motor - Comprehensive)

	As at December 31, 2024					As at December 31, 2023				
	Asset for remaining coverage	Asset for incurred claims	Total		Total	Asset for remaining coverage	Asset for incurred claims	Total		Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	2,647	--	4,424	16	7,087	8,308	2,228	2,691	124	13,351
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	2,647	--	4,424	16	7,087	8,308	2,228	2,691	124	13,351
Allocation of reinsurance premium paid										
Amounts recoverable from reinsurers	(6,082)	---	--	--	(6,082)	(19,800)	--	--	--	(19,800)
Claims recovered and other directly attributable expenses	--	--	(861)	73	(788)	--	--	11,735	(108)	11,627
Reversal of recovery component	--	--	-	-	-		(2,228)			(2,228)
Changes that relate to past service – adjustments to the LIC	--	--	3,846	(29)	3,817	--		6,971	--	6,971
Amounts recoverable from reinsurers – net	--	--	2,985	44	3,029	--	(2,228)	18,706	(108)	16,370
Finance expense from reinsurance contracts	--	--	311	-	311	--		(15)		
Total changes in the statement of income	(6,082)	--	3,296	44	(2,742)	(19,800)	(2,228)	18,691	(108)	(3,445)
Cashflows										
Premiums ceded and acquisition cashflows paid	1,949	--	--	--	1,949	14,139	--	--	--	14,139
Recoveries from reinsurance	-	--	(1,660)	--	(1,660)			(16,958)		(16,958)
Commission from reinsurance	(203)	--	--	--	(203)	--	--	--	--	--
Total cash (outflows) / inflows	1,746	--	(1,660)	--	86	14,139	--	(16,958)	--	(2,819)
Reinsurance contracts										
Reinsurance contract assets – closing	(1,689)	--	6,060	60	4,431	2,647	--	4,424	16	7,087
Reinsurance contract liabilities – closing	-	--	--	--	--	--	--	--	--	--
Closing balance – net	(1,689)	--	6,060	60	4,431	2,647	--	4,424	16	7,087

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.12 Reinsurance contracts held: (Motor-TPL)

	As at December 31, 2024				Total	As at December 31, 2023				Total
	Asset for remaining coverage Excluding loss- recovery component	Asset for incurred claims Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk		Asset for remaining coverage Excluding loss- recovery component	Asset for incurred claims Loss- recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	10,306	--	1,710	25	12,041	1,622	34	(303)	6	1,359
Reinsurance contract liabilities – opening	-	-	-	-	-	--	--	--	--	--
Opening balance – net	10,306	-	1,710	25	12,041	1,622	34	(303)	6	1,359
Allocation of reinsurance premium paid										
Amounts recoverable from reinsurers	(9,113)	--	--	--	(9,113)	(4,995)	--	--	--	(4,995)
Claims recovered and other directly attributable expenses	--	-	2,318	116	2,434	--	--	2,455	19	2,474
Reversal of recovery component	--	49	-	-	49	--	(34)	--	--	(34)
Changes that relate to past service – adjustments to the LIC	--	-	10,062	144	10,206	--	--	3,196	--	3,196
Amounts recoverable from reinsurers – net	--	49	12,380	260	12,689	--	(34)	5,651	19	5,636
Finance expense from reinsurance contracts	--	-	208	-	208	--	--	231	--	231
Total changes in the statement of income	(9,113)	49	12,588	260	3,784	(4,995)	(34)	5,882	19	872
Cashflows										
Premiums ceded and acquisition cashflows paid	1,387	--	--	--	1,387	13,679	--	--	--	13,679
Recoveries from reinsurance	--	--	(3,927)	--	(3,927)	--	--	(3,869)	--	(3,869)
Commission from reinsurance	(215)	--	-	--	(215)	--	--	--	--	--
Total cash (outflows) / inflows	1,172	--	(3,927)	--	(2,755)	13,679	--	(3,869)	--	9,810
Reinsurance contracts										
Reinsurance contract assets – closing	2,365	49	10,371	285	13,070	10,306	--	1,710	25	12,041
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	2,365	49	10,371	285	13,070	10,306	--	1,710	25	12,041

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10 Insurance and reinsurance contracts (continued)
10.2 Analysis by remaining coverage and incurred claims (continued)
10.2.13 Reinsurance contracts held: (Property)

	As at December 31, 2024				Total	As at December 31, 2023				Total
	Asset for remaining coverage Excluding loss- recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk		Asset for remaining coverage Excluding loss- recovery component	Loss- recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	3,047	--	8,775	566	12,388	4,217	--	13,055	536	17,808
Reinsurance contract liabilities – opening	--	--	-	-	-	--	--	--	--	--
Opening balance – net	3,047	--	8,775	566	12,388	4,217	--	13,055	536	17,808
Allocation of reinsurance premium paid	(15,389)	-	-	-	(15,389)	(16,619)	--	--	--	(16,619)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	3,138	8	3,146	--	--	7,917	30	7,947
Reversal of recovery component	--	--	-	-	-	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	--	--	(4,388)	(515)	(4,903)	--	--	(7,340)	--	(7,340)
Amounts recoverable from reinsurers – net	--	--	(1,250)	(507)	(1,757)	--	--	577	30	607
Finance expense from reinsurance contracts	--	--	315	-	315	--	--	1,859	--	1,859
Total changes in the statement of income	(15,389)	--	(935)	(507)	(16,831)	(16,619)	--	2,436	30	(14,153)
Cashflows										
Premiums ceded and acquisition cashflows paid	14,705	--	--	--	14,705	15,449	--	--	--	15,449
Recoveries from reinsurance	--	--	(1,160)	--	(1,160)	--	--	(6,716)	--	(6,716)
Commission from reinsurance	(1,892)	--	--	--	(1,892)	--	--	--	--	--
Total cash (outflows) / inflows	12,813	--	(1,160)	--	11,653	15,449	--	(6,716)	--	8,733
Reinsurance contracts										
Reinsurance contract assets – closing	471	--	6,680	59	7,210	3,047	--	8,775	566	12,388
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	471	--	6,680	59	7,210	3,047	--	8,775	566	12,388

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10 Insurance and reinsurance contracts (continued)
10.2 Analysis by remaining coverage and incurred claims (continued)
10.2.14 Reinsurance contracts held: (Engineering)

	As at December 31, 2024					As at December 31, 2023				
	Asset for remaining coverage	Asset for incurred claims	Total		Excluding loss-recovery component	Asset for remaining coverage	Asset for incurred claims	Total		Excluding loss-recovery component
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	1,721	--	1,091	74	2,886	2,720	--	788	48	3,556
Reinsurance contract liabilities – opening	-	--	--	--	--	--	--	--	--	--
Opening balance – net	1,721	--	1,091	74	2,886	2,720	--	787	48	3,556
Allocation of reinsurance premium paid	(3,075)	--	--	--	(3,075)	(4,032)	--	--	--	(4,032)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	260	3	263	--	--	609	26	635
Reversal of recovery component	--	--	-	-	-	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	--	--	(209)	(36)	(245)	--	--	(226)	--	(226)
Amounts recoverable from reinsurers – net	--	--	51	(33)	18	--	--	383	26	409
Finance expense from reinsurance contracts	--	--	47	-	47	--	--	131	--	131
Total changes in the statement of income	(3,075)	--	98	(33)	(3,010)	(4,032)	--	514	26	(3,492)
Cashflows										
Premiums ceded and acquisition cashflows paid	3,842	--	--	--	3,842	3,033	--	--	--	3,033
Recoveries from reinsurance	--	--	(192)	--	(192)	--	--	(211)	--	(211)
Commission from reinsurance	(510)	--	--	--	(510)	--	--	--	--	--
Total cash (outflows) / inflows	3,332	--	(192)	--	3,140	3,033	--	(211)	--	2,822
Reinsurance contracts										
Reinsurance contract assets – closing	1,978	--	997	41	3,016	1,721	--	1,091	74	2,886
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	1,978	--	997	41	3,016	1,721	--	1,091	74	2,886

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10 Insurance and reinsurance contracts (continued)
10.2 Analysis by remaining coverage and incurred claims (continued)
10.2.15 Reinsurance contracts held: (Marine)

	As at December 31, 2024				Total	As at December 31, 2023				Total
	Asset for remaining coverage Excluding loss- recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk		Asset for remaining coverage Excluding loss- recovery component	Loss- recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	460	--	1,776	95	2,331	2,061	--	4,551	214	6,826
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	460	--	1,776	95	2,331	2,061	--	4,551	214	6,826
Allocation of reinsurance premium paid	(7,241)	--	--	--	(7,241)	(11,157)	--	--	--	(11,157)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	2,027	26	2,053	--	--	3,531	(119)	3,412
Reversal of recovery component	--	--	-	-	-	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	--	--	(403)	(59)	(462)	--	--	(2,738)	--	(2,738)
Amounts recoverable from reinsurers – net	--	--	1,624	(33)	1,591	--	--	793	(119)	674
Finance expense from reinsurance contracts	--	--	86	-	86	--	--	358	--	358
Total changes in the statement of income	(7,241)	--	1,710	(33)	(5,564)	(11,157)	--	1,151	(119)	(10,125)
Cashflows										
Premiums ceded and acquisition cashflows paid	7,021	--	--	--	7,021	9,556	--	--	--	9,556
Recoveries from reinsurance	--	--	(1,287)	--	(1,287)	--	--	(3,926)	--	(3,926)
Commission from reinsurance	(1,367)	--	--	--	(1,367)	--	--	--	--	--
Total cash (outflows) / inflows	5,654	--	(1,287)	--	4,367	9,556	--	(3,926)	--	5,630
Reinsurance contracts										
Reinsurance contract assets – closing	(1,127)	--	2,199	62	1,134	460	--	1,776	95	2,331
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	(1,127)	--	2,199	62	1,134	460	--	1,776	95	2,331

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10 Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.16 Reinsurance contracts held: (Accident & Liability)

	As at December 31, 2024					As at December 31, 2023				
	Asset for remaining coverage	Asset for incurred claims		Risk adjustment for non-financial risk	Total	Asset for remaining coverage	Asset for incurred claims		Risk adjustment for non-financial risk	Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF			Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF		
Reinsurance contracts										
Reinsurance contract assets – opening	239	--	4,894	229	5,362	1,141	--	7,148	306	8,595
Reinsurance contract liabilities – opening	-	-	-	-	-	--	--	--	--	--
Opening balance – net	239	-	4,894	229	5,362	1,141	--	7,148	306	8,595
Allocation of reinsurance premium paid	(1,401)	--	--	--	(1,401)	(3,837)	--	--	--	(3,837)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	1,261	-	1,261	--	--	5,318	(77)	5,241
Reversal of recovery component	--	--	-	-	-	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	--	--	(2,773)	(167)	(2,940)	--	--	(6,146)	--	(6,146)
Amounts recoverable from reinsurers – net	--	--	(1,512)	(167)	(1,679)	--	--	(828)	(77)	(905)
Finance expense from reinsurance contracts	--	--	173	-	173	--	--	574	--	574
Total changes in the statement of income	(1,401)	-	(1,339)	(167)	(2,907)	(3,837)	--	(254)	(77)	(4,168)
Cashflows										
Premiums ceded and acquisition cashflows paid	5,115	--	--	--	5,115	2,935	--	--	--	2,935
Recoveries from reinsurance	-	--	(85)	--	(85)	--	--	(2,000)	--	(2,000)
Commission from reinsurance	(284)	--	-	--	(284)	--	--	--	--	--
Total cash (outflows) / inflows	4,831	--	(85)	--	4,746	2,935	--	(2,000)	--	935
Reinsurance contracts										
Reinsurance contract assets – closing	3,669	--	3,470	62	7,201	239	--	4,894	229	5,362
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	3,669	--	3,470	62	7,201	239	--	4,894	229	5,362

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11 Property and equipment

	Leasehold improvement	Furniture and Fittings	Motor vehicles	Computer and office equipment	Total
2024					
Cost:					
January 1	4,130	2,547	171	26,030	32,878
Additions	--	--	--	25	25
Disposals	--	--	--	(101)	(101)
December 31	4,130	2,547	171	25,954	32,802
Accumulated depreciation:					
January 1	3,854	2,213	171	13,108	19,346
Charge for the year	58	80	--	2,286	2,424
Relating to disposals	--	--	--	(56)	(56)
December 31	3,912	2,293	171	15,338	21,714
Net book value December 31, 2024	218	254	--	10,616	11,088

	Leasehold improvement	Furniture and Fittings	Motor vehicles	Computer and office equipment	Total
2023					
Cost:					
January 1	4,130	2,547	277	25,706	32,660
Additions	--	--	--	326	326
Disposals	--	--	(106)	(2)	(108)
December 31	4,130	2,547	171	26,030	32,878
Accumulated depreciation:					
January 1	3,779	2,129	277	10,976	17,161
Charge for the year	75	84	--	2,132	2,291
Relating to disposals	--	--	(106)	--	(106)
December 31	3,854	2,213	171	13,108	19,346
Net book value December 31, 2023	276	334	--	12,922	13,532

12 Intangible assets

These comprise software license fees and other related development costs.

	Total
2024	
Cost:	
Balance at beginning of the year	22,820
Addition	543
Balance at end of the year	23,363
Accumulated amortization:	
January 1	10,707
Charge for the year	1,484
December 31	12,191
Net book value December 31, 2024	11,172

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12 Intangible assets (continued)

	Total
2023	
Cost:	
Balance at beginning of the year	22,688
Addition	132
Balance at end of the year	22,820
Accumulated amortization:	
January 1	9,235
Charge for the year	1,472
December 31	10,707
Net book value	
December 31, 2023	12,113

13. Leases

13.1 Right-of-use assets

	31 December 2024	31 December 2023
Cost:		
Balance as at 1 January,	10,729	4,803
Additions	--	5,926
Balance as at 31 December,	10,729	10,729
Accumulated amortization:		
Balance as at 1 January,	5,322	4,276
Amortization for the year	1,186	1,046
Balance as at 31 December,	6,508	5,322
Carrying value	4,221	5,407

13.2 Lease liabilities

Lease liabilities as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
At beginning of the year	4,518	27
Additions during the year	--	5,926
Finance cost	191	79
Payments during the year	(1,294)	(1,514)
At end of the year	3,415	4,518

The incremental borrowing rate used for leases is 4.6%.

13.3 Details for leasing activities of the Company

The Company leases office premises across the Kingdom of Saudi Arabia. Rental contracts are typically made for a period of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets are not used as security for borrowing purposes.

14. Goodwill

The goodwill recorded in the books pertains to the acquisition of operations from Saudi General Insurance Company E.C. ("SGI") and Gulf Cooperation Insurance Company Ltd. E.C. ("GCI") on 1 January 2009, resulting in a goodwill of SR 36.2 million.

Goodwill is allocated to the Company as a single CGU, being the combined operations of the Company. The management's judgment to allocate goodwill to the Company considered the broader reason for which acquisition was made, i.e. synergies from combining the operations.

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14. Goodwill (continued)

The management found, through the goodwill impairment testing performed, that the recoverable amount was less than the carrying value of the goodwill as at 31 December 2024. Accordingly, an impairment of SR 36.2 million was recorded as at 31 December 2024.

The recoverable amount has been determined based on value in use. As at the reporting date, impairment testing based on expected discounted cash flows was performed. Value in use is based on the estimated future cash flows based on 3-year management's formal approved business plan projected up to the year 2026, discounted to their present value using the following key assumptions:

Key assumptions	31 December 2024	31 December 2023
EBITA (average for next three years)	3%	3%
Discount rate	13%	13%
Terminal value growth rate	2%	2%

The calculation of value-in-use is most sensitive to the assumptions on discount rate applied to cash flow projections, projected EBITDA margins and terminal value growth rate.

15 Statutory deposit

	December 31, 2024	December 31, 2023
Statutory deposit	45,000	75,000
Expected credit loss	(8)	(14)
	44,992	74,986

During the year, the Company has obtained a no objection certificate ("NOC") from SAMA dated 9 May 2024 with regards to release of SR 30 million of the statutory deposit, from the bank designated by SAMA. The release was done on account of reduction in the share capital of the Company by SR 500 million to SR 300 million based on extra ordinary meeting dated 19 March 2024. The statutory deposit as at 31 December 2024 amounted to SR 45 million which is equivalent to 15% of the share capital of the Company which is in compliance with Article 58 of the "Executive Regulations of the Cooperative Insurance Companies Control Law.

Accrued income on this deposit is payable to Insurance Authority amounting to SR 1.3 million (December 31, 2023: SR 3.2 million) and this deposit cannot be withdrawn without approval from SAMA. As requested by SAMA, the Company has released the accrued income on statutory deposit to SAMA up to December 31, 2024 amounting to SR 4.9 million. The statutory deposit is shown on the statement of financial position net of impairment allowance. The deposit is maintained with bank having a credit rating of A- and are currently classified at stage 1.

16 Accrued expenses and other liabilities

	December 31, 2024	December 31, 2023
Accrued expenses	4,616	4,297
VAT payable	5,338	5,224
Due to related parties	309	309
Other liabilities	2,972	4,293
	13,235	14,123

17 Employee benefits obligations

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

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17 Employee benefits obligations (continued)

17.1 Movement of defined benefit obligations

	December 31, 2024	December 31, 2023
Opening balance	4,194	4,661
Charge to statement of income	1,241	1,795
Charge to other comprehensive income	(58)	552
Payment of benefits during the year	(1,307)	(2,814)
Closing balance	<u>4,070</u>	<u>4,194</u>

17.2 Reconciliation of present value of defined benefit obligations

	December 31, 2024	December 31, 2023
Opening balance	4,194	4,661
Current service costs	1,073	1,294
Past service cost	--	266
Financial costs	168	235
Actuarial (gain) / loss from experience adjustments	(58)	552
Payment of benefits during the year	(1,307)	(2,814)
Closing balance	<u>4,070</u>	<u>4,194</u>

17.3 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of employee defined benefit obligations:

	December 31, 2024	December 31, 2023
Discount rate	5.25%	4.75%
Expected rate of increase in salary level across different age bands	4.4%	3.2%

17.4 Sensitivity analysis

	Impact on defined benefit obligations – (decrease) / increase December 31, 2024	December 31, 2023
Discount rate		
- Increase by 1%	(139)	(141)
- Decrease by 1%	149	152
Expected rate of increase in salary level across different age bands		
- Increase by 1%	157	161
- Decrease by 1%	(149)	(151)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of defined benefit obligations calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee benefit obligations.

The average remaining duration of the defined benefit plan obligation at December 31, 2024 is 3.6 years (December 31, 2023: 3.8 years).

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
December 31, 2024	1,113	914	2,963	3,853	8,843
December 31, 2023	1,309	890	2,970	3,925	9,094

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18 Zakat**18.1 Components of zakat base**

Significant components of zakat base of the Company attributable to the Saudi shareholders, which are subject to adjustment under zakat and income tax regulations, are shareholders' equity at the beginning of the year, adjusted net income and certain other items. Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the Zakat, Tax and Customs Authority ("ZATCA") could be different from the declaration filed by the Company.

	December 31, 2024	December 31, 2023
Equity, at beginning of year	300,675	507,686
Provisions, at beginning of year	29,046	48,449
Net book value of long-term assets	(157,490)	(443,493)
Zakat base excluding the amended net income	172,231	112,642
Zakat base (prorata basis)	172,785	116,143
Amended net loss	(57,391)	(12,648)
Zakat base	115,594	103,495
Zakat due	2,988	2,587

18.2 Zakat payable

	2024	2023
Balance as at January 1, 2024	2,973	4,236
Provision for the current year	5,615	2,787
Payments during the year	(4,919)	(4,050)
December 31, 2024	3,669	2,973

Zakat is payable at 2.578% of the approximate zakat base (excluding adjusted net income for the year).

18.3 Status of assessments

The Company has filled its Zakat assessment returns for the years December 31, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 and has obtained the related zakat certificates.

Year ended December 31, 2010 to 2020

The Company has finalized its Zakat and WHT status for the period/years from December 31, 2010 to 2020.

Year ended December 31, 2021 to 2022

ZATCA has issued the Zakat assessments for the years ended December 31, 2021, and 2022 and claimed additional Zakat liability of SR 0.580 million and 0.910 million respectively. The Company objected against the said assessment. ZATCA rejected the objection for the year 2021 and issued the revised assessment for the year 2022 which reduced the Zakat differences to SR 0.896 million. Total provision for the year 2021 and 2022 amounts to SR 1.47 million. The company has escalated its objection for the years 2021 and 2022 to CRTVD and is waiting for the committee to set up a hearing date.

Year ended December 31, 2023

The Company filed the Zakat return for the year 2023 and obtained the necessary Zakat certificates. ZATCA did not finalize the study of the said year.

19 Share capital

The authorized, issued and paid-up capital of the Company at December 31, 2024 is SR 300 million divided into 30 million shares of SR 10 each (December 31, 2023: SR 500 million divided into 50 million shares of SR 10 each).

	31 December 2024		31 December 2023	
	Percentage of Holding	Amount SR '000	Percentage of holding	Amount SR '000
Founding shareholders	12%	36,000	12%	60,000
General public	88%	264,000	88%	440,000
	100%	300,000	100%	500,000

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19 Share capital (continued)

During the year, the Company has announced the results of the Extraordinary General meeting held on 19 March 2024 corresponding to 9 Ramadan 1445H which approved the Board recommendation for decrease in the share capital of the Company by SR 200 million. The reduction in the share capital set off against the accumulated losses of the Company.

(Loss) / earnings per share:

Earnings / (Loss) per share for the year ended December 31, 2024, and December 31, 2023 has been calculated by dividing the net profit / (loss) for the respective years attributable to the shareholders by the weighted average number of ordinary shares at the reporting date. Diluted earnings / (loss) per share is not applicable to the Company.

The basic (loss) / earnings per share is calculated as follows:

	December 31, 2024	December 31, 2023 (Restated)
Net (loss) / profit for the year attributable to the shareholders	(94,207)	3,532
Weighted average number of ordinary shares in issue during the year	30,000	30,000
Basic (loss) / earnings per share	(3.14)	0.12

The shareholder approved the reduction of share capital by 20 million shares. Accordingly, the number of the total shares of the Company has decreased from 50 million shares to 30 million shares without any impact on the effective shareholding interest. The per share calculations for both basic and diluted EPS reflects the retrospective adjustment for this decrease in the total number of shares as the reduction in the share capital was done without any corresponding change in the resource of the Company.

All ordinary shares rank equally with regard to Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

20 Statutory reserve

As required by the Implementing Regulations issued by SAMA, 20% of the net income for the year after adjusting accumulated losses, has to be set aside from net income for the year as a statutory reserve until this amounts to 100% of the paid-up share capital. During the year no transfer has been made to the statutory reserve. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

21 Commitments and contingencies

21.1 The Company's bankers have issued payment guarantees of SR 0.3 million (December 31, 2023: SR 0.3 million) to its suppliers on behalf of the Company.

21.2 The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

21.3 Saudi General Insurance Company E.C. ("SGI") has raised a lawsuit against the Company requesting the Company to settle the Zakat and taxes on financial years 2005 to 2010. The Primary Committee ruled/decided to decline the case and obligate SGI to pay the Zakat and Tax amounts for 2005 to 2008, moreover, they ruled/decided to obligate GGCI to pay the Zakat and tax amounts for 2009 and 2010. GGCI will object and reject the decision before the GSTC Appealing Committee based on the decision of GSTC in 2018, and they believe that the Company does not have any financial impact as a result of this case.

21.4 For financial year 2021 and 2022 ZATCA has issued the VAT assessment and claimed an additional VAT liability of SR 0.10 million. The Company has accepted the said assessment and settled the VAT liability.

21.5 ZATCA raised a query for the year 2023 requesting additional information, and no assessment has been issued yet.

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22 Insurance revenue and expenses

An analysis of insurance revenue, insurance service expenses and net income / (expenses) from reinsurance contracts held by product lines for the year ended December 31, 2024, and December 31, 2023 are included in the following tables. Additional information on amounts recognized in statement of income is included in the insurance and reinsurance contracts balances reconciliation (refer to note 10).

For the year ended December 31, 2024

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
Insurance revenue from contracts measured under PAA (note 10)	33,091	113,190	224,752	22,165	3,548	9,192	8,414	414,352
Insurance revenue – total	33,091	113,190	224,752	22,165	3,548	9,192	8,414	414,352
Incurred claims and other directly attributable expenses* (note 10)	(37,208)	(47,820)	(169,911)	(4,130)	(1,769)	(4,582)	(2,888)	(268,308)
Changes that relate to past service - adjustments to the LIC (note 10)	(7,814)	(48,062)	(52,581)	2,757	246	342	1,263	(103,849)
(Loss) / reversal of losses on onerous contracts (note 10)	4,329	-	(4,888)	-	-	-	-	(559)
Insurance acquisition cash flows amortisation (note 10)	(3,129)	(21,451)	(36,618)	(3,501)	(660)	(1,039)	(1,424)	(67,822)
Insurance service expenses – total (note 10)	(43,822)	(117,333)	(263,998)	(4,874)	(2,183)	(5,279)	(3,049)	(440,538)
Allocation of reinsurance premium paid – contracts measured under the PAA								
Amounts recoverable from reinsurers (note 10)	(3,959)	(6,082)	(9,113)	(15,389)	(3,075)	(7,241)	(1,401)	(46,260)
Claims recovered and other directly attributable expenses (note 10)	867	(788)	2,434	3,146	263	2,053	1,261	9,236
Movement in Loss recovery component adjustment to reinsurance (note 10)	(988)	--	49	--	-	-	-	(939)
Changes that relate to past service – adjustments to the LIC (note 10)	61	3,817	10,206	(4,903)	(245)	(462)	(2,940)	5,534
Amounts recoverable from reinsurers – net	(4,019)	(3,053)	3,576	(17,146)	(3,057)	(5,650)	(3,080)	(32,429)
Insurance service result – total	(14,750)	(7,196)	(35,670)	145	(1,692)	(1,737)	2,285	(58,615)

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22 Insurance revenue and expenses (continued)

For the year ended December 31, 2023

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
Insurance revenue from contracts measured under PAA (note 10)	39,982	181,408	40,638	22,511	5,184	15,563	10,360	315,646
Insurance revenue – total	39,982	181,408	40,638	22,511	5,184	15,563	10,360	315,646
Incurred claims and other directly attributable expenses* (note 10)	(28,122)	(103,700)	(34,074)	(8,324)	(2,225)	(5,473)	(8,694)	(190,612)
Changes that relate to past service - adjustments to the LIC (note 10)	(8,461)	(59,433)	(8,037)	2,759	207	1,171	6,393	(65,401)
(Loss) / reversal of losses on onerous contracts (note 10)	(2,021)	17,137	311	--	--	--	--	15,427
Insurance acquisition cash flows amortisation (note 10)	(3,119)	(27,968)	(7,383)	(3,064)	(648)	(1,464)	(1,115)	(44,761)
Insurance service expenses – total (note 10)	(41,723)	(173,964)	(49,183)	(8,629)	(2,666)	(5,766)	(3,416)	(285,347)
Allocation of reinsurance premium paid – contracts measured under the PAA								
Amounts recoverable from reinsurers (note 10)	6,066	11,627	2,474	7,947	635	3,412	5,241	37,402
Claims recovered and other directly attributable expenses (note 10)	(3,572)	(19,800)	(4,995)	(16,619)	(4,032)	(11,157)	(3,837)	(64,012)
Movement in Loss recovery component adjustment to reinsurance (note 10)	592	(2,228)	(34)	--	--	--	--	(1,670)
Changes that relate to past service – adjustments to the LIC (note 10)	(4,265)	6,971	3,196	(7,340)	(226)	(2,738)	(6,146)	(10,548)
Amounts recoverable from reinsurers – net	(1,179)	(3,430)	641	(16,012)	(3,623)	(10,483)	(4,742)	(38,828)
Insurance service result – total	(2,920)	4,014	(7,904)	(2,130)	(1,105)	(686)	2,202	(8,529)

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23 Net Investment return

	31 December 2024	31 December 2023
A) <u>Net gains on investments measured at FVTPL</u>		
Equity	782	2,232
Mutual funds	<u>1,854</u>	<u>6,473</u>
	<u>2,636</u>	<u>8,705</u>
B) <u>Commission income on investments measured at amortised cost</u>		
Murabaha deposits	<u>11,596</u>	<u>6,566</u>
	<u>11,596</u>	<u>6,566</u>
C) <u>Commission income on investments measured at FVTPL</u>		
Sukuks	<u>255</u>	<u>255</u>
	<u>255</u>	<u>255</u>
D) <u>Dividend Income</u>		
Ordinary shares	<u>580</u>	<u>476</u>
	<u>580</u>	<u>476</u>

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24 Insurance finance (expense) / income – net

An analysis of the net insurance finance (expense) / income by product lines for the year ended December 31, 2024 and December 31, 2023 are presented below:

For the year ended December 31, 2024

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
Finance expense from insurance contracts issued								
Interest accreted	(22)	290	(505)	(141)	(34)	(57)	(203)	(672)
Effects of changes in interest rates and other financial assumptions	(7)	87	(151)	(42)	(10)	(17)	(61)	(201)
Net finance (expense) / income from insurance contracts issued	(29)	377	(656)	(183)	(44)	(74)	(264)	(873)
Finance income from reinsurance contracts held								
Interest accreted	59	336	225	340	51	93	187	1,290
Effects of changes in interest rates and other financial assumptions	(4)	(25)	(17)	(25)	(4)	(7)	(14)	(95)
Net finance (expense) / income from reinsurance contracts held	55	311	208	315	47	86	173	1,195
Finance income / (expense) - net	26	688	(448)	132	3	12	(91)	322

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24 Insurance finance (expense) / income – net (continued)

For the year ended December 31, 2023

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
Finance expense from insurance contracts issued								
Interest accreted	(2,610)	928	(1,778)	(2,373)	(195)	(499)	(1,359)	(7,886)
Effects of changes in interest rates and other financial assumptions	--	--	--	--	--	--	--	--
Net finance (expense) / income from insurance contracts issued	(2,610)	928	(1,778)	(2,373)	(195)	(499)	(1,359)	(7,886)
Finance income from reinsurance contracts held								
Interest accreted	241	(15)	231	1,859	131	358	574	3,379
Effects of changes in interest rates and other financial assumptions	--	--	--	--	--	--	--	--
Net finance (expense) / income from reinsurance contracts held	241	(15)	231	1,859	131	358	574	3,379
Finance (expense) / income - net	(2,369)	913	(1,547)	(514)	(64)	(141)	(785)	(4,507)

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25 Insurance pool

	Note	December 31, 2024	December 31, 2023
Share of surplus from Al Manafeth	25.1	-	93
Share of surplus from Umrah & Hajj scheme	25.2	1,579	12,165
		1,579	12,258

25.1 Share of surplus from Al Manafeth

This represents the Company's share in the surplus arising from the Al Manafeth Third Party Liability Insurance Fund (the Fund). The Company with twenty-four other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with 'The Company for Cooperative Insurance' ("CCI") effective from January 1, 2015, initially for three years, for participating in the insurance of foreign vehicles entering Saudi Arabia through all its borders except from the Kingdom of Bahrain. As per the agreement, CCI will receive 4.25% of Fund's gross written premiums to cover the related indirect expense along with 15% management fee of the net results of the Fund's portfolio. The remaining results after the aforesaid distribution is due to be shared equally by the CCI and above mentioned twenty five insurance companies including the Company. The agreement is renewed for the years 2019 and 2020. There is no renewal to the agreement in 2021 as the aforementioned arrangement has been discontinued.

25.2 Share of surplus from Umrah & Hajj scheme

This represents the Company's share in the surplus for general accident product arising from the Umrah scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from January 1, 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from January 1, 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement in 2024 as the aforementioned arrangement has been discontinued.

25.3 Rights and Entitlements of Non-Saudi Employees in Private Sector Entities Insurance

The Company along with nineteen other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with Al-Etihad Cooperative Insurance Company, effective from 3 November 2024. This compulsory product covers defaults default of entities in paying the rights and entitlements of non-Saudi employees in private sector entities offered by the "Ministry of Human Resources and Social Development" through IA. The agreement is valid for an initial term of five years, starting from 3 November 2024, and renewable for another five years, subject to the terms and conditions of the agreement.

26 Other operating expenses

	December 31, 2024	December 31, 2023
Professional services	3,489	2,017
Salaries and other benefits	3,062	5,466
Marketing and other expense	781	843
Directors' remunerations	2,714	2,191
Provision for bonus	--	2,300
Others	639	1,006
Total	10,685	13,823

26.1 Auditors' remuneration for the statutory audit of the Company financial statements for the year ended December 31, 2024 amounts to SR 0.90 million (2023: SR 1.13 million). Auditors' remuneration for the review of the Company interim financial information during the year ended December 31, 2024 amounts to SR 0.57 million (2023: SR 0.59 million). Fee for other statutory and related services provided by the auditors to the Company amounts to SR 0.05 million (2023: SR 0.11 million).

26.2 From these operating expenses employee benefits amounting to SR 43.29 million (2023: SR 44.01 million) and depreciation amounting to SR 5.09 million (2023: SR 4.80 million) has been allocated to insurance service expense.

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27 Related party transactions and balances

Related parties represent shareholders, Board members 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. Contract pricing policies and terms are approved by the Company's management or where required and applicable the Company's Board of Directors. The due from and due to balances of related parties are unsecured, interest free and repayable in cash on demand. Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The following are the details of the related party transactions during the period and their related balances:

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Transactions for the</u> <u>year ended</u>		<u>Balance receivable /</u> <u>(payable) as at the</u> <u>year ended</u>	
			2024	2023	2024	2023
<i>Insurance operations</i>						
Saudi General Insurance Company Ltd. E.C.	Shareholder	Expenses paid	--	--	(309)	(309)
Rolaco Group*	Common directorship	Premiums underwritten	556	603	10	7
		Claims paid	(53)	(17)	(20)	(5)
Dabbagh Group*	Common directorship	Premiums underwritten	1,192	4,061	1,112	1,734
		Claims paid	(1,148)	(4,001)	(1,633)	(1,790)
Raghaf Establishment*	Common directorship	Premiums underwritten	91	85	-	--
		Claims paid	(85)	(25)	(3)	(12)
Key Management Personnel		Short-term benefits	6,260	4,383	--	--
		Long-term benefits	307	188	(526)	(219)
<i>Shareholders' operations</i>						
Board of Directors		Board of Directors remuneration and related expenses	1,800	1,200	1,800	1,800

*The above table includes balances for due from and due to related parties pertaining to shareholder and entities having common directorships or common key management personnel in accordance with local laws and regulations.

28 Fair values of financial instruments

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

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

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

a) Determination of fair value and fair value hierarchy

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

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

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

Level 3: valuation techniques for which any significant input is not based on observable market data. The Company ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the year end.

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28 Fair values of financial instruments (continued)**b) Carrying amounts and fair value**

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment measured at fair value through other comprehensive income (FVOCI)	--	--	61,124	61,124
Equity				
Investment measured at fair value through profit or loss (FVTPL)				
Equity	18,423	--	--	18,423
Mutual funds	--	33,625	--	33,625
Sukuks	--	5,000	--	5,000
	18,423	38,625	61,124	118,172
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment measured at FVOCI				
Equity	--	--	43,462	43,462
Investment measured at FVTPL				
Equity	16,800	--	--	16,800
Mutual funds	--	31,772	--	31,772
Sukuks	--	5,000	--	5,000
	16,800	36,772	43,462	97,034

The fair value of investments in quoted equity securities at level 1 is based on quoted prices available in the market. The fair value of investments in mutual funds and sukuks at level 2 is based on the net asset values and value of similar quoted sukuks communicated by the fund manager.

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. Najm investments, are as follows:

Discounted cashflows ("DCF") method: The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate ("WACC"). The value derived from such an analysis results into a value for the enterprise (the "Enterprise Value"). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the "Equity Value"), all outstanding financial debt and debt-like items, adjusted for excess cash, lack of control discount and other liquid financial assets such as Murabaha and other investments, are subtracted from the Enterprise Value; and

Market multiples method: The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

A weight of 60% and 40% are then applied to the fair values determined under both methods, to arrive at the total equity valuation of Najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

Cash and cash equivalents, Murabaha deposits, statutory deposit, accrued income on statutory deposit, and the financial liabilities except employee benefit obligations are measured at amortized cost.

There were no transfers between levels of the fair value hierarchy for the year ended December 31, 2024, December 31, 2023. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements. Management believes that the fair values of the Company's other financial assets and liabilities are not materially different from their carrying values.

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28 Fair values of financial instruments (continued)

c) Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy

	December 31, 2024	December 31, 2023
Balance at the beginning of the year	43,462	39,703
Fair value gain	17,662	3,759
Balance at the end of the year	61,124	43,462

The below table shows significant unobservable inputs used in the valuation of level 3 investments and their respective sensitivities.

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023	
Unquoted equity investment in Najm	61,124	43,462	Earnings growth factor	Earnings growth factor	13.2%	6.9%	Reducing the Earnings growth factor to 10%, would decrease the fair value by SR 1.61 million. (2023: Reducing the Earnings growth factor to 5%, would decrease the fair value by SR 0.8 million)
			WACC	WACC	16.5%	16.5%	Increasing the WACC by 100 basis points, would decrease the fair value by SR 1.71 million. (2023: SR 1.1 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by SR 1.1 million. (2023: SR 0.7 million)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation process

The Company uses the services of a third-party valuation expert to perform the valuation of investment in Najm required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee and the Audit Committee. Discussions of valuation processes and results are held between the CFO, AC, Investment Committee and the Finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal value growth rate is derived from publicly available databases.
- Earnings growth factors for unlisted equity securities are estimated based on such Company's own historical results.

29 Risk management

Risk governance

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

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29 Risk management (continued)

Risk management structure:

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

Board of directors:

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

Audit committee and internal audit department:

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

Senior management:

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

Risk management committee:

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

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

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

29.1 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

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

The Company purchases reinsurance as part of its risk's mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages these risks through the measures described above. The Company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The Board of Directors may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

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29 Risk management (continued)
29.1 Insurance risk (continued)
(b) Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in the motor segment.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Since the Company operates only in Saudi Arabia, hence, all the insurance risks relate to policies written in Saudi Arabia.

(c) Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported ("IBNR") for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

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

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

2024 Accident year	2019 & earlier	2020	2021	2022	2023	2024	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	866,475	151,826	227,185	271,771	200,084	305,040	
1 year later	927,632	182,537	240,962	285,401	196,417		
2 years later	931,077	179,098	246,586	292,727			
3 years later	932,442	178,047	249,992				
4 years later	934,954	178,623					
5 years later	932,184						
Gross estimates of the undiscounted amount of the claims	932,184	178,623	249,992	292,727	196,417	305,040	2,154,983
Cumulative gross claims and other directly attributable expenses paid	(931,888)	(178,583)	(247,674)	(294,275)	(198,421)	(271,486)	(2,122,327)
Gross undiscounted liabilities for incurred claims	297	41	2,318	(1,547)	(2,003)	33,554	32,660
Effect of discounting							(72)
Gross undiscounted liabilities for other incurred insurance service expenses							35,993
Gross discounted liabilities for incurred claims excluding risk adjustment							68,581
Effect of the risk adjustment margin for non-financial risk							1,974
Gross liabilities for incurred claims							70,555

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29 Risk management (continued)
29.1 Insurance risk (continued)
(c) Claims development table (continued)
2024
Undiscounted liabilities for incurred claims, net of reinsurance:

	2019 & earlier	2020	2021	2022	2023	2024	Total
At end of accident year							
1 year later	592,778	122,293	197,757	237,872	173,939	284,523	
2 years later	639,550	147,030	210,706	251,100	173,881		
3 years later	642,143	144,045	213,688	256,882			
4 years later	642,696	143,628	215,723				
5 years later	639,924	144,330					
Net estimates of the undiscounted amount of the claims	932,184	178,623	249,992	292,727	196,417	305,040	2,154,983
Cumulative Net claims and other directly attributable expenses paid	931,887	178,582	247,674	294,274	198,420	271,486	2,122,323
Net undiscounted liabilities for incurred claims	266	(74)	52	(1,818)	(2,028)	25,476	21,874
Effect of discounting							692
Net undiscounted liabilities for other incurred insurance service expenses							12,831
Net discounted liabilities for incurred claims excluding risk adjustment							35,397
Effect of the risk adjustment margin for non-financial risk							1,387
Net liabilities for incurred claims							36,784

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Gross liabilities for incurred claims	70,555	1,974	72,529
Amounts recoverable from reinsurers	(35,158)	(587)	(35,745)
Net liabilities for incurred claims	35,397	1,387	36,784

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29 Risk management (continued)

29.1 Insurance risk (continued)

(c) Claims development table (continued)

2023	2018 & earlier	2019	2020	2021	2022	2023	Total
Accident year							
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	735,671	130,804	151,826	227,185	271,771	200,084	
1 year later	761,598	166,034	182,537	240,962	285,401		
2 years later	763,276	167,801	179,098	246,586			
3 years later	766,353	166,089	178,047				
4 years later	769,434	165,520					
5 years later	795,978						
Gross estimates of the undiscounted amount of the claims	795,978	165,520	178,047	246,586	285,401	200,084	1,871,616
Cumulative gross claims and other directly attributable expenses paid	(794,522)	(164,957)	(178,551)	(245,586)	(283,213)	(169,443)	(1,836,272)
Gross undiscounted liabilities for incurred claims	1,456	563	(504)	1,000	2,188	30,641	35,345
Effect of discounting							(88)
Gross undiscounted liabilities for other incurred insurance service expenses							6,452
Gross discounted liabilities for incurred claims excluding risk adjustment							41,709
Effect of the risk adjustment margin for non-financial risk							2,556
Gross liabilities for incurred claims							44,265
2023							
Undiscounted liabilities for incurred claims, net of reinsurance:							
At end of accident year	482,223	110,555	122,293	197,757	237,872	173,939	
1 year later	499,218	140,332	147,030	210,706	251,100		
2 years later	500,318	141,825	144,045	213,688			
3 years later	502,335	140,361	143,628				
4 years later	500,010	139,914					
5 years later	527,030						
Net estimates of the undiscounted amount of the claims	527,030	139,914	143,628	213,688	251,100	173,939	1,449,298
Cumulative Net claims and other directly attributable expenses paid	(526,690)	(139,826)	(144,439)	(213,966)	(252,886)	(150,104)	(1,427,912)
Net undiscounted liabilities for incurred claims	340	88	(811)	(279)	(1,786)	23,835	21,387
Effect of discounting							(665)
Net undiscounted liabilities for other incurred insurance service expenses							(3,021)
Net discounted liabilities for incurred claims excluding risk adjustment							17,701
Effect of the risk adjustment margin for non-financial risk							1,473
Net liabilities for incurred claims							19,174

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Gross liabilities for incurred claims	41,709	2,556	44,265
Amounts recoverable from reinsurers	(24,008)	(1,083)	(25,091)
Net liabilities for incurred claims	17,701	1,473	19,174

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29 Risk management (continued)**29.1 Insurance risk (continued)****(d) Sensitivities on major assumptions considered while applying IFRS 17**

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before zakat and tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions is consistent for both reporting periods. The impact of sensitivities to changes in discount rates is minimal therefore not presented.

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

	December 31, 2024	December 31, 2023
Impact on equity and net income of change in claims ratio		
5% Increase	(20,759)	(15,809)
5% Decrease	20,750	15,809
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	(94)	(128)
5% Decrease	94	128

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

	December 31, 2024	December 31, 2023
Impact on equity and net income of change in claims ratio		
5% Increase	(18,623)	(12,025)
5% Decrease	18,623	12,025
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	(72)	(74)
5% Decrease	72	74

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date.

	December 31, 2024	December 31, 2023
Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component*		
2% Increase	(360)	(396)
2% Decrease	360	396

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

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29 Risk management (continued)**29.1 Insurance risk (continued)****(e) Reinsurance risk**

In order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

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

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors and Reinsurance Committee. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies (e.g. S&P) that is not lower than BBB or equivalent
- Reputation of particular reinsurance companies
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. As at December 31, 2024 and December 31, 2023 there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The rating of the reinsurer ranges from A+ rated to BBB+ (2023: AA+ to BBB+).

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

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

	December 31, 2024			December 31, 2023		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
SR "000"						
Medical	17,212	(785)	16,427	32,427	(2,488)	29,939
Motor-Comp	29,379	(4,431)	24,948	27,715	(7,087)	20,628
Motor-TPL	121,441	(13,070)	108,371	66,957	(12,041)	54,916
Property	(1,491)	(7,210)	(8,701)	14,740	(12,388)	2,352
Engineering	3,191	(3,016)	175	3,030	(2,886)	144
Marine	2,181	(1,134)	1,047	3,382	(2,331)	1,051
Accident & liability	10,160	(7,201)	2,959	12,512	(5,362)	7,150
Total	184,315	(36,847)	145,226	160,763	(44,583)	116,180

29.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- The Company stipulates diversification benchmarks by type of instrument and geographical area.

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29 Risk management (continued)**29.2 Market risk (continued)**

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

Market risk comprises of three types of risk: currency risk, commission rate risk and other price risk.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management assesses that there is minimal risk of significant losses due to exchange rate fluctuations and, consequently, the Company does not hedge its foreign currency exposure. The Company has transactions in Saudi Riyals and US Dollars which are pegged and hence there is no currency risk exposure to the Company.

(b) Commission rate risk

Commission rate risk is the risk that the value of future cash flows of a financial instrument will change because of change in market commission rates.

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate bearing securities. The Commission rate risk is limited by monitoring changes in commission rates and by investing in floating rate instruments.

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

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

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

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

	December 31, 2024	December 31, 2023
Insurance contract liabilities, net	182,073	160,763
Reinsurance contract assets, net	36,847	44,583
Debt instruments at FVTPL	5,000	5,000
Murabaha deposit	174,000	149,449
Statutory deposit	45,000	75,000

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

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29 Risk management (continued)

29.2 Market risk (continued)

(b) Commission rate risk (continued)

	Changes in commission rate	Impact on profit before tax	2024		2023
			Impact on equity	Impact on profit before tax	Impact on equity
Insurance contract liabilities, net	+/-2%	280	280	215	215
Reinsurance contract assets, net	+/-2%	357	357	339	339
Debt instruments at FVTPL	+/-2%	100	100	100	100
Murabaha deposit	+/-2%	2,528	2,528	2,369	2,369

The commission and non-commission bearing investments of the Company and their maturities as at December 31, 2024 and December 31, 2023 are as follows:

	Less than 1 year	More than 1 year	Non-commission bearing	Total
December 31, 2024	--	5,000	113,172	118,172
December 31, 2023	--	5,000	92,034	97,034

(c) Other price risk

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

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk. The Company's investments amounting to SR 118.17 million (December 31, 2023: SR 97.03 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments measured at fair value through profit or loss on Company's profit would be as follows:

	Fair value change	Effect on Company's loss
December 31, 2024	+/-10%	+/-5,704
December 31, 2023	+/-10%	+/-5,347

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments measured at fair value through other comprehensive income on Company's equity would be as follows:

	Fair value change	Effect on Company's equity
December 31, 2024	+/-10%	+/-6,112
December 31, 2023	+/-10%	+/-4,346

The sensitivity analysis presented is based upon the portfolio position as at December 31, 2024 and December 31, 2023. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company.

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29 Risk management (continued)**29.3 Credit risk**

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

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

The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

The Company's investment portfolio is managed by the investment committee in accordance with the investment policy established by the investment committee, which is approved by the Board of Directors.

The Company's other financial assets are held with commercial banks and financial institutions with strong financial positions and credit ratings. The Company's policy is to invest in high-quality, liquid (that is, investment-grade) financial instruments. The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with either investment grade or satisfactory non-investment grade credit rating.

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

	December 31, 2024	December 31, 2023
<i>Financial assets</i>		
Cash and cash equivalents	6,559	14,473
Murabaha deposits	181,414	152,947
Reinsurance contract assets	36,847	44,583
Investments	5,000	5,000
Statutory deposit	45,000	75,000
Accrued income on statutory deposit	1,327	3,233
Staff and other receivables	3,584	2,802
	279,731	298,038

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

	<u>Non-investment grade</u>				
	<i>Investment grade</i>	<i>Satisfactory</i>	<i>Past due but not impaired</i>	<i>Past due and impaired</i>	<i>Total</i>
December 31, 2024					
Cash and cash equivalents	6,559	--	--	--	6,559
Murabaha deposits	181,414	--	--	--	181,414
Investments	118,172	--	--	--	118,172
Reinsurance contract assets	36,847	--	--	--	36,847
Statutory deposit	45,000	--	--	--	45,000
Accrued income on statutory deposit	1,327	--	--	--	1,327
Staff and other receivables	--	3,584	--	--	3,584
December 31, 2024	389,319	3,584	--	--	392,903

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29 Risk management (continued)
29.3 Credit risk (continued)

	<u>Non-investment grade</u>			<i>Past due and impaired</i>	
	<i>Investment grade</i>	<i>Satisfactory</i>	<i>Past due but not impaired</i>		<i>Total</i>
<u>December 31, 2023</u>					
Cash and cash equivalents	14,473	--	--	--	14,473
Murabaha deposits	152,926	--	--	--	152,926
Investments	97,034	--	--	--	97,034
Reinsurance contract assets	44,583	--	--	--	44,583
Statutory deposit	74,986	--	--	--	74,986
Accrued income on statutory deposit	3,233	--	--	--	3,233
Staff and other receivables	--	2,802	--	--	2,802
December 31, 2023	387,235	2,802	--	--	390,037

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. All of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk. Also see note 6.

29.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets.

- The Company's liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

The table below summarizes the maturities of the Company's undiscounted contractual obligations relating to financial liabilities as of at December 31, 2024 and December 31, 2023.

	2024	
	Less than 12 months	More than 12 months
<i>Financial assets</i>		Total
Financial assets at fair value through profit or loss ("FVTPL")	57,048	--
Financial assets at fair value through other comprehensive income ("FVOCI")	--	61,124
Statutory deposit	--	44,992
Accrued income on statutory deposit	1,327	--
Murabaha deposits	181,381	-
Cash and cash equivalents	6,559	-
December 31, 2024	246,315	106,116
		352,431

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29 Risk management (continued)

29.4 Liquidity risk (continued)

	2024		Total
	Less than 12 months	More than 12 months	
<i>Financial liabilities</i>			
Accrued expenses and other liabilities	7,897	--	7,897
Accrued income on statutory deposit	1,327	--	1,327
December 31, 2024	9,224	--	9,224

	2023		Total
	Less than 12 months	More than 12 months	
<i>Financial assets</i>			
Financial assets at FVTPL	53,572	--	53,572
Financial assets at FVOCI	--	43,462	43,462
Statutory deposit	--	74,986	74,986
Accrued income on statutory deposit	3,233	--	3,233
Murabaha deposits	152,926	--	152,926
Cash and cash equivalents	14,462	--	14,462
December 31, 2023	224,193	118,448	342,641

	2023		Total
	Less than 12 months	More than 12 months	
<i>Financial liabilities</i>			
Accrued expenses and other liabilities	14,123	--	14,123
Accrued income on statutory deposit	3,233	--	3,233
December 31, 2023	17,356	--	17,356

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Insurance contracts issued						
Property	1,202	287	--	--	--	--
Engineering	537	228	53	--	--	--
Accident & liability	3,670	835	227	44	1	--
Motor-TPL	52,223	1,371	(926)	(1,184)	(658)	(493)
Motor-Comp	3,494	(1,768)	(903)	(233)	(30)	25
Marine	1,147	204	67	19	1	--
Medical	9,008	191	11	--	--	--
December 31, 2024	71,281	1,348	(1,471)	(1,354)	(686)	(468)

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Reinsurance contracts held						
Property	6,605	178	--	--	--	--
Engineering	811	175	38	--	-	--
Accident & liability	3,361	96	27	12	1	--
Motor-TPL	9,653	750	233	(31)	(7)	4
Motor-Comp	7,204	845	347	149	83	35
Marine	2,062	81	65	19	1	--
Medical	1,147	4	--	--	--	--
December 31, 2024	30,843	2,129	710	149	78	39

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29 Risk management (continued)**29.4 Liquidity risk (continued)**

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Property	6,901	2,825	164	(1,726)	2,176	--
Engineering	332	241	727	--	--	--
Accident & liability	3,256	914	54	1,588	499	909
Motor-TPL	18,897	(306)	(90)	96	11	1
Motor-Comp	23,307	(5,795)	(4,729)	(2,049)	(1,813)	(1,023)
Marine	1,070	791	313	--	--	--
Medical	8,575	765	100	-	--	--
December 31, 2023	62,339	(565)	(3,461)	(2,092)	872	(113)

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Property	6,722	2,027	170	(1,269)	1,557	-
Engineering	399	178	594	-	-	-
Accident & liability	3,692	(406)	29	1,501	54	215
Motor-TPL	1,706	(206)	138	74	1	1
Motor-Comp	5,369	(1,365)	(158)	205	234	158
Marine	1,138	545	143	-	-	-
Medical	1,227	47	14	-	-	-
December 31, 2023	20,252	818	931	511	1,846	374

To manage the liquidity risk arising from financial liabilities mentioned above, the Company holds liquid assets comprising cash and cash equivalents and investment securities. These assets can be readily sold to meet liquidity requirements.

The assets with maturity less than one year are expected to realize as follows:

- Fair value through profit or loss investments includes investments in mutual funds and Murabaha deposits and are held for cash management purposes and expected to be matured / settled within 12 months from the balance sheet date.
- Cash and bank balances are available on demand.
- Reinsurers contract assets mainly pertain to motor, marine, property, engineering, accident and liability segment and are generally realized within 6 to 9 months based on settlement of claims.

The liabilities with maturity less than one year are expected to settle as follows:

- Reinsurers contract liabilities are settled on a periodic basis as per terms of reinsurance agreements.
- Majority of insurance contract liabilities are expected to be settled within 12 months in accordance with statutory timelines for payment. Property and casualty policies due to the inherent nature are generally settled within 12 months from the date of receipt of loss adjustor report.
- Accrued expenses and other liabilities are expected to settle within a year of 12 months from the year end date except for end of services benefits.

30 Capital management

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

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

The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by Insurance Authority (IA) previously known as SAMA in Article 66 of the Insurance Implementing Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per Insurance Implementing Regulations:

- Minimum Capital Requirement
- Premium Solvency Margin
- Claims Solvency Margin

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30 Capital management (continued)

As at December 31, 2024 consists of paid-up share capital of SR 300 million, statutory reserve of SR 2.2 million, accumulated loss of SR 138 million and fair value reserve for investments of SR 59.2 million (December 31, 2023: paid-up share capital of SR 500 million, statutory reserve of SR 2.2 million, accumulated losses of SR 244 million and fair value reserve for investments of SR 41.5 million), in the statement of financial position.

The solvency ratio as of 31 December 2024 calculated using the requirement as per article 66 equivalent to 76% which is below the required 100% margin (31 December 2023: 120%).

The amendment made to the Co-operative Insurance Companies Law in accordance with the Royal Decree (M/12) dated 23/1/1443H (corresponding to 01/09/2021) requires the minimum capital of insurance companies to be SR 300 million by December 15, 2024. Calculating the solvency ratio as of 31 December 2024 using the new capital requirement will result to 25% which is below the minimum ratio requirement.

In the opinion of the Board of Directors, except of the shortage in the solvency ratio, the Company has fully complied with other externally imposed capital requirements as at 31 December 2024 (31 December 2023: fully complied with externally imposed capital requirements).

31 Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

The Board of Directors of the Company monitors the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors for the Company as a whole. Furthermore, the Company operates in one geographical area i.e. Kingdom of Saudi Arabia.

Accordingly, segmental analysis of the statement of income and other comprehensive income and statement of financial position is not carried out as the CODM considers the Company to be a single operating segment based on the nature of its operations and products. However, the Company has disclosed its insurance related balances/results by product lines, which are determined based on the disaggregation principles of IFRS 17. These include insurance contract liabilities/assets, reinsurance contract assets/liabilities, insurance service results and insurance finance income/expenses. Refer note 10, 22 and 24 for such analysis.

32 Subsequent events

Subsequent to the year end, the Company has announced the signing of a binding merger agreement with Gulf Union Al Ahlia Cooperative Insurance Company (GUAI) dated 12 February 2025 corresponding to 13th Shaban 1446H pursuant to which GGCI will be merged into GUAI which will result in all rights, liabilities, assets and contracts of GGCI being subsumed into GUAI in exchange for GUAI's issuance of 22,823,227 newly issued shares with nominal value of SAR 10 each in GUAI to GGCI's shareholders pursuant to Article (225) and Articles (227) to (229) of the Companies Law, Article (49)(a)(1) of the Merger and Acquisition Regulations and in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority, and in accordance with the conditions and provisions of the Merger Agreement. The Company has also obtained approval from Insurance Authority on 11 February 2025 and from CMA on 24 February 2025, currently the approval of shareholder is remaining to proceed with the merger. On 25 March 2025 the companies have entered into the termination agreement and they have announced the cancelation of the merger. No other subsequent events have been identified since the period-end, that would require disclosures or adjustments in these financial statements.

33 Approval of the financial statements

These financial statements have been approved by the Board of Directors on March 18, 2025, corresponding to 18 Ramadan 1446H.

Supplementary information

As required by the SAMA Implementing Regulations, the statement of financial position, statement of income and statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

a) Statement of financial position

	December 31, 2024			December 31, 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	5,837	722	6,559	13,588	874	14,462
Investments held at amortised cost	76,752	104,629	181,381	59,980	92,946	152,926
Financial assets at fair value through profit or loss ("FVTPL")	--	57,048	57,048	--	53,572	53,572
Financial assets at fair value through other comprehensive income ("FVOCI")	--	61,124	61,124	--	43,462	43,462
Prepaid expenses and other assets	14,526	1,410	15,936	35,562	99	35,661
Reinsurance contract assets	36,847	--	36,847	44,583		44,583
Insurance contract asset	1,491	--	1,491			
Due from shareholder's \ Insurance operations	40,661	(40,661)	--	(2,923)	2,923	--
Property and equipment	11,088	--	11,088	13,532	-	13,532
Intangible assets	11,172	--	11,172	12,113	-	12,113
Right-of-use asset	4,221	--	4,221	5,407	-	5,407
Goodwill	--	--	--	-	36,260	36,260
Statutory deposit	--	44,992	44,992	-	74,986	74,986
Accrued income on statutory deposit	--	1,327	1,327	-	3,233	3,233
TOTAL ASSETS	202,595	230,591	433,186	181,842	310,655	490,197

Supplementary information (continued)

a) Statement of financial position (continued)

	December 31, 2024			December 31, 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>LIABILITIES AND EQUITY</u>						
<u>LIABILITIES</u>						
Accrued expenses and other liabilities	10,670	2,565	13,235	11,549	2,574	14,123
Insurance contract liabilities	183,564	-	183,564	160,763	--	160,763
Zakat payable	-	3,669	3,669	--	2,973	2,973
Accrued income on statutory deposit	-	1,327	1,327	--	3,233	3,233
Lease liability	3,415	-	3,415	4,518	--	4,518
Employee defined benefit obligations	4,070	-	4,070	4,194	--	4,194
TOTAL LIABILITIES	201,719	7,561	209,280	181,024	8,780	189,804
<u>EQUITY</u>						
Share capital	--	300,000	300,000	--	500,000	500,000
Statutory reserve	--	2,165	2,165	--	2,165	2,165
Accumulated losses	--	(138,336)	(138,336)	--	(244,129)	(244,129)
Remeasurement reserve of defined benefit obligations	876	--	876	818	--	818
Fair value reserve for investments	--	59,201	59,201	--	41,539	41,539
TOTAL EQUITY	876	223,030	223,906	818	299,575	300,393
TOTAL LIABILITIES AND EQUITY	202,595	230,591	433,186	181,842	310,655	490,197

Supplementary information (continued)

b) Statement of profit and loss

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Insurance revenue	414,352	-	414,352	315,646	--	315,646
Insurance service expenses	(440,538)	-	(440,538)	(285,347)	--	(285,347)
Net expenses from reinsurance contracts	(32,429)	-	(32,429)	(38,828)	--	(38,828)
Insurance service result from Company's directly written business	(58,615)	-	(58,615)	(8,529)	--	(8,529)
Share of surplus from insurance pools	1,579	-	1,579	12,258	--	12,258
Insurance service result	(57,036)	-	(57,036)	3,729	--	3,729
Commission income on investments measured at amortised cost	5,965	5,631	11,596	1,017	5,804	6,821
Net gains on investments measured at FVTPL	-	2,636	2,636			
Commission income on investments measured at FVTPL	-	255	255	--	8,705	8,705
Dividend income	-	580	580	--	476	476
Net investment return	5,965	9,102	15,067	1,017	14,985	16,002
Net finance expense from insurance contracts	(873)	-	(873)	(7,886)	--	(7,886)
Net finance income from reinsurance contracts	1,195	-	1,195	3,379	--	3,379
Net insurance finance income / (expense)	322	-	322	(4,507)	--	(4,507)
Net insurance and investment result	(56,714)	12,431	(41,647)	239	14,985	15,224
Other income	-	-	-	4,918	--	4,918
Impairment of Goodwill	--	(36,260)	(36,260)	--	--	--
Other operating expenses	(6,886)	(40,059)	(46,945)	(10,686)	(3,137)	(13,823)
Profit / (loss) for the year attributable to the shareholders before zakat and income tax, net of surplus	(57,635)	(30,957)	(88,592)	(5,529)	11,848	6,319
Shareholder absorption of loss	57,635	(57,635)	-	5,529	(5,529)	--
Profit for the year after shareholder absorption of appropriations before zakat		(88,592)	(88,592)	--	6,319	6,319
Zakat	-	(5,615)	(5,615)	--	(2,787)	(2,787)
Net (loss) / profit for the year attributable to the shareholders	--	(94,207)	(94,207)	--	3,532	3,532
(Loss) / earnings per share (Basic and diluted) (expressed in SR per share)	--	(3.14)	(3.14)	--	0.12	0.12

Supplementary information (continued)

c) Statement of comprehensive income

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net (loss) / profit for the year attributable to the shareholders	--	(94,207)	(94,207)	--	3,532	3,532
Other comprehensive income						
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
Net changes in fair value of investment measured at FVOCI – equity instruments	--	17,662	17,662	--	3,759	3,759
Remeasurement gain / (loss) on defined benefit obligations	58	--	58	(552)	--	(552)
Total comprehensive (loss) / income for the year attributable to the shareholders	58	(76,545)	(76,487)	(552)	7,291	6,739

Supplementary information (continued)

d) Statement of cash flows

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Profit / (loss) for the year attributable to the shareholders before zakat and income tax, net of surplus	--	(88,592)	(88,592)	--	6,319	6,319
Adjustments for non-cash items:						
Depreciation of property and equipment	2,424	--	2,424	2,291	--	2,291
Amortization of intangible assets	1,484	--	1,484	1,472	--	1,472
Amortization of right-of-use asset	1,186	--	1,186	1,046	--	1,046
Finance cost over lease liability	191	--	191	79	--	79
Net gain on financial assets at FVTPL	-	(2,635)	(2,635)	--	(8,705)	(8,705)
Commission income on FVTPL investments and Murabaha	(5,965)	(5,886)	(11,851)	(1,017)	(5,804)	(6,821)
Provision for employee benefits obligations	1,241	--	1,241	1,795	--	1,795
Dividend income	--	(580)	(580)	--	(476)	(476)
Expected credit loss adjustment	(210)	--	(210)	(208)	--	(208)
Impairment of Goodwill	--	36,260	36,260			
	351	(61,433)	(61,082)	5,458	(8,666)	(3,208)
Changes in operating assets and liabilities:						
Prepaid expenses and other assets	21,252	(1,311)	19,941	17,344	(2,286)	15,058
Accrued expenses and other liabilities	(879)	(9)	(888)	(2,985)	2,543	(442)
Due to / (from) shareholders' operations	(43,580)	43,580	--	28,737	(28,737)	--
Insurance contract asset	(1,491)	--	(1,491)			
Insurance contracts liabilities	22,801	--	22,801	(12)	--	(12)
Reinsurance contract assets	7,736	--	7,736	12,210	--	12,210
	6,190	(19,173)	(12,983)	60,752	(37,146)	23,606
Zakat and income tax paid	-	(4,919)	(4,919)	--	(4,050)	(4,050)
Payment of employee benefits obligation	(1,307)	-	(1,307)	(2,814)	--	(2,814)
Net cash generated from / (used in) operating activities	4,883	(24,092)	(19,209)	57,938	(41,196)	16,742

Supplementary information (continued)

d) Statement of cash flows (continued)

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOW FROM INVESTING ACTIVITIES						
Additions to property and equipment	(25)	--	(25)	(326)	--	(326)
Disposal of PPE	45	--	45			
Additions to intangible asset	(543)	--	(543)	(132)	--	(132)
(Addition) / maturity in Murabaha deposits - net	(14,551)	(10,000)	(24,551)	(45,000)	35,000	(10,000)
Addition of equity investment	--	(841)	(841)	--	--	--
Commission income on FVTPL investments and Murabaha	3,734	4,201	7,935	1,017	3,048	4,065
Dividend income	--	580	580	--	476	476
Release of Statutory deposit	--	30,000	30,000			
Net cash (used in) / generated from investing activities	(11,340)	23,940	12,600	(47,197)	41,280	(5,917)
CASH FLOW FROM FINANCING ACTIVITIES						
Lease rental paid	(1,294)	--	(1,294)	(1,514)	--	(1,514)
Net cash (used in) / generated from financing activities	(1,294)	--	(1,294)	(1,514)	--	(1,514)
Net change in cash and cash equivalents	(7,751)	(152)	(7,903)	9,227	84	9,311
Cash and cash equivalents at the beginning of the year	13,588	874	14,462	4,361	790	5,151
Cash and cash equivalents at the end of the year	5,837	722	6,559	13,588	874	14,462
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION						
Net changes in fair value of investment measured at FVOCI	--	17,662	17,662	--	3,759	3,759
Remeasurement gain / (loss) on defined benefit obligations adjusted against accrued expenses and other liabilities	58	--	58	(552)	--	(552)
Addition of lease	--	--	--	5,926	--	5,926

Supplementary information (continued)

e) Line of Businesses information

	Medical	Motor - Comp	Motor - TPL	Property	Engineering	Marine	Accident and liability	Total
Insurance revenue	33,091	113,190	224,752	22,165	3,548	9,192	8,414	414,352
Insurance service expenses	(43,822)	(117,333)	(263,998)	(4,874)	(2,183)	(5,279)	(3,049)	(440,538)
Net expenses from reinsurance contracts	(4,019)	(3,053)	3,576	(17,146)	(3,057)	(5,650)	(3,080)	(32,429)
Insurance service result from Company's directly written business	(14,750)	(7,196)	(35,670)	145	(1,692)	(1,737)	2,285	(58,615)
Share of surplus from insurance pools								1,579
Insurance service result								
Net gains on investments measured at FVTPL								2,636
Commission income on investments measured at amortised cost								11,596
Commission income on investments measured at FVTPL								255
Dividend income								580
Net investment return								15,067
Net finance (expense) / income from insurance contracts	(29)	377	(656)	(183)	(44)	(74)	(264)	(873)
Net finance income / (expense) from reinsurance contracts	55	311	208	315	47	86	173	1,195
Net insurance finance (expense) / income	26	688	(448)	132	3	12	(91)	322
Net insurance and investment result								
Other income								--
Impairment of goodwill								(36,260)
Other operating expenses								(10,685)
Profit for the year attributable to the shareholders before zakat and income tax								(88,592)
Zakat								(5,615)
Net profit for the year attributable to the shareholders								(94,207)

Supplementary information (continued)

e) Line of Businesses information (continued)

For the year ended December 31, 2023

	Medical	Motor - Comp	Motor - TPL	Property	Engineering	Marine	Accident and liability	Total
Insurance revenue	39,982	181,408	40,638	22,511	5,184	15,563	10,360	315,646
Insurance service expenses	(41,723)	(173,964)	(49,183)	(8,629)	(2,666)	(5,766)	(3,416)	(285,347)
Net expenses from reinsurance contracts	(1,179)	(3,430)	641	(16,012)	(3,623)	(10,483)	(4,742)	(38,828)
Insurance service result from Company's directly written business	(2,920)	4,014	(7,904)	(2,130)	(1,105)	(686)	2,202	(8,529)
Share of surplus from insurance pools								12,258
Insurance service result	(2,920)	4,014	(7,904)	(2,130)	(1,105)	(686)	2,202	3,729
Net gains on investments measured at FVTPL								8,705
Commission income from financial assets not measured at FVTPL and Murabaha								6,821
Dividend income								476
Net investment return								16,002
Net finance (expense) / income from insurance contracts	(2,610)	928	(1,778)	(2,373)	(195)	(499)	(1,359)	(7,886)
Net finance income / (expense) from reinsurance contracts	241	(15)	231	1,859	131	358	574	3,379
Net insurance finance (expense) / income	(2,369)	913	(1,547)	(514)	(64)	(141)	(785)	(4,507)
Net insurance and investment result								15,224
Other income								4,918
Other operating expenses								(13,823)
Profit for the year attributable to the shareholders before zakat and income tax								6,319
Zakat								(2,787)
Net profit for the year attributable to the shareholders								3,532

Supplementary information (continued)

e) Line of Businesses information (continued)

As at December 31, 2024

	Medical	Motor- Third party liability	Motor- Compreh ensive	Property	Engineering	Marine	Accident & liability	Total
Assets								
Reinsurance contract assets	785	13,070	4,431	7,210	3,016	1,134	7,201	36,847
Insurance contract liabilities	--	--	--	1,491	--	--		1,491
Unallocated assets								394,848
Total assets								433,186
Liabilities								
Insurance contract liabilities	17,212	121,441	29,379	--	3,191	2,181	10,160	183,564
Unallocated liabilities								25,716
Total liabilities								209,280

As at December 31, 2023

	Medical	Motor- Third party liability	Motor- Comprehe nsive	Property	Engineering	Marine	Accident & liability	Total
Assets								
Reinsurance contract assets	2,488	12,041	7,087	12,388	2,886	2,331	5,362	44,583
Unallocated assets								445,614
Total assets								490,197
Liabilities								
Insurance contract liabilities	32,427	66,957	27,715	14,740	3,030	3,382	12,512	160,763
Unallocated liabilities								29,041
Total liabilities								189,804

Supplementary information (continued)

e) Line of Businesses information (continued)

Gross Written Premium

Details relating to gross written premium (“GWP”) are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

Breakdown of GWP	Medical	Motor	Property & casualty	Total
Retail	528	266,662	553	267,743
Small	661	6,559	2,794	10014
Medium	1,549	15,341	10,958	27848
Corporate	18,957	85,919	31,211	136087
Total	21,695	374,481	45,516	441,692

Breakdown of GWP	Medical	Motor	Property & casualty	Total
Retail	--	188,169	752	188,921
Small	1,995	5,348	2,806	10,149
Medium	6,414	16,469	9,519	32,402
Corporate	34,333	29,135	35,699	99,167
Total	42,742	239,121	48,776	330,639

Insurance revenue of SR 412 million (2023: SR 315 million) is calculated through adjustment of SR 23.8 million (2023: SR 14.4 million) for the remaining coverage period, the expected premium receipts which reconcile to the gross written premium of SR 0.7 million (2023: SR 2.9 million) and other adjustments amounting to SR 2.7 million (2023: 3.4 SR million).

Net Written Premium

Details relating to net written premium are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

Item	Medical	Motor	Property & casualty	Total
Gross written premium	21,695	374,481	45,516	441,692
Reinsurance premium ceded – globally (including excess of loss)	(3,267)	(2,200)	(28,122)	(33,589)
Reinsurance premium ceded – locally (including excess of loss)	(692)	(697)	(6,418)	(7,807)
Net written premium - total	17,736	371,584	10,976	400,296

Item	Medical	Motor	Property & casualty	Total
Gross written premium	42,742	239,121	48,776	330,639
Reinsurance premium ceded – globally (including excess of loss)	(3,070)	(27,481)	(34,720)	(65,271)
Reinsurance premium ceded – locally (including excess of loss)	(502)	(670)	(5,468)	(6,640)
Net written premium - total	39,170	210,970	8,588	258,728