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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Headquarter in Riyadh

P. O. Box 15651 Jeddah 21454
Kingdom of Saudi Arabia

INDEX **Pages**

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PKF Ibrahim Ahmed Al-Bassam & Co. Certified Public Accountants
P. O. Box 15651 Jeddah 21454
Kingdom of Saudi Arabia

Independent auditors' report

To the Shareholders of Gulf General Cooperative Insurance Company - A Saudi Joint Stock 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 2023 and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant 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 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standard) 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.

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 for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 - A Saudi Joint Stock Company (continued)

Key Audit Matter (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of estimates of present value of cashflows, risk adjustment for non-financial risk and loss component - insurance contract liabilities As at December 31, 2023, estimate of present value of future cash flows, loss component and risk adjustment for non-financial risk amounts to SR 41.7 million, SR 6.9 million and SR 2.6 million (2022: SR 101.3 million, SR 22.4 million and SR 4.1 million) respectively, as reported in Note 10 to the financial statements. The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows, loss component and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows are based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs and the assessment related to onerous contracts based on estimated cash outflows to identify the contract that are loss making at inception. The Company uses an external actuary ("Appointed Actuary") to provide them with the estimate of such liabilities. A range of methods were used to determine these provisions which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. 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 and the loss component, we have considered this as a key audit matter. Refer to Notes 3,4 and 5 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.	We performed the following procedures: • We assessed the appropriateness of the Company's accounting policies for determining insurance contract liabilities in accordance with the applicable financial reporting framework. • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence. • Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. • Checked the completeness and accuracy, on sample basis, of the underlying data used by the management in estimating the liability for incurred claims and loss component. • Involved our actuarial specialists to assess the Company's methodologies and evaluate the appropriateness of the key assumptions used and its consistency with the actuarial practices and provisions established including the actuarial report issued by management's expert. • 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 - A Saudi Joint Stock Company (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the annual report, when made available to us, 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 IFRS accounting standards as endorsed in KSA, 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 - A Saudi Joint Stock 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 endosred 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 the management.

- Conclude on the appropriateness of managements' 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 of **Gulf General Cooperatove Insurance Company** ("the Company").

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 - A Saudi Joint Stock 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 for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Professional Service

Ebrahim Oboud Baeshen
License No. 382

For Al Bassasm & Co
Certified Public Accountant

Ahmed AbdulMajeed Mohandis
Certified Public Accountant
License No. 477

March 27, 2024
Corresponding to Ramadan 17, 1445 H
Jeddah, Kingdom of Saudi Arabia

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of financial position
As at December 31, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2023	December 31 2022 (Restated - Notes 3 and 5)	January 1, 2022 (Restated - Notes 3 and 5)
ASSETS				
Cash and cash equivalents	6	**14,462**	5,151	256,112
Murabaha deposits	7	**152,926**	140,180	--
Financial assets at fair value through profit or loss ("FVTPL")	8.1	**53,572**	44,867	46,832
Financial assets at fair value through other comprehensive income ("FVOCI")	8.2	**43,462**	39,703	37,032
Prepaid expenses and other assets	9	**35,661**	50,499	14,215
Reinsurance contract assets	10	**44,583**	56,793	81,456
Property and equipment		**13,532**	15,499	13,122
Intangible assets	12	**12,113**	13,453	9,626
Right-of-use assets	13	**5,407**	527	1,555
Goodwill	14	**36,260**	36,260	36,260
Statutory deposit	15	**74,986**	74,986	74,986
Accrued income on statutory deposit	15	**3,233**	3,634	2,495
TOTAL ASSETS		**490,197**	481,552	573,691
LIABILITIES AND EQUITY				
LIABILITIES				
Accrued expenses and other liabilities	16	**14,123**	14,565	10,669
Insurance contract liabilities	10	**160,763**	160,775	155,793
Employee defined benefit obligations	17	**4,194**	4,661	5,156
Zakat payable	18	**2,973**	4,236	2,287
Lease liabilities	13	**4,518**	27	1,224
Accrued income on statutory deposit	15	**3,233**	3,634	2,495
TOTAL LIABILITIES		**189,804**	187,898	177,624
EQUITY				
Share capital	20	**500,000**	500,000	500,000
Statutory reserve	21	**2,165**	2,165	2,165
Accumulated losses		**(244,129)**	(247,661)	(141,644)
Re-measurement reserve of defined benefit obligation	17	**818**	1,370	437
Fair value reserve for investments	8.2	**41,539**	37,780	35,109
TOTAL EQUITY		**300,393**	293,654	396,067
TOTAL LIABILITIES AND EQUITY		**490,197**	481,552	573,691

Director | Chief Financial Officer | Chief Executive Officer

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of profit or loss
For the year ended December 31, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2023	December, 31 2022 (Restated - Notes 3 and 5)
Insurance revenue	23	**315,646**	315,686
Insurance service expenses	23	**(285,347)**	(373,170)
Net expenses from reinsurance contracts	23	**(38,828)**	(49,593)
Insurance service result from Company's directly written business		**(8,529)**	(107,077)
Share of surplus from insurance pools	26	**12,258**	23,778
Total insurance service result		**3,729**	(83,299)
Net gains / (loss) on investments measured at FVTPL	24	**8,705**	(4,965)
Commission income on financial asset not measured at FVTPL and Murabaha	24	**6,821**	3,838
Dividend income	24	**476**	202
Net investment return		**16,002**	(925)
Net finance income from reinsurance contracts	25	**3,379**	1,018
Net finance expense from insurance contracts	25	**(7,886)**	(1,321)
Net insurance finance expense		**(4,507)**	(303)
Net insurance and investment result		**15,224**	(84,527)
Other income	19	**4,918**	--
Other operating expenses	27	**(13,823)**	(17,472)
Profit / (loss) for the year attributable to the shareholders before zakat, net of surplus		**6,319**	(101,999)
Zakat	18	**(2,787)**	(4,018)
Net profit / (loss) for the year attributable to the shareholders		**3,532**	(106,017)
Earnings / (loss) per share (Basic and diluted) (expressed in SR per share)	20	**0.07**	(2.12)

Director | Chief Financial Officer | Chief Executive Officer

The accompanying notes 1 to 37 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, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December, 31 2023	December, 31 2022 (Restated - Notes 3 and 5)
Net profit / (loss) for the year attributable to the shareholders		**3,532**	(106,017)
Other comprehensive income:			
Items that will not be reclassified to statement of income in subsequent years			
Net changes in fair value of investment measured at FVOCI – equity instruments	8.2	**3,759**	2,671
Remeasurement gain on defined benefit obligations	17	**(552)**	933
Total comprehensive income / (loss) for the year attributable to the shareholders		**6,739**	(102,413)

Director | Chief Financial Officer | Chief Executive Officer

The accompanying notes 1 to 37 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, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

For the year ended December 31, 2023

	Note	Share capital	Statutory reserve	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of defined benefit obligation	Total
Balance at the beginning of the year - (Restated - Notes 3 and 5)		**500,000**	**2,165**	**(247,661)**	**37,780**	**1,370**	**293,654**
***Total comprehensive income for the* year**							
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	3,759	(552)	6,739
Balance at the end of the year		500,000	2,165	(244,129)	41,539	818	300,393

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 37 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, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

For the year ended December 31, 2022

	Note	Share Capital	Statutory reserve	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of defined benefit obligation	Total
Balance at the beginning of the year, as previously reported		500,000	2,165	(131,730)	--	437	370,872
Impact of initial application of IFRS 17	5	--	--	(9,474)	--	--	(9,474)
Impact of initial application of IFRS 9	5	--	--	(440)	35,109	--	34,669
Balance at the beginning of the year - (Restated - Notes 3 and 5)		500,000	2,165	(141,644)	35,109	437	396,067
Total comprehensive loss for the year - (Restated - Notes 3 and 5)							
Net loss for the year attributable to the shareholders		--	--	(106,017)	--	--	(106,017)
Net changes in fair value of investment measured at FVOCI	8.2	--	--	--	2,671	--	2,671
Remeasurement gain on defined benefit obligation	17	--	--	--	--	933	933
Total comprehensive loss for the year attributable to the shareholders - (Restated - Notes 3 and 5)		--	--	(106,017)	2,671	933	(102,413)
Balance at the end of the year – (Restated - Notes 3 and 4)		500,000	2,165	(247,661)	37,780	1,370	293,654

Director

Chief Financial Officer

Chief Executive Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of cashflow
December 31, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2023	December, 31 2022 (Restated - Notes 3 and 5)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) for the year attributable to the shareholders before zakat		6,319	(101,999)
Adjustments for non-cash items:			
Depreciation	11	2,291	2,322
Amortization of intangible assets	12	1,472	1,198
Amortization of right-of-use assets	13.1	1,046	1,028
Finance cost on lease liability	13.2	79	--
Net (gain) / loss on financial assets at FVTPL	8.1	(8,705)	4,965
Commission income on FVTPL investments and Murabaha	24	(6,821)	(3,838)
Dividend income	24	(476)	(202)
Employee defined benefit obligation	17.1	1,795	333
Expected credit loss adjustment		(208)	59
		(3,208)	(94,268)
Changes in operating assets and liabilities:			
Insurance contract liabilities		(12)	4,982
Reinsurance contract assets		12,210	24,663
Prepaid and other assets		15,058	(36,341)
Accrued expenses and other liabilities		(442)	3,896
		23,606	(97,068)
Zakat paid	18	(4,050)	(2,069)
Payment of employee defined benefit obligations	17.1	(2,814)	(1,761)
Net cash generated from operating activities		16,742	(100,898)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	(326)	(4,701)
Additions to intangible assets	8	(132)	(5,025)
Placements in Murabaha deposits		(12,756)	(140,180)
Addition of Sukkuk		--	(3,000)
Commission income on FVTPL investments and Murabaha	24	6,821	3,838
Dividend income	24	476	202
Net cash used in investing activities		(5,917)	(148,866)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	13.2	(1,514)	(1,197)
Net cash used in financing activities		(1,514)	(1,197)
Net change in cash and cash equivalents		9,311	(250,961)
Cash and cash equivalents at the beginning of the year		5,151	256,112
Cash and cash equivalents at the end of the year	6	14,462	5,151
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION			
Net changes in fair value of investment measured at FVOCI	8.2	3,759	2,671
Remeasurement gain on defined benefit obligations	17.1	(552)	933
Addition of lease	13	5,926	--

Director | Chief Financial Officer | Chief Executive Officer

The accompanying notes 1 to 37 form an integral part of these financial statements.

(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%
	100%

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 management is in process of assessing the impact of the New Law and will amend its By-laws with the amendments in the provisions required to align with the provisions of the New Law and the amended CMA implementing regulations, and with any other amendments that may take advantage of the New Law and the amended CMA implementing regulations. Consequently, the Company shall present the amended By-laws, within the timeframe allowed, to the shareholders in its Extraordinary General Assembly meeting for their ratification.

2 Basis of preparation

(a) Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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"). This is the first full set of the Company's financial statements in which IFRS 17 - Insurance Contracts ("IFRS 17") and IFRS 9 - Financial Instruments ("IFRS 9") as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant judgments, estimates and accounting policies are described in Note 3 and Note 4. Comparative information was restated due to the adoption of IFRS 17 and IFRS 9.

2. Basis of preparation (continued)

a) Statement of compliance (continued)

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 statement of financial position, statements of profit or loss, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in note 32 have been provided as supplementary information to comply with requirements of the SAMA Implementing Regulations and is not required by IFRS Accounting Standards.

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.

(c) Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Although the Company's accumulated losses amounted to SR 240.02 million which represents 48.8% of its share capital as of December 31, 2023, however the Company realized a profit of SR 3.53 million and a positive operating cashflows amounted to SR 16.7 million for the year ended December 31, 2023, further, as of that date, the Company's liquidity reached to 120%.

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, and as part of the efforts to reduce the accumulated losses, the Company has obtained recommendation from the Board of Directors on November 9, 2023, and the approval from Capital Market Authority on November 29, 2023 to reduce its share capital by SR 200 million to absorb part of the Company's accumulated losses with the same amount. The Company in the process of obtaining the approval from its shareholders through an extraordinary general assembly. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Based on the above measures taken by the management and the improvement in the profitability of the Company, along with positive operating cashflows, and existing cash and cash equivalents and other liquid assets, 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 48.8% of its share capital, the requirements of Article 4, Part 2 of 'CMA's Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital' continued to be triggered.

(b) 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.

(c) 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 and reinsurance contract assets.

(d) 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Basis of preparation (continued)

(e) Seasonality of operations

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

(f) Changes in products and services

During the year ended December 31, 2023, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company. Refer Note 3 for details regarding impact of adoption of IFRS 17 - Insurance Contracts ("IFRS 17") and IFRS 9 - Financial Instruments ("IFRS 9").

3. Material accounting policies

The material accounting policies used in the preparation of these financial statements are consistently applied for all years presented. Refer Note 3.1 for details relating to adoption of IFRS 17 and IFRS 9. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to lAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of material rather than significant, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 3.

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

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standards:

a) IFRS 17 Insurance contracts ("IFRS 17")

IFRS 17 replaces IFRS 4 'Insurance Contracts' and is effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, January 1, 2022, the Company:
- has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
- derecognised any existing balances that would not exist had IFRS 17 always applied; and
- recognised any resulting net difference in equity.

The new accounting policies and the impact of the adoption of IFRS 17 are disclosed in Notes 3.3 and 5.1, respectively.

b) IFRS 9 Financial Instruments ("IFRS 9").

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and was effective for annual periods beginning on or after January 1, 2018. However, the Company had met the relevant criteria and had applied the temporary exemption from IFRS 9 for annual periods before January 1, 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The new accounting policies and the impact of the adoption of IFRS 9 are disclosed in Notes 3.4 and 5.2, respectively. A number of other amendments became applicable for the current reporting period i.e. for reporting periods beginning on or after January 01, 2023. 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:

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

Interpretation	Description
Amendment to IAS 12 - International tax reform	These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The Company did not identify an impact as a result of these amendments.
Amendment to IAS 12 'Taxation' ("IAS 12") – deferred tax related to assets and liabilities arising from a single transaction.	These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company did not identify an impact as a result of these amendments.
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Company did not identify an impact as a result of these amendments.

(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

Interpretation	Description	Effective date	Impact assessment
Amendment to IFRS 16 'Leases' ("IFRS 16") – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after January 1, 2024	Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.
Amendments to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Annual periods beginning on or after January 1, 2024	Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.
Amendment to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures ("IFRS 7") – Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after January 1, 2024	Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.
Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after January 1, 2025.	Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Annual periods beginning on or after January 1, 2024	Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Annual periods beginning on or after January 1, 2024	Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.

3. Material accounting policy

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.

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;

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

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

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.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

- 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 fo r 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 ce ding 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.

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 c ash 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).

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

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.

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 fulfilments 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, 2023.

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 65% 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.

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.

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.

3.3.1 Changes to classification, recognition and measurement

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

- ***Deferral of acquisition costs*** – Under IFRS 17, insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalise and amortise these costs over the coverage period 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.

3.3.1 Changes to classification, recognition and measurement (continued)

- ***Discount rate*** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Under IFRS 4, claims liabilities were discounted using a rate that reflected the estimated market yield of the underlying assets backing these claims liabilities at the reporting date. The changes in discounting methodology did not have a significant impact on transition. Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart

- ***Risk Adjustment*** - Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned. As a result, the changes in methodology did not have a significant impact on transition.

- ***Onerous contracts*** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4. Onerous contracts did not have a significant impact on transition to IFRS 17.

3.3.2 Changes to presentation and disclosure

Statement of financial position

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

3.3.2 Changes to presentation and disclosure (continued)

Statement of financial position (continued)

Line items under IFRS 17	Line items under IFRS 4, now combined under one line item under IFRS 17
Insurance contract liabilities / assets	- Premiums receivable - Deferred policy acquisition costs - Unearned premiums - Outstanding claims - Claims incurred but not reported - Surplus distribution - Premium deficiency reserve - Other technical reserve - Due to brokers and third-party administrator - Policyholders payable - Najm uploading fee, SAMA fee, CCHI fee, Tameeni expense, Third party recoveries and other within prepaid expenses and other assets. - Workshop salvagers and third-party payables, within accrued expenses and other liabilities
Reinsurance contract assets / liabilities	- Reinsurers' share of unearned premiums - Reinsurers' share of outstanding claims - Reinsurers' share of claims incurred but not reported - Reinsurance share of excess of loss claims - Value Added Tax (VAT) on reinsurance commission - Due from reinsurers - Due to reinsurer - Unearned reinsurance commission

Statement of comprehensive income

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

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and estimates for expected premium receipts.

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

Net income / (expenses) from reinsurance contracts held under IFRS 17 includes reinsurance premium ceded, changes in reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non -financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under net insurance financial result.

IFRS 17 resulted in presentation changes to IFRS 4's underwriting expenses, claims handling expenses, policy acquisition costs and general and administrative expenses since such expenses are classified either as 'Incurred claims and other directly attributable expenses' within insurance service expense or as other operating expenses when they are not directly attributable to insurance contracts. As a result, a portion of expenses classified as general and administrative expenses under IFRS 4 are now presented as other operating expenses under IFRS 17. The following previously reported line items are no longer disclosed: direct premiums written, net earned premiums, net claims incurred, and underwriting expenses.

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. Transa ction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

i Initial recognition of financial assets (continued)

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 (th at 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 prof it 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 expecte d 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 lo sses 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 f inancial 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 subs equent 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 t he financial asset.

i. 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.

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 cas h flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for tradi ng 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 portfoli o 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.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

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

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.

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, 2023.

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.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

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

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).

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.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

3. Impairment of financial assets (continued)

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 profit or loss.

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 profit or loss.

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 profit or loss.

3.4.1 Changes to 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 IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- 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.

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognised in the statement of income, whereas under IFRS 9 these fair value changes 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 profit or loss.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

3.4.1 Changes to classification and measurement (continued)

The Company has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of January 1, 2022. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

3.4.2 Changes to the impairment calculation

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 analyze 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

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 profit or loss.

3. Material accounting policies (continued)

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 profit or loss 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 profit or loss 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. The Company assess whether a contract is or contains a lease based on the new definition of a lease. On transition to IFRS 16, the Company elected to apply the practical expedients to grandfather the assessment of which transactions are leases.

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.

3. Material accounting policies (continued)

3.8 Leases (Continued)

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 Lessor

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 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 statements 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.

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 profit or loss 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.

3. Material accounting policies (continued)

3.10 Employee benefit obligations (continued)

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.

3.14 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.

3.15 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.

3.16 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 profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

3. Material accounting policies (continued)

3.17 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.

For management purposes, the Company is organized into business units based on their products and services and has the following major reportable segments:

- Marine provides coverage against losses and liability related to marine vessels and marine cargo.
- Property provides coverage against fire insurance, and any other insurance included under this class of insurance.
- Motor Comprehensive provides coverage against damages to vehicles due to storm, tempest, flood, fire, theft, and personal accident.
- Motor Third Party Liability provides coverage against liability to third parties arising through accidents.
- Engineering provides coverage for builder's risks, construction, mechanical, electrical, electronic, and machinery breakdown, and any other insurance included under this class of insurance.
- Accident & liability provides coverage against money insurance, fidelity guarantee insurance, business all risk insurance, business travel insurance and exhibition insurance. Liability provides general third-party liability, product liability, workmen’s compensation/employer’s liability, damages to motor vehicles after the manufacturer warranty expires and professional indemnity cover protecting the insured’s legal liability arising out of acts of negligence during their business operations.

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.

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

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. Critical accounting judgments, estimates and assumptions

i. Estimates of future cash flows to fulfil insurance 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.

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**	**5.83%**	**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%**

Insurance contracts issued and reinsurance contracts held	Currency	1 year	2 years	3 years	4 years	5 years
Marine	SR	5.06%	5.02%	4.98%	4.94%	4.89%
Property	SR	5.06%	5.02%	4.98%	4.94%	4.89%
Motor-Comp	SR	5.06%	5.02%	4.98%	4.94%	4.89%
Motor-TPL	SR	5.06%	5.02%	4.98%	4.94%	4.89%
Engineering	SR	5.06%	5.02%	4.98%	4.94%	4.89%
Accident & liability	SR	5.06%	5.02%	4.98%	4.94%	4.89%
Medical	SR	5.06%	5.02%	4.98%	4.94%	4.89%

4. Critical accounting judgments, estimates and assumptions (Continued)

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.

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 3.3.1 for further details in this regard and refer Note 30 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 29 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. Critical accounting judgments, estimates and assumptions (continued)

viii. Presentation of the Umrah and Hajj insurance pool

IFRS 17 does not have specific requirements on the presentation of assigning insurance income and expenses, and insurance assets and liabilities when an insurance contract is issued by more than one entity. Accordingly, the Company applied the requirements in IAS 8 in developing a policy for the presentation of the arrangement in which it is a co -insurer (refer to not 3.3 ix). The Company analysed the contractual terms of the arrangement policy and concluded that given the nature and substance of the arrangement, it is appropriate to present the results within net insurance results as a separate line item in the statement of comprehensive income, with details provided in the notes. The Company believes this is appropriate as management has no ability to change the pricing or control the expenditure and as such do not think it is appropriate to include the results within revenue and expenses that are controllable by the Company. The current presentation of the arrangement is similar where an entity is acting as an agent, where the principle is as there is no control net presentation is more appropriate and disclosure is provided in the notes. Management believes the presentation and disclosure reflects the substance of the arrangement.

5 Impact of adoption of new accounting standards

5.1 IFRS 17

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, January 1, 2022, the Company:

- has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
- derecognised any existing balances that would not exist had IFRS 17 always applied; and
- recognised any resulting net difference in equity.

The impact of transition to IFRS 17 on accumulated losses is, as follows:

	January 1, 2023	January 1, 2022
(Reduction) / increase in the Company's total equity		
Change in measurement of reinsurance contract assets	**2,529**	**4,073**
Change in measurement of insurance contract liabilities	**(14,271)**	**(13,547)**
Impact of adoption of IFRS 17 on accumulated losses and total equity	**(11,742)**	**(9,474)**

	January 1, 2023	January 1, 2022
Increase / (reduction) in the Company's total assets impacting total equity		
Recovery component	**2,857**	**3,248**
Risk adjustment	**1,353**	**1,860**
Discounting	**(1,151)**	**(1,035)**
Others	**(530)**	**--**
Impact of adoption of IFRS 17 on total assets impacting total equity	**2,529**	**4,073**

	January 1, 2023	January 1, 2022
(Increase) / reduction in the Company's total liabilities impacting total equity		
Risk adjustment	**(4,177)**	**(4,734)**
Estimates for expected premium receipts	**82**	**3,534**
Discounting	**(854)**	**700**
Loss component	**(9,322)**	**(13,047)**
Impact of adoption of IFRS 17 on total liabilities impacting total equity	**(14,271)**	**(13,547)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Impact of adoption of new accounting standards (continued)

The impact on the net loss for the year ended December 31, 2022 attributable to the shareholders, arising from risk adjustment, discounting, loss component adjustment and expected premium receipts, in line with the requirements of IFRS 17, ar e as follows:

	For the year ended December 31, 2022
Net loss after zakat as previously reported	**(104,190)**
Impact on the Company's net loss	
Loss component	**3,334**
Risk adjustment, net	**50**
Discounting, net	**(1,670)**
Estimates for expected premium receipts	**(3,452)**
Others	**(530)**
Impact of adoption of IFRS 17	**(2,268)**
Adjusted loss after zakat - restated	**(106,458)**

The impact on the statements of cashflow for the year ended 31 December 2022 as a result of im plementing IFRS 17 is not material to the financial statements.

5.2 IFRS 9

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

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

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 a s of the date of application i.e. January 1, 2023 is, as follows:

Financial assets	December 31, 2022 IAS 39		Re-classification	Re-measurement		January 1, 2023 IFRS 9	
	Category	Amount		ECL	Others	Category	Amount
Cash and cash equivalents	Loans & receivables	5,152	--	(1)	--	Held at amortised cost	5,151
Murabaha deposits	Loans & receivables	139,449	751	(20)	--	Held at amortised cost	140,180
Fair value through statement of income investments (FVSI)	Held for trading (HFT)	39,867	--	--	--	FVTPL	39,867
Alrajhi Bank Sukuk	Held to maturity (HTM)	3,000	--	--	--	FVTPL	3,000
Saudi Fransi Bank Sukuks	Held to maturity (HTM)	2,000	--	--	--	FVTPL	2,000
Available-for-sale investment (Refer Note 6.3)	Available for sale (AFS)	1,923	--	--	37,780	FVOCI	39,703
Statutory deposit	Loans & receivables	75,000	--	(14)	--	Held at amortised cost	74,986
Accrued income on statutory deposit	Loans & receivables	3,634	--	--	--	Held at amortised cost	3,634
Other assets	Loans & receivables	51,714	(751)	(464)	--	Amortized cost	50,499
Other liabilities	Amortised cost	14,565	--	--	--	Amortised cost	14,565

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Impact of adoption of new accounting standards (continued)

5.2 IFRS 9 (continued)

Most of the financial assets that were classified as loan & receivables and held to maturity under IAS 39 continues to be measured at amortised costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI. Financial assets held for trading continue to be measured at fair value through profit or loss and as such there was no impact on transition.

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of transition i.e. January 1, 2022 is, as follows:

Financial assets	**December 31, 2021 IAS 39**		**Re-classification**	**Re-measurement**		**January 1, 2022 IFRS 9**	
	Category	**Amount**		**ECL**	**Others**	**Category**	**Amount**
Cash and cash equivalents	Loans & receivables	256,112	--	--	--	Held at amortised cost	256,112
Fair value through statement of income investments (FVSI)	Held for trading (HFT)	39,867	--	--	--	FVTPL	39,867
Alrajhi Bank Sukuk	Held to maturity (HTM)	3,000	--	--	--	FVTPL	3,000
Saudi Fransi Bank Sukuks	Held to maturity (HTM)	2,000	--	--	--	FVTPL	2,000
Available-for-sale investment (Refer Note 6.3)	Available for sale (AFS)	1,923	--	--	35,109	FVOCI	37,032
Statutory deposit	Loans & receivables	75,000	--	(14)	--	Held at amortised cost	74,986
Accrued income on statutory deposit	Loans & receivables	2,495	--	--	--	Held at amortised cost	2,495
Other assets	Loans & receivables	14,665	--	(426)	--	Not applicable	14,239
Other liabilities	Amortised cost	10,669	--	--	--	Amortised cost	10,669

The impact of transition to IFRS 9 on accumulated losses is as follows:

	January 1, 2023	**January 1, 2022**
Increase / (reduction) in the Company's total equity		
Classification of financial assets	-	-
Impairment of financial assets	**(499)**	**(440)**
Revaluation of Najm investments (Refer Note 8.3)	**37,780**	**35,109**
Impact of adoption of IFRS 9 on accumulated losses and total equity	**37,281**	**34,669**

The impact on the net loss and other comprehensive income for the year ended December 31, 2022 upon adoption of IFRS 9, is as follows:

	Impact on net loss	**Impact on other comprehensive income**
Revaluation of Najm investments	--	2,671
Net ECL allowance on financial assets	(59)	--
Impact of initial application of IFRS 9 for the year ended December 31, 2022	**(59)**	2,671

Furthermore, the classification of financial liabilities has changed from 'Other financial liabilities at amortised cost' as per IAS 39 to 'amortised cost' as per IFRS 9, with no corresponding change in carrying value of such financial liabilities.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Impact of adoption of new accounting standards (continued)

5.3 Overall impact on transition to IFRS 17 and IFRS 9

	January 1, 2023	January 1, 2022
Increase / (decrease) in total equity on transition to:		
IFRS 17 (see note 5.1)	**(11,742)**	**(9,474)**
IFRS 9 (see note 5.2)	**37,281**	**34,669**
Total impact on transition to IFRS 17 and IFRS 9	**25,539**	**25,195**

	Impact on net loss	Impact on other comprehensive income
Increase / (decrease) on transition to:		
IFRS 17 (see note 5.1)	**(2,268)**	--
IFRS 9 (see note 5.2)	**(59)**	2,671
Impact of adoption of IFRS 17 and IFRS 9 for the year ended December 31, 2022	**(2,327)**	2,671

6 Cash and cash equivalents

	December 31, 2023	December 31, 2022 (Restated)
Cash in hand	**17**	**8**
Bank balances	**14,456**	**5,144**
Expected credit loss ("ECL")	**(11)**	**(1)**
	14,462	**5,151**

The bank balances and deposits 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.

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

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**1**	--
ECL allowance recognised in profit or loss during the year	**10**	1
Balance at end of the year	**11**	1

7 Murabaha deposits

	December 31, 2023	December 31, 2022 (Restated)
Murabaha deposits	**149,449**	139,449
Accrued income	**3,498**	751
Expected credit loss	**(21)**	(20)
	152,926	140,180

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 Murabaha deposits (continued)

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, 2022: 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, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**20**	--
ECL allowance recognised in profit or loss during the year	**1**	20
Balance at end of the year	**21**	20

8 Investments

	Note	**December 31, 2023**	December 31, 2022 (Restated)
Measured at fair value through profit or loss	8.1	**53,572**	44,867
Financial assets at fair value through other comprehensive income	8.2	**43,462**	39,703
		97,034	84,570

8.1 Measured at fair value through profit or loss ("FVTPL")

Movement in investment portfolio is as follows:

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**44,867**	49,832
Changes in fair value of investments	**8,705**	(4,965)
Balance at end of the year	**53,572**	44,867

8.1.1 The following is the portfolio wise breakdown:

		December 31, 2023	December 31, 2022 (Restated)
Equity securities		**16,800**	14,569
Mutual funds		**31,772**	25,298
Sukuks	8.1.2	**5,000**	5,000
		53,572	44,867

8.1.2 Investment in Tier-1 sukuks:

	December 31, 2023	December 31, 2022 (Restated)
Saudi Fransi Bank Sukuks	**2,000**	2,000
Al Rajhi Bank – Sukuks	**3,000**	3,000
	5,000	5,000

These represents the Company's investment in Banque Saudi Fransi and AlRajhi Tier 1 Sukuks. These represent 2 Sukuks at a face value of SR 5 million with a coupon rate of 4.50% and 5.5% per annum. These Sukuks have a maturity duration of 5 years commencing from 3 November 2020. The Company has earned commission income of SR 0.255 million during the year (December, 31 2022: SR 0.117 million). The profit distribution on these sukuks is at the discretion of the issuer therefore these sukuks classified as FVTPL.

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Investments (continued)

8.2 Financial assets at fair value through other comprehensive income ("FVOCI")

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**39,703**	37,032
Changes in fair value of investments	**3,759**	2,671
Balance at end of the year	**43,462**	39,703

8.2 Financial assets at fair value through other comprehensive income ("FVOCI") (continued)

This above represents the Company's 3.45% (December 31, 2022: 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 to be SR 37 million as at January 1, 2022 and SR 39.7 million as at December 31, 2022. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in the opening equity as of January 1, 2022 and December 31, 2022. Refer to Note 29 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

8.3 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, 2023**	December 31, 2022 (Restated)
Prepayments		**16,802**	25,802
Due from Tawuniya for pool deals	26.1	**12,165**	13,877
Due from travel and covid products	26.2	**4,294**	5,201
Staff receivables		**462**	525
Bank guarantee		**300**	312
Others		**1,919**	5,246
		35,942	50,963
Expected credit loss		**(281)**	(464)
		35,661	50,499

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

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**451**	440
ECL allowance recognised in profit or loss during the year	**(170)**	11
Balance at end of the year	**281**	451

(All amounts in Saudi Riyals thousands unless otherwise stated)

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-Comprehensive**	**Property**	**Engineering**	**Marine**	**Accident & liability**	**Total**
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**

	Medical	Motor-Third party liability	Motor-Comprehensive	Property	Engineering	Marine	Accident & liability	Total
As at December 31, 2022 – (Restated)								
Insurance contracts								
Insurance contract assets	--	--	--	--	--	--	--	--
Insurance contract liabilities	43,065	12,142	73,979	10,524	3,332	4,941	12,792	160,775
	43,065	12,142	73,979	10,524	3,332	4,941	12,792	160,775
Reinsurance contracts								
Reinsurance contract assets	5,298	1,359	13,351	17,808	3,556	6,826	8,595	56,793
Reinsurance contract liability	--	--	--	--	--	--	--	--
	5,298	1,359	13,351	17,808	3,556	6,826	8,595	56,793

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**32,873**	**22,408**	**101,346**	**4,148**	**160,775**	37,769	25,320	87,970	4,734	155,793
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**32,873**	**22,408**	**101,346**	**4,148**	**160,775**	37,769	25,320	87,970	4,734	155,793
Insurance revenue (note 23)	**(315,646)**	--	--	--	**(315,646)**	(315,686)	--	--	--	(315,686)
Insurance service expenses										
Incurred claims and other directly attributable expenses* (note 23)	--	--	**188,846**	**1,766**	**190,612**	--	--	331,842	(1,103)	330,739
Reversal of losses on onerous contracts (note 23)	--	**(15,427)**	--	--	**(15,427)**	--	(2,912)	--	--	(2,912)
Changes that relate to past service - adjustments to the LIC (note 23)	--	--	**68,788**	**(3,387)**	**65,401**	--	--	(4,906)	517	(4,389)
Insurance acquisition cashflows amortisation (note 23)	**44,761**	--	--	--	**44,761**	49,732	--	--	--	49,732
Insurance service expenses (note 23)	**44,761**	**(15,427)**	**257,634**	**(1,621)**	**285,347**	49,732	(2,912)	326,936	(586)	373,170
Finance expense from insurance contracts	--	--	**7,886**	--	**7,886**	--	--	1,321	--	1,321
Total changes in the statement of income	**(270,885)**	**(15,427)**	**265,520**	**(1,621)**	**(22,413)**	(265,954)	(2,912)	328,257	(586)	58,805
Cashflows										
Premiums received	**395,970**	--	--	--	**395,970**	308,124	--	--	--	308,124
Claims and other directly attributable expenses paid	--	--	**(325,157)**	--	**(325,157)**	--	--	(314,881)	--	(314,881)
Insurance acquisition cashflows paid	**(48,412)**	--	--	--	**(48,412)**	(47,066)	--	--	--	(47,066)
Total cash inflows / (outflows)	**347,558**	--	**(325,157)**	--	**22,401**	261,058	--	(314,881)	--	(53,823)
Insurance contracts										
Insurance contract liabilities – closing	**109,546**	**6,981**	**41,709**	**2,527**	**160,763**	32,873	22,408	101,346	4,148	160,775
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**109,546**	**6,981**	**41,709**	**2,527**	**160,763**	32,873	22,408	101,346	4,148	160,775

*This includes surplus distribution of SR 2.3 million for the year ended December 31, 2023 (December 31, 2022: SR 8.7 million) (Also see note 19).

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**2,446**	**4,961**	**34,300**	**1,358**	**43,065**	2,462	5,289	21,233	1,193	30,177
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**2,446**	**4,961**	**34,300**	**1,358**	**43,065**	2,462	5,289	21,233	1,193	30,177
Insurance revenue (note 23)	**(39,982)**	--	--	--	**(39,982)**	(50,517)	--	--	--	(50,517)
Insurance service expenses										
Incurred claims and other directly attributable expenses (note 23)	--	--	**27,620**	**503**	**28,123**	--	--	65,090	(615)	64,475
Losses on onerous contracts	--	**2,021**	--	--	**2,021**	--	(328)	--	--	(328)
Changes that relate to past service adjustments to the LIC (note 23)	--	--	**9,735**	**(1,274)**	**8,461**	--	--	1,122	780	1,902
Insurance acquisition cashflows amortisation (note 23)	**3,119**	--	--	--	**3,119**	3,492	--	--	--	3,492
Insurance service expenses (note 23)	**3,119**	**2,021**	**37,355**	**(771)**	**41,724**	3,492	(328)	66,212	165	69,541
Finance expense from insurance contracts	--	--	**2,610**	--	**2,610**	--	--	191	--	191
Total changes in the statement of income	**(36,863)**	**2,021**	**39,965**	**(771)**	**4,352**	(47,025)	(328)	66,403	165	19,215
Cashflows										
Premiums received	**53,622**	--	--	--	**53,622**	50,652	--	--	--	50,652
Claims and other directly attributable expenses paid	--	--	**(65,025)**	--	**(65,025)**	--	--	(53,336)	--	(53,336)
Insurance acquisition cashflows paid	**(3,587)**	--	--	--	**(3,587)**	(3,643)	--	--	--	(3,643)
Total cash inflows / (outflows)	**50,035**	--	**(65,025)**	--	**(14,990)**	47,009	--	(53,336)	--	(6,327)
Insurance contracts										
Insurance contract liabilities – closing	**15,618**	**6,982**	**9,240**	**587**	**32,427**	2,446	4,961	34,300	1,358	43,065
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**15,618**	**6,982**	**9,240**	**587**	**32,427**	2,446	4,961	34,300	1,358	43,065

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**18,119**	**17,137**	**37,712**	**1,011**	**73,979**	17,220	12,438	35,656	1,090	66,404
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**18,119**	**17,137**	**37,712**	**1,011**	**73,979**	17,220	12,438	35,656	1,090	66,404
Insurance revenue	**(181,408)**	--	--	--	**(181,408)**	(168,855)	--	--	--	(168,855)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	**103,098**	**602**	**103,700**	--	--	211,985	199	212,184
(Reversal) / provision of losses on onerous contracts	--	**(17,137)**	--	--	**(17,137)**	--	4,699	--	--	4,699
Changes that relate to past service adjustments to the LIC	--	--	**60,977**	**(1,544)**	**59,433**	--	--	5,010	(278)	4,732
Insurance acquisition cashflows amortisation	**27,968**	--	--	--	**27,968**	34,130	--	--	--	34,130
Insurance service expenses	**27,968**	**(17,137)**	**164,075**	**(942)**	**173,964**	34,130	4,699	216,995	(79)	255,745
Finance expense from insurance contracts	--	--	**(928)**	--	**(928)**	--	--	1,455	--	1,455
Total changes in the statement of income	**(153,440)**	**(17,137)**	**163,147**	**(942)**	**(8,372)**	(134,725)	4,699	218,450	(79)	88,345
Cashflows										
Premiums received	**188,787**	--	--	--	**188,787**	167,911	--	--	--	167,911
Claims and other directly attributable expenses paid	--	--	**(198,844)**	--	**(198,844)**	--	--	(216,394)	--	(216,394)
Insurance acquisition cashflows paid	**(27,835)**	--	--	--	**(27,835)**	(32,287)	--	--	--	(32,287)
Total cash inflows / (outflows)	**160,952**	--	**(198,844)**	--	**(37,892)**	135,624	--	(216,394)	--	(80,770)
Insurance contracts										
Insurance contract liabilities – closing	**25,631**	--	**2,015**	**69**	**27,715**	18,119	17,137	37,712	1,011	73,979
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**25,631**	--	**2,015**	**69**	**27,715**	18,119	17,137	37,712	1,011	73,979

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**6,706**	**310**	**5,072**	**54**	**12,142**	11,139	7,593	3,933	660	23,325
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**6,706**	**310**	**5,072**	**54**	**12,142**	11,139	7,593	3,933	660	23,325
Insurance revenue	**(40,638)**	--	--	--	**(40,638)**	(39,172)	--	--	--	(39,172)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	**33,824**	**250**	**34,074**	--	--	28,156	(456)	27,700
Reversal of losses on onerous contracts	--	**(310)**	--	--	**(310)**	--	(7,283)	--	--	(7,283)
Changes that relate to past service adjustments to the LIC	--	--	**8,119**	**(82)**	**8,037**	--	--	(123)	(150)	(273)
Insurance acquisition cashflows amortisation	**7,383**	--	--	--	**7,383**	3,907	--	--	--	3,907
Insurance service expenses	**7,383**	**(310)**	**41,943**	**168**	**49,184**	3,907	(7,283)	28,033	(606)	24,051
Finance expense from insurance contracts	--	--	**1,778**	--	**1,778**	--	--	(217)	--	(217)
Total changes in the statement of income	**(33,255)**	**(310)**	**43,721**	**168**	**10,324**	(35,265)	(7,283)	27,816	(606)	(15,338)
Cashflows										
Premiums received	**91,775**	--	--	--	**91,775**	34,352	--	--	--	34,352
Claims and other directly attributable expenses paid	--	--	**(38,017)**	--	**(38,017)**	--	--	(26,677)	--	(26,677)
Insurance acquisition cashflows paid	**(9,267)**	--	--	--	**(9,267)**	(3,520)	--	--	--	(3,520)
Total cash inflows / (outflows)	**82,508**	--	**(38,017)**	--	**44,491**	30,832	--	(26,677)	--	4,155
Insurance contracts										
Insurance contract liabilities – closing	**55,959**	--	**10,776**	**222**	**66,957**	6,706	310	5,072	54	12,142
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**55,959**	--	**10,776**	**222**	**66,957**	6,706	310	5,072	54	12,142

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**(975)**	--	**10,763**	**736**	**10,524**	3,237	--	1,193	32	4,462
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**(975)**	--	**10,763**	**736**	**10,524**	3,237	--	1,193	32	4,462
Insurance revenue	**(22,511)**	--	--	--	**(22,511)**	(29,352)	--	--	--	(29,352)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	**8,322**	**2**	**8,324**	--	--	11,473	131	11,604
Reversal of losses on onerous contracts	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	**(2,809)**	**50**	**(2,759)**	--	--	1,990	573	2,563
Insurance acquisition cashflows amortisation	**3,064**	--	--	--	**3,064**	4,165	--	--	--	4,165
Insurance service expenses	**3,064**	--	**5,513**	**52**	**8,629**	4,165	--	13,463	704	18,332
Finance expense from insurance contracts	--	--	**2,373**	--	**2,373**	--	--	40	--	40
Total changes in the statement of income	**(19,447)**	--	**7,886**	**52**	**(11,509)**	(25,187)	--	13,503	704	(10,980)
Cashflows										
Premiums received	**28,546**	--	--	--	**28,546**	24,642	--	--	--	24,642
Claims and other directly attributable expenses paid	--	--	**(8,912)**	--	**(8,912)**	--	--	(3,933)	--	(3,933)
Insurance acquisition cashflows paid	**(3,909)**	--	--	--	**(3,909)**	(3,667)	--	--	--	(3,667)
Total cash inflows / (outflows)	**24,637**	--	**(8,912)**	--	**15,725**	20,975	--	(3,933)	--	17,042
Insurance contracts										
Insurance contract liabilities – closing	**4,215**	--	**9,737**	**788**	**14,740**	(975)	--	10,763	736	10,524
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**4,215**	--	**9,737**	**788**	**14,740**	(975)	--	10,763	736	10,524

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**2,390**	--	**882**	**60**	**3,332**	1,381	--	1,877	132	3,390
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**2,390**	--	**882**	**60**	**3,332**	1,381	--	1,877	132	3,390
Insurance revenue	**(5,184)**	--	--	--	**(5,184)**	(2,623)	--	--	--	(2,623)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	**2,193**	**32**	**2,225**	--	--	2,096	(60)	2,036
Reversal of losses on onerous contracts	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	**(208)**	**1**	**(207)**	--	--	(1,609)	(12)	(1,621)
Insurance acquisition cashflows amortisation	**648**	--	--	--	**648**	731	--	--	--	731
Insurance service expenses	**648**	--	**1,985**	**33**	**2,666**	731	--	487	(72)	1,146
Finance expense from insurance contracts	--	--	**195**	--	**195**	--	--	21	--	21
Total changes in the statement of income	**(4,536)**	--	**2,180**	**33**	**(2,323)**	(1,892)	--	508	(72)	(1,456)
Cashflows										
Premiums received	**4,546**	--	--	--	**4,546**	3,564	--	--	--	3,564
Claims and other directly attributable expenses paid	--	--	**(1,863)**	--	**(1,863)**	--	--	(1,503)	--	(1,503)
Insurance acquisition cashflows paid	**(662)**	--	--	--	**(662)**	(663)	--	--	--	(663)
Total cash inflows / (outflows)	**3,884**	--	**(1,863)**	--	**2,021**	2,901	--	(1,503)	--	1,398
Insurance contracts										
Insurance contract liabilities – closing	**1,738**	--	**1,199**	**93**	**3,030**	2,390	--	882	60	3,332
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**1,738**	--	**1,199**	**93**	**3,030**	2,390	--	882	60	3,332

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**720**	--	**3,931**	**290**	**4,941**	564	--	9,834	667	11,065
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**720**	--	**3,931**	**290**	**4,941**	564	--	9,834	667	11,065
Insurance revenue	**(15,563)**	--	--	--	**(15,563)**	(14,863)	--	--	--	(14,863)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	**5,391**	**82**	**5,473**	--	--	6,322	(337)	5,985
Reversal of losses on onerous contracts	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	**(977)**	**(194)**	**(1,171)**	--	--	(5,723)	(40)	(5,763)
Insurance acquisition cashflows amortisation	**1,464**	--	--	--	**1,464**	1,726	--	--	--	1,726
Insurance service expenses	**1,464**	--	**4,414**	**(112)**	**5,766**	1,726	--	599	(377)	1,948
Finance expense from insurance contracts	--	--	**499**	--	**499**	--	--	27	--	27
Total changes in the statement of income	**(14,099)**	--	**4,913**	**(112)**	**(9,298)**	(13,137)	--	626	(377)	(12,888)
Cashflows										
Premiums received	**16,215**	--	--	--	**16,215**	14,941	--	--	--	14,941
Claims and other directly attributable expenses paid	--	--	**(6,770)**	--	**(6,770)**	--	--	(6,529)	--	(6,529)
Insurance acquisition cashflows paid	**(1,706)**	--	--	--	**(1,706)**	(1,648)	--	--	--	(1,648)
Total cash inflows / (outflows)	**14,509**	--	**(6,770)**	--	**7,739**	13,293	--	(6,529)	--	6,764
Insurance contracts										
Insurance contract liabilities – closing	**1,130**	--	**2,074**	**178**	**3,382**	720	--	3,931	290	4,941
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**1,130**	--	**2,074**	**178**	**3,382**	720	--	3,931	290	4,941

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	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	**3,467**	--	**8,686**	**639**	**12,792**	1,766	--	14,244	960	16,970
Insurance contract assets – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**3,467**	--	**8,686**	**639**	**12,792**	1,766	--	14,244	960	16,970
Insurance revenue	**(10,360)**	--	--	--	**(10,360)**	(10,304)	--	--	--	(10,304)
Insurance service expenses										
Incurred claims and other directly attributable expenses	--	--	**8,399**	**295**	**8,694**	--	--	6,720	35	6,755
Reversal of losses on onerous contracts	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service adjustments to the LIC	--	--	**(6,049)**	**(344)**	**(6,393)**	--	--	(5,573)	(356)	(5,929)
Insurance acquisition cashflows amortisation	**1,115**	--	--	--	**1,115**	1,581	--	--	--	1,581
Insurance service expenses	**1,115**	--	**2,350**	**(49)**	**3,416**	1,581	--	1,147	(321)	2,407
Finance expense from insurance contracts	--	--	**1,359**	--	**1,359**	--	--	(196)	--	(196)
Total changes in the statement of income	**(9,245)**	--	**3,709**	**(49)**	**(5,585)**	(8,723)	--	951	(321)	(8,093)
Cashflows										
Premiums received	**12,479**	--	--	--	**12,479**	12,062	--	--	--	12,062
Claims and other directly attributable expenses paid	--	--	**(5,728)**	--	**(5,728)**	--	--	(6,509)	--	(6,509)
Insurance acquisition cashflows paid	**(1,446)**	--	--	--	**(1,446)**	(1,638)	--	--	--	(1,638)
Total cash inflows / (outflows)	**11,032**	--	**(5,728)**	--	**5,305**	10,424	--	(6,509)	--	3,915
Insurance contracts										
Insurance contract liabilities – closing	**5,255**	--	**6,667**	**590**	**12,512**	3,467	--	8,686	639	12,792
Insurance contract assets – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**5,255**	--	**6,667**	**590**	**12,512**	3,467	--	8,686	639	12,792

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**19,560**	**2,857**	**33,023**	**1,353**	**56,793**	20,235	3,248	56,113	1,860	81,456
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**19,560**	**2,857**	**33,023**	**1,353**	**56,793**	20,235	3,248	56,113	1,860	81,456
Allocation of reinsurance premium paid (note 23)	**(64,012)**	--	--	--	**(64,012)**	(68,364)	--	--	--	(68,364)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses (note 23)	--	--	**37,672**	**(270)**	**37,402**	--	--	48,430	(688)	47,742
Reversal of recovery component (note 23)	--	**(1,670)**	--	--	**(1,670)**	--	(391)	--	--	(391)
Changes that relate to past service – adjustments to the LIC (note 23)	--	--	**(10,548)**	--	**(10,548)**	--	--	(28,761)	181	(28,580)
Amounts recoverable from reinsurers – net	--	**(1,670)**	**27,124**	**(270)**	**25,184**	--	(391)	19,669	(507)	18,771
Finance income from reinsurance contracts	--	--	**3,379**	--	**3,379**	--	--	1,018	--	1,018
Total changes in the statement of income	**(64,012)**	**(1,670)**	**30,503**	**(270)**	**(35,449)**	(68,364)	(391)	20,687	(507)	(48,575)
Cashflows										
Premiums ceded and acquisition cashflows paid	**62,786**	--	--	--	**62,786**	67,689	--	--	--	67,689
Recoveries from reinsurance	--	--	**(39,547)**	--	**(39,547)**	--	--	(43,777)	--	(43,777)
Total cash outflows / (inflows)	**62,786**	--	**(39,547)**	--	**23,239**	67,689	--	(43,777)	--	23,912
Reinsurance contracts										
Reinsurance contract assets – closing	**18,334**	**1,187**	**23,979**	**1,083**	**44,583**	19,560	2,857	33,023	1,353	56,793
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**18,334**	**1,187**	**23,979**	**1,083**	**44,583**	19,560	2,857	33,023	1,353	56,793

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**(509)**	**595**	**5,093**	**119**	**5,298**	(101)	--	4,329	270	4,498
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**(509)**	**595**	**5,093**	**119**	**5,298**	(101)	--	4,329	270	4,498
Allocation of reinsurance premium paid	**(3,572)**	--	--	--	**(3,572)**	(8,492)	--	--	--	(8,492)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	**6,107**	**(41)**	**6,066**	--	--	(592)	(184)	(776)
Reversal of recovery component	--	**592**	--	--	**592**	--	595	--	--	595)
Changes that relate to past service – adjustments to the LIC	--	--	**(4,265)**	--	**(4,265)**	--	--	3,480	33	3,513
Amounts recoverable from reinsurers – net	--	**592**	**1,842**	**(41)**	**2,393**	--	595	2,888	(151)	3,332
Finance expense from reinsurance contracts	--	--	**241**	--	**241**	--	--	41	--	41
Total changes in the statement of income	**(3,572)**	**592**	**2,083**	**(41)**	**(938)**	(8,492)	595	2,929	(151)	(5,119)
Cashflows										
Premiums ceded and acquisition cashflows paid	**3,996**	--	--	--	**3,996**	8,084	--	--	--	8,084
Recoveries from reinsurance	--	--	**(5,868)**	--	**(5,868)**	--	--	(2,165)	--	(2,165)
Total cash (outflows) / inflows	**3,996**	--	**(5,868)**	--	**(1,872)**	8,084	--	(2,165)	--	5,919
Reinsurance contracts										
Reinsurance contract assets – closing	**(85)**	**1,187**	**1,308**	**78**	**2,488**	(509)	595	5,093	119	5,298
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**(85)**	**1,187**	**1,308**	**78**	**2,488**	(509)	595	5,093	119	5,298

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**8,308**	**2,228**	**2,691**	**124**	**13,351**	3,764	605	9,913	261	14,543
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**8,308**	**2,228**	**2,691**	**124**	**13,351**	3,764	605	9,913	261	14,543
Allocation of reinsurance premium paid	**(19,800)**	--	--	--	**(19,800)**	(19,656)	--	--	--	(19,656)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	**11,735**	**(108)**	**11,627**	--	--	27,278	238	27,516
Reversal of recovery component	--	**(2,228)**	--	--	**(2,228)**	--	1,623	--	--	1,643
Changes that relate to past service – adjustments to the LIC	--	--	**6,971**	--	**6,971**	--	--	(10,699)	(375)	(11,074)
Amounts recoverable from reinsurers – net	--	**(2,228)**	**18,706**	**(108)**	**16,370**	--	1,623	16,579	(137)	18,065
Finance expense from reinsurance contracts	--	--	**(15)**	--	**(15)**	--	--	(89)	--	(89)
Total changes in the statement of income	**(19,800)**	**(2,228)**	**18,691**	**(108)**	**(3,445)**	(19,656)	1,623	16,490	(137)	(1,680)
Cashflows										
Premiums ceded and acquisition cashflows paid	**14,139**	--	--	--	**14,139**	24,200	--	--	--	24,200
Recoveries from reinsurance	--	--	**(16,958)**	--	**(16,958)**	--	--	(23,712)	--	(23,712)
Total cash (outflows) / inflows	**14,139**	--	**(16,958)**	--	**(2,819)**	24,200	--	(23,712)	--	488
Reinsurance contracts										
Reinsurance contract assets – closing	**2,647**	--	**4,424**	**16**	**7,087**	8,308	2,228	2,691	124	13,351
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**2,647**	--	**4,424**	**16**	**7,087**	8,308	2,228	2,691	124	13,351

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**1,622**	**34**	**(303)**	**6**	**1,359**	3,746	2,643	5,276	211	11,876
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**1,622**	**34**	**(303)**	**6**	**1,359**	3,746	2,643	5,276	211	11,876
Allocation of reinsurance premium paid	**(4,995)**	--	--	--	**(4,995)**	(4,541)	--	--	--	(4,541)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	**2,455**	**19**	**2,474**	--	--	4,698	(132)	4,566
Reversal of recovery component	--	**(34)**	--	--	**(34)**	--	(2,609)	--	--	(2,609)
Changes that relate to past service – adjustments to the LIC	--	--	**3,196**	--	**3,196**	--	--	(5,802)	(73)	(5,875)
Amounts recoverable from reinsurers – net	--	**(34)**	**5,651**	**19**	**5,636**	--	(2,609)	(1,104)	(205)	(3,918)
Finance expense from reinsurance contracts	--	--	**231**	--	**231**	--	--	909	--	909
Total changes in the statement of income	**(4,995)**	**(34)**	**5,882**	**19**	**872**	(4,541)	(2,609)	(195)	(205)	(7,550)
Cashflows										
Premiums ceded and acquisition cashflows paid	**13,679**	--	--	--	**13,679**	2,417	--	--	--	2,417
Recoveries from reinsurance	--	--	**(3,869)**	--	**(3,869)**	--	--	(5,384)	--	(5,384)
Total cash (outflows) / inflows	**13,679**	--	**(3,869)**	--	**9,810**	2,417	--	(5,384)	--	(2,967)
Reinsurance contracts										
Reinsurance contract assets – closing	**10,306**	--	**1,710**	**25**	**12,041**	1,622	34	(303)	6	1,359
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**10,306**	--	**1,710**	**25**	**12,041**	1,622	34	(303)	6	1,359

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**4,217**	--	**13,055**	**536**	**17,808**	6,545	--	(167)	21	6,399
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**4,217**	--	**13,055**	**536**	**17,808**	6,545	--	(167)	21	6,399
Allocation of reinsurance premium paid	**(16,619)**	--	--	--	**(16,619)**	(21,154)	--	--	--	(21,154)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	**7,917**	**30**	**7,947**	--	--	(2,801)	20	(2,781)
Reversal of recovery component	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	--	--	**(7,340)**	--	**(7,340)**	--	--	8,216	495	8,711
Amounts recoverable from reinsurers – net	--	--	**577**	**30**	**607**	--	--	5,415	515	5,930
Finance expense from reinsurance contracts	--	--	**1,859**	--	**1,859**	--	--	(44)	--	(44)
Total changes in the statement of income	**(16,619)**	--	**2,436**	**30**	**(14,153)**	(21,154)	--	5,371	515	(15,268)
Cashflows										
Premiums ceded and acquisition cashflows paid	**15,449**	--	--	--	**15,449**	18,826	--	--	--	18,826
Recoveries from reinsurance	--	--	**(6,716)**	--	**(6,716)**	--	--	7,851	--	7,851
Total cash (outflows) / inflows	**15,449**	--	**(6,716)**	--	**8,733**	18,876	--	7,851	--	26,677
Reinsurance contracts										
Reinsurance contract assets – closing	**3,047**	--	**8,775**	**566**	**12,388**	4,217	--	13,055	536	17,808
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**3,047**	--	**8,775**	**566**	**12,388**	4,217	--	13,055	536	17,808

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**2,720**	--	**788**	**48**	**3,556**	2,015	--	2,222	118	4,355
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**2,720**	--	**787**	**48**	**3,556**	2,015	--	2,222	118	4,355
Allocation of reinsurance premium paid	**(4,032)**	--	--	--	**(4,032)**	(1,661)	--	--	--	(1,661)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	**609**	**26**	**635**	--	--	1,068	(83)	985
Reversal of recovery component	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	--	--	**(226)**	--	**(226)**	--	--	(1,811)	13	(1,798)
Amounts recoverable from reinsurers – net	--	--	**383**	**26**	**409**	--	--	(743)	(70)	(813)
Finance expense from reinsurance contracts	--	--	**131**	--	**131**	--	--	16	--	16
Total changes in the statement of income	**(4,032)**	--	**514**	**26**	**(3,492)**	(1,661)	--	(727)	(70)	(2,458)
Cashflows										
Premiums ceded and acquisition cashflows paid	**3,033**	--	--	--	**3,033**	2,366	--	--	--	2,366
Recoveries from reinsurance	--	--	**(211)**	--	**(211)**	--	--	(707)	--	(707)
Total cash (outflows) / inflows	**3,033**	--	**(211)**	--	**2,822**	2,366	--	(707)	--	1,659
Reinsurance contracts										
Reinsurance contract assets – closing	**1,721**	--	**1,091**	**74**	**2,886**	2,720	--	788	48	3,556
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**1,721**	--	**1,091**	**74**	**2,886**	2,720	--	788	48	3,556

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**2,061**	--	**4,551**	**214**	**6,826**	2,448	--	18,370	505	21,323
Reinsurance contract liabilities – opening	--	--	--	--	--	--	--	--	--	--
Opening balance – net	**2,061**	--	**4,551**	**214**	**6,826**	2,448	--	18,370	505	21,323
Allocation of reinsurance premium paid	**(11,157)**	--	--	--	**(11,157)**	(8,770)	--	--	--	(8,770)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	--	--	**3,531**	**(119)**	**3,412**	--	--	11,421	(252)	11,169
Reversal of recovery component	--	--	--	--	--	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	--	--	**(2,738)**	--	**(2,738)**	--	--	(13,462)	(39)	(13,501)
Amounts recoverable from reinsurers – net	--	--	**793**	**(119)**	**674**	--	--	(2,041)	(291)	(2,332)
Finance expense from reinsurance contracts	--	--	**358**	--	**358**	--	--	100	--	100
Total changes in the statement of income	**(11,157)**	--	**1,151**	**(119)**	**(10,125)**	(8,770)	--	(1,941)	(291)	(11,002)
Cashflows										
Premiums ceded and acquisition cashflows paid	**9,556**	--	--	--	**9,556**	8,383	--	--	--	8,383
Recoveries from reinsurance	--	--	**(3,926)**	--	**(3,926)**	--	--	(11,878)	--	(11,878)
Total cash (outflows) / inflows	**9,556**	--	**(3,926)**	--	**5,630**	8,383	--	(11,878)	--	(3,495)
Reinsurance contracts										
Reinsurance contract assets – closing	**460**	--	**1,776**	**95**	**2,331**	2,061	--	4,551	214	6,826
Reinsurance contract liabilities – closing	--	--	--	--	--	--	--	--	--	--
Closing balance – net	**460**	--	**1,776**	**95**	**2,331**	2,061	--	4,550	214	6,826

(All amounts in Saudi Riyals thousands unless otherwise stated)

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, 2023					As at December 31, 2022				
	Asset for remaining coverage		**Asset for incurred claims**		**Total**	Asset for remaining coverage		Asset for incurred claims		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	**1,141**	**--**	**7,148**	**306**	**8,595**	1,818	--	16,170	474	18,462
Reinsurance contract liabilities – opening	**--**	**--**	**--**	**--**	**--**	--	--	--	--	--
Opening balance – net	**1,141**	**--**	**7,148**	**306**	**8,595**	1,818	--	16,170	474	18,462
Allocation of reinsurance premium paid	**(3,837)**	**--**	**--**	**--**	**(3,837)**	(4,090)	--	--	--	(4,090)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	**--**	**--**	**5,318**	**(77)**	**5,241**	--	--	7,358	(295)	7,063
Reversal of recovery component	**--**	**--**	**--**	**--**	**--**	--	--	--	--	--
Changes that relate to past service – adjustments to the LIC	**--**	**--**	**(6,146)**	**--**	**(6,146)**	--	--	(8,683)	127	(8,556)
Amounts recoverable from reinsurers – net	**--**	**--**	**(828)**	**(77)**	**(905)**	--	--	(1,325)	(168)	(1,493)
Finance expense from reinsurance contracts	**--**	**--**	**574**	**--**	**574**	--	--	85	--	85
Total changes in the statement of income	**(3,837)**	**--**	**(254)**	**(77)**	**(4,168)**	(4,090)	--	(1,240)	(168)	(5,498)
Cashflows										
Premiums ceded and acquisition cashflows paid	**2,935**	**--**	**--**	**--**	**2,935**	3,413	--	--	--	3,413
Recoveries from reinsurance	**--**	**--**	**(2,000)**	**--**	**(2,000)**	--	--	(7,782)	--	(7,782)
Total cash (outflows) / inflows	**2,935**	**--**	**(2,000)**	**--**	**935**	3,413	--	(7,782)	--	(4,369)
Reinsurance contracts										
Reinsurance contract assets – closing	**239**	**--**	**4,894**	**229**	**5,362**	1,141	--	7,148	306	8,595
Reinsurance contract liabilities – closing	**--**	**--**	**--**	**--**	**--**	--	--	--	--	--
Closing balance – net	**239**	**--**	**4,894**	**229**	**5,362**	1,141	--	7,148	306	8,595

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Property and equipment

	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**

	Leasehold improvement	Furniture and Fittings	Motor vehicles	Computer and office equipment	Total
2022					
Cost:					
January 1	4,092	2,515	277	21,075	27,959
Additions	38	32	--	4,631	4,701
December 31	4,130	2,547	277	25,706	32,660
Accumulated depreciation:					
January 1	3,677	2,042	277	8,843	14,839
Charge for the year	102	87	--	2,133	2,322
December 31	3,779	2,129	277	10,976	17,161
Net book value December 31, 2022	351	418	--	14,730	15,499

12 Intangible assets

These comprise software license fees and other related development costs.

	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**

(All amounts in Saudi Riyals thousands unless otherwise stated)

12 Intangible assets (continued)

	Total
2022	
Cost:	
Balance at beginning of the year	17,663
Addition	5,025
Balance at end of the year	22,688
Accumulated amortization:	
January 1	8,037
Charge for the year	1,198
December 31	9,235
Net book value	
December 31, 2022	13,453

13. Leases

13.1 Right-of-use assets

	31 December 2023	**31 December 2022**
Cost:		
Balance as at 1 January,	**4,803**	4,803
Additions	**5,926**	--
Balance as at 31 December,	**10,729**	4,803
Accumulated amortization:		
Balance as at 1 January,	**4,276**	3,248
Amortization for the year	**1,046**	1,028
Balance as at 31 December,	**5,322**	4,276
Carrying value	**5,407**	527

13.2 Lease liabilities

Lease liabilities as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	**31 December 2022**
At beginning of the year	**27**	**1,224**
Additions during the year	**5,926**	--
Finance cost	**79**	--
Payments during the year	**(1,514)**	**(1,197)**
At end of the year	**4,518**	**27**

14. Goodwill

On 19 May 2012, the Company entered into an agreement with Saudi General Insurance Company E.C. (“SGI”) and Gulf Cooperation Insurance Company Ltd. E.C. (“GCI”) (the "Sellers") pursuant to which it acquired the sellers' insurance operations in the Kingdom of Saudi Arabia, effective 1 January 2009, at a goodwill amount of SR 36.26 million, as approved by SAMA, along with the related insurance assets and liabilities of an equivalent amount. The goodwill payments are governed by rules and regulations issued by Insurance Authority in this regard and are also subject to SAMA approval.

In December 2013, consequent to SAMA approval, a sum of SR 18.13 million payable to the Sellers for goodwill was adjusted against amount receivable from them. Further, SAMA approved additional payment of SR 5.37 million to the Sellers relating to 2012 profits, which was transferred to amount due to related parties, as at 31 December 2013, and settled in 2014. Further, during the year ended 31 December 2014, consequent to SAMA's approval, dated 28 Shawwal 1435H (corresponding to 24 August 2014), a payment of SR 2.96 million was made to the Sellers in respect of goodwill, out of 2013 profits. During the year ended 31 December 2015, consequent to SAMA's approval, dated 3 Rajab 1436H (corresponding to 22 April 2015), a final payment of SR 9.80 million was made to the Sellers in respect of goodwill, out of 2014 profits.

(All amounts in Saudi Riyals thousands unless otherwise stated)

14. Goodwill (continued)

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 business plan projected up to the year 2026, discounted to their present value using the following key assumptions:

Key assumptions	31 December 2023	31 December 2022
EBITA (average for next three years)	3%	1%
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.

Sensitivity to changes in key assumptions:
With regard to the assessment of the value-in-use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount. The implications of changes to the key assumptions are described below.

i) Projected EBITDA margin:

The projected EBITDA margin in the forecasted period has been estimated to be at an average of 3%. If all other assumptions kept the same; a reduction of margin by 2.6% would give a value-in-use equal to the current carrying amount.

ii) Discount rate:

The projected discount rate in the forecasted period has been estimated to be at an average of 13% (December 31, 2022: 13%). If all other assumptions kept the same; an increase in discount rate by 10.1% would give a value-in-use equal to the current carrying amount.

iii) Terminal value growth rate:

If all other assumptions remain constant; a decrease in projected terminal value growth rate in the forecasted period to 0% would give a value-in-use which exceeds the carrying value by SR 109 million.

Based on the assumptions made, the value in use calculated above exceeded the carrying amount of goodwill and hence no impairment was recognized. Based on the management experts' assessment of value in use, the management believes that no reasonable possible change in any of the above assumptions would cause the carrying value to materially exceed its recoverable amount at the reporting date.

15 Statutory deposit

	December 31, 2023	December 31, 2022 (Restated)
Statutory deposit	**75,000**	**75,000**
Expected credit loss	**(14)**	**(14)**
	74,986	**74,986**

As required by SAMA Insurance Regulations, the Company has deposited 10% of its share capital amounting to SR 75 million as at December 31, 2023 (December 31, 2022: SR 75 million). Accrued income on this deposit is payable to Insurance Authority amounting to SR 3.2 million (December 31, 2022: SR 3.6 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, 2022 amounting to SR 3.6 million. The statutory deposit is shown on the statement of financial position net of impairment allowance.

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 Accrued expenses and other liabilities

	December 31, 2023	December 31, 2022 (Restated)
Accrued expenses	**4,297**	3,425
VAT payable	**5,224**	8,147
Due to related parties	**309**	309
Other liabilities	**4,293**	2,684
	14,123	14,565

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.

17.1 Movement of defined benefit obligations

	December 31, 2023	December 31, 2022 (Restated)
Opening balance	**4,661**	5,156
Charge to statement of income	**1,795**	2,199
Charge to other comprehensive income	**552**	(933)
Payment of benefits during the year	**(2,814)**	(1,761)
Closing balance	**4,194**	4,661

17.2 Reconciliation of present value of defined benefit obligations

	December 31, 2023	December 31, 2022 (Restated)
Opening balance	**4,661**	5,156
Current service costs	**1,294**	126
Past service cost	**266**	1,866
Financial costs	**235**	207
Actuarial (gain) / loss from experience adjustments	**(552)**	(933)
Payment of benefits during the year	**(2,814)**	(1,761)
Closing balance	**4,194**	4,661

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, 2023	December 31, 2022
Discount rate	**4.75%**	4.5%
Expected rate of increase in salary level across different age bands	**3.2%**	5%

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 Employee benefits obligations (continued)

17.4 Sensitivity analysis

	Impact on defined benefit obligations – (decrease) / increase	
	December 31, 2023	December 31, 2022 (Restated)
Discount rate		
- Increase by 1%	**(4,053)**	(5,817)
- Decrease by 1%	**4,193**	6,264
Expected rate of increase in salary level across different age bands		
- Increase by 1%	**(4,355)**	(6,275)
- Decrease by 1%	**4,194**	5,803

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, 2023 is 3.6 years (December 31, 2022: 3.8 years).

17.5 Maturity analysis (Undiscounted)

	Less than a year	**Between 1 - 2 years**	**Between 2 - 5 years**	**Over 5 years**	**Total**
December 31, 2023	**1,309**	**890**	**2,970**	**3,925**	**9,094**
December 31, 2022	1,627	1,277	4,004	5,082	11,990

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, 2023	December 31, 2022
Equity, at beginning of year	**507,686**	503,780
Provisions, at beginning of year	**48,449**	47,466
Net book value of long-term assets	**(443,493)**	(306,852)
Zakat base excluding the amended net income	**112,642**	244,394
Zakat base (prorata basis)	**116,143**	251,988
Amended net loss	**(12,648)**	(89,960)
Zakat base	**103,495**	162,028
Zakat due	**2,587**	4,018

18.2 Zakat payable

	2023	**2022**
Balance as at January 1, 2023	**4,236**	**2,287**
Provision for the current year	**2,787**	**4,018**
Payments during the year	**(4,050)**	**(2,069)**
December 31, 2023	**2,973**	**4,236**

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 2015

The Company has finalized its Zakat and WHT status for the period/years from December 31, 2010 to 2015.

Year ended December 31, 2016 to 2018

ZATCA issued the Zakat and WHT assessment for the years ended December 31, 2016 to 2018 and claimed additional Zakat and withholding tax liabilities (excluding delay fines) of SR 15.39 million The Company settled the amount of SR 1,824,414.26 related to the Zakat differences and objected against the remaining WHT differences.

ZATCA issued the revised assessment claiming the same WHT differences of SR 13.57 million. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes “CRTVD” through the General Secretariat of Zakat Tax and Custom Committees (“GSTC”). Accordingly, the hearing session was held on August 29, 2022. However, the committee rejected the objection in full. Accordingly, the company has escalated the case to the Appellate Committee for Resolution of Tax Violations and Disputes “ACRTVD”. During November 2022, the company settled the principal WHT amount of SR 13.57 million to benefit from ZATCA’s initiative. Hence, all the delay fines have been waived by ZATCA in relation to FY16 to FY18. The Company successfully convinced the “ACTVDR" to accept its point of view regarding the items mentioned in the appeal. On October 31, 2023, the ACTVDR has issued its final decision fully in the favour of the company, as such, the company will be entitled to refund the principle WHT paid amounting to SR 13.57 million.

Year ended December 31, 2019, to 2020

ZATCA issued the Zakat assessment for the years ended December 31, 2019 and 2020 and claimed additional Zakat liability of SR 1.39 million. The Company objected against the full assessment. ZATCA issued the revised assessment claiming the same Zakat differences. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes “CRTVD” through the General Secretariat of Tax Committees (“GSTC”) and the committee has accepted only the Deferred policy acquisition cost and the revised zakat liability is SR 0.92 million. Accordingly, the company has escalated the case to the Appellate Committee for Resolution of Tax Violations and Disputes “ACRTVD”. On November 23, 2023, the ACTVDR has ruled its final decision in favour of ZATCA and rejected the Deferred Policy Acquisition Cost. Therefore, the company is required to settle the Zakat due as per the decision amounting to SR 0.62 million for the year 2019. For the year ended 31 December 2020 the case is still under study by the ACRTVD where the zakat exposure liability amounts to SR 0.34 million.

19 Surplus distribution payable

During the year 31 December 2023, the management has transferred surplus distribution older than 2015 to “Other income” as per as per Article 4 of the “Surplus distribution policy” issued by SAMA.

The Company has obtained approval from SAMA with letter dated 14 February 2023 corresponding to 23 Rajab 1444H for distribution and payment of its surplus for the financial year ended 31 December 2020 .amount to SR 0.5 million.

20 Share capital

The authorized, issued and paid-up capital of the Company at December 31, 2023 is SR 500 million divided into 50 million shares of SR 10 each (December 31, 2022: SR 500 million divided into 50 million shares of SR 10 each).

	December, 31 2023		**December 31, 2022**	
	Percentage of Holding	Amount SR ‘000	Percentage of holding	Amount SR ‘000
Founding shareholders	12%	60,000	15%	75,000
General public	88%	440,000	85%	425,000
	100%	500,000	100%	500,000

Earnings / (Loss) per share:

Earnings /(Loss) per share for the year ended December 31, 2023, and December 31, 2022 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

20 Share capital (continued)

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

	December 31, 2023	December 31, 2022 (Restated)
Net profit / (loss) for the year attributable to the shareholders	**3,532**	(106,017)
Weighted average number of ordinary shares	**50,000**	50,000
Basic earnings / (loss) per share	**0.07**	(2.12)

21 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.

22 Commitments and contingencies

22.1 The Company's bankers have issued payment guarantees of SR 0.3 million (December 31, 2022: SR 0.3 million) to its suppliers on behalf of the Company.

22.2 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.

22.3 For the financial years 2018 and 2019 ZATCA has issued VAT final assessments dated 23 July 2020 for the periods of December 2018, November 2019 and December 2019, along with the additional VAT liability amounting to SAR 15.2 million on account of difference of total external reinsurance between trial balance and reverse charge mechanism in the VAT return and zero-rated sales not disclosed in the VAT return. The Company objected the matter through an appeal to ZATCA which was rejected on 24 November 2020. The Company filled appeal petition to "GSZTCC' against the objections. On 16 December 2021, the committee has rejected the appeal case for both 2019 and 2020 with the confirmation that Company has the right to deduct the input tax in subsequent period. However, accepted the appeal item related to zero rated sales. On 10 January 2022, the Company filed an appeal request to "ACTVRD" for the rejected matter. On 7 January 2024, ACTVDR has issued their final decision regarding the dispute cases of December 2018, November 2019 and December 2019. In their decision, the Committee rejected the Company's appeal in substance. Furthermore, the Committee rejected ZATCA's appeal on the Company's right of deduction and reinforced TVDRC's decision. As ACTVDR's decision is considered final and unappealable, and with the recovery of input VAT by the Company, this case is closed.

22.4 ZATCA issued a VAT Initial assessment dated 12 May 2022 for the period of 2018, 2019 and 2020 by imposing additional VAT liability amounting to SR 11.9 million by imposing output VAT on reinsurance share of claim paid, VAT on collected third party recoveries and other VAT amounts claimed by the Company. On January 6, 2023, the Company filed an objection to ZATCA with regards to the final assessment. On the 4th of May 2023, the Company has received ZATCA's decision. Bbased on the decision, ZATCA has accepted VAT amount of SR 2.5 million in favour of the Company while rejected amount of SR 0.06 million.

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 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, 2023, and December 31, 2022 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, 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)

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 Insurance revenue and expenses (continued)

For the year ended December 31, 2022 – (Restated)

	Medical	**Motor-Comp**	**Motor-TPL**	**Property**	**Engineering**	**Marine**	**Accident & liability**	**Total**
Insurance revenue from contracts measured under PAA (note 10)	50,517	168,855	39,172	29,352	2,623	14,863	10,304	315,686
Insurance revenue – total	50,517	168,855	39,172	29,352	2,623	14,863	10,304	315,686
Incurred claims and other directly attributable expenses ** (note 10)	(64,475)	(212,184)	(27,700)	(11,604)	(2,036)	(5,985)	(6,755)	(330,739)
Changes that relate to past service - adjustments to the LIC (note 10)	(1,902)	(4,732)	273	(2,563)	1,621	5,763	5,929	4,389
Reversal of losses on onerous contracts (note 10)	328	(4,699)	7,283	--	--	--	--	2,912
Insurance acquisition cash flows amortisation (note 10)	(3,492)	(34,130)	(3,907)	(4,165)	(731)	(1,726)	(1,581)	(49,732)
Insurance service expenses – total (note 10)	(69,541)	(255,745)	(24,051)	(18,332)	(1,146)	(1,948)	(2,407)	(373,170)
Allocation of reinsurance premium paid - contracts measured under the PAA								
Amounts recoverable from reinsurers (note 10)	(776)	27,516	4,566	(2,781)	985	11,169	7,063	47,742
Claims recovered and other directly attributable expenses (note 10)	(8,492)	(19,656)	(4,541)	(21,154)	(1,661)	(8,770)	(4,090)	(68,364)
Movement in Loss recovery component adjustment to reinsurance (note 10)	595	1,623	(2,609)	-	-	-	-	(391)
Changes that relate to past service - adjustments to incurred claims (note 10)	3,513	(11,074)	(5,875)	8,711	(1,798)	(13,501)	(8,556)	(28,580)
Net (expenses) / income from reinsurance contracts – total	(5,160)	(1,591)	(8,459)	(15,224)	(2,474)	(11,102)	(5,583)	(49,593)
Insurance service result – total	(24,184)	(88,481)	6,662	(4,204)	(997)	1,813	2,314	(107,077)

(All amounts in Saudi Riyals thousands unless otherwise stated)

24 Investment return

	31 December 2023	31 December 2022 (Restated)
Net gains on investments measured at FVTPL		
Equity	**2,232**	(1,734)
Mutual funds	**6,473**	(3,231)
	8,705	(4,965)
Commission income from financial assets not measured at FVTPL		
Murabaha deposits	**6,566**	3,721
Commission income from financial assets measured at FVTPL		
Sukuks	**255**	117
	6,821	3,838
Dividend Income		
Ordinary shares	**476**	202
	476	202
Net investment return	**16,002**	(925)

(All amounts in Saudi Riyals thousands unless otherwise stated)

25 Insurance finance (expense) / income – net

An analysis of the net insurance finance (expense) / income by product lines for the year ended December 31, 2023 and December 31, 2022 are presented below:

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	--	--	--	--	--	--	--	--
Foreign exchange differences	--	--	--	--	--	--	--	--
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	--	--	--	--	--	--	--	--
Foreign exchange differences	--	--	--	--	--	--	--	--
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

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

For the year ended December 31, 2022 – (Restated)

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
Finance expense from insurance contracts issued								
Interest accreted	191	1,455	(217)	40	21	27	(196)	1,321
Effects of changes in interest rates and other financial assumptions	--	--	--	--	--	--	--	--
Foreign exchange differences	--	--	--	--	--	--	--	--
Net finance Income / (expense) from insurance contracts issued	191	1,455	(217)	40	21	27	(196)	1,321
Finance income from reinsurance contracts held								
Interest accreted	(41)	89	(909)	44	(16)	(100)	(85)	(1,018)
Effects of changes in interest rates and other financial assumptions	--	--	--	--	--	--	--	--
Foreign exchange differences	--	--	--	--	--	--	--	--
Net finance income from reinsurance contracts held	(41)	89	(909)	44	(16)	(100)	(85)	(1,018)
Finance (expense) / income - net	150	1,544	(1,126)	84	5	(73)	(281)	303

(All amounts in Saudi Riyals thousands unless otherwise stated)

26 Insurance pool

	Note	December 31, 2023	December 31, 2022 (Restated)
Share of surplus from Al Manafeth	26.1	**93**	**504**
Share of surplus from Umrah & Hajj scheme	26.2	**12,165**	**14,459**
Share of surplus from travel and Covid 19 products	26.3	--	**8,815**
		12,258	**23,778**

26.1 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 percent of Fund's gross written premiums to cover the related indirect expense along with 15 percent 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.

26.2 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.

26.3 Share of surplus from travel and Covid 19 products

On April 6, 2021, the Company together with 12 other insurance companies (collectively "participant insurance companies") signed the Travel and COVID-19 product agreement relating to compulsory travel insurance in addition to coverage related to COVID-19, which is effective from April 6, 2021. The agreement relates to insurance of Saudi citizens traveling abroad. The agreement is for two years and automatically renewable for similar period or periods subject to the terms and conditions of the agreement. The main terms of the Travel and COVID-19 product agreement are the following:

- The Company obtains 2.5% of Travel and COVID- 19 gross premiums written as management fee; and
- The Company distributes the net surplus after deducting all expenses to the participant insurance Companies in accordance with the regulations and circulars issued by the Saudi Central Bank ("SAMA") in this regard. The surplus distributable to "The Company for Cooperative Insurance" and other participant insurance companies is in proportion of the participation in the Travel and COVID-19 product. There is no renewal to the agreement in 2024 as the aforementioned arrangement has been discontinued.

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Other operating expenses

	December 31, 2023	December 31, 2022 (Restated)
Professional services	**2,017**	2,867
Salaries and other benefits	**5,466**	5,316
Marketing and other expense	**843**	2,270
Value added tax paid	**--**	1,297
Directors' remunerations	**2,191**	2,567
Provision for bonus	**2,300**	--
Others	**1,006**	3,205
Total	**13,823**	17,472

27.1 Auditors' remuneration for the statutory audit of the Company financial statements for the year ended December 31, 2023 amounts to SR 1.13 million (2022: SR 0.5 million). Auditors' remuneration for the review of the Company interim financial information during the year ended December 31, 2023 amounts to SR 0.59 million (2022: SR 0.3 million). Fee for other statutory and related services provided by the auditors to the Company amounts to SR 0.11 million (2022: SR 1.56 million).

28 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and Companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the year and the related balances which offset from liabilities for remining claims as part of the IFRS 17 requirements:

Related party	***Relationship***	***Nature of transactions***	***Transactions for the year ended***		***Balance receivable / (payable) as at***	
			2023	2022	**2023**	2022
Insurance operations						
Saudi General Insurance Company Ltd. E.C.	Major shareholder	Expenses paid	--	--	**(309)**	**(309)**
Rolaco Group	Major shareholder	Premiums underwritten	**603**	**133**	**7**	**6**
		Claims paid	**(17)**	**(57)**	**(5)**	**(6)**
Dabbagh Group	Major shareholder	Premiums underwritten	**4,061**	**8,010**	**1,734**	**3,810**
		Claims paid	**(4,001)**	**(8,989)**	**(1,790)**	**(2,851)**
Raghaf Establishment	Major shareholder	Premiums underwritten	**85**	**18**	**--**	**--**
		Claims paid	**(25)**	**(48)**	**(12)**	**--**
Key Management Personnel		Short-term benefits	**4,383**	**(3,589)**	**--**	**--**
		Long-term benefits	**188**	**100**	**(219)**	**(217)**
Shareholders' operations						
Board of Directors		Board of Directors remuneration and related expenses	**1,200**	**1,800**	**1,800**	**1,800**

(All amounts in Saudi Riyals thousands unless otherwise stated)

29 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 d ate;

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.

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.

December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	**--**	**--**	**43,462**	**43,462**
Investment measured at fair value through profit or loss (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**

December 31, 2022 – (Restated)	Level 1	Level 2	Level 3	Total
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	--	--	39,703	39,703
Investment measured at fair value through profit or loss (FVTPL)				
Equity	14,569	--	--	14,569
Mutual funds	--	25,298	--	25,298
Sukuks	--	5,000	--	5,000
	14,569	30,298	39,703	84,570

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:

(All amounts in Saudi Riyals thousands unless otherwise stated)

29 Fair values of financial instruments (continued)

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 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 valu ation 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 deposits, and the financial labilities 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, 2023, December 31, 2022. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements.

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

	December 31, 2023	December 31, 2022 (Restated)
Balance at the beginning of the year	**39,703**	37,032
Fair value gain	**3,759**	2,671
Balance at the end of the year	**43,462**	39,703

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

<table>
<tr><th></th><th colspan="2">Fair value</th><th colspan="2">Unobservable inputs</th><th colspan="2">Range of inputs</th><th>Relationship of Unobservable input to Fair value</th></tr>
<tr><th></th><th>December 31, 2023</th><th>December 31, 2022 – Restated</th><th>December 31, 2023</th><th>December 31, 2022</th><th>December 31, 2023</th><th>December 31, 2022</th><th></th></tr>
<tr><td rowspan="3">Unquoted equity investment in Najm</td><td rowspan="3">43,462</td><td rowspan="3">39,703</td><td>Earnings growth factor</td><td>Earnings growth factor</td><td>6.9%</td><td>13.7%</td><td>Reducing the Earnings growth factor to 5%, would decrease the fair value by SR 0.8 million. (2022: Reducing the Earnings growth factor to 10%, would decrease the fair value by SR 1.2 million)</td></tr>
<tr><td>WACC</td><td>WACC</td><td>16.5%</td><td>16.0%</td><td>Increasing the WACC by 100 basis points, would decrease the fair value by SR 1.2 million. (2022: SR 1.1 million)</td></tr>
<tr><td>Terminal value growth rate</td><td>Terminnal value growth rate</td><td>1.5%</td><td>1.5%</td><td>Reducing the terminal value growth rate to 0.5%, would decrease the fair value by SR 0.7 million. (2022: SR 0.7 million)</td></tr>
</table>

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

29 Fair values of financial instruments (continued)

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.

30 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.

Risk management structure:
A cohesive organizational structure is established within the Company in order to identify, assess, monitor, and control risk s.

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:

30.1 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.

30 Risk management (continued)

30.1 Insurance risk (continued)

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.

(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 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.1 Insurance risk (continued)

(c) Claims development table (continued)

2023 Accident year	**2018 & earlier**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
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

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.1 Insurance risk (continued)

(c) Claims development table (continued)

2022 Accident year	2017 & earlier	2018	2019	2020	2021	2022	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	568,379	131,490	130,804	151,826	227,185	271,771	
1 year later	604,181	148,204	166,034	182,537	240,962		
2 years later	613,394	148,803	167,801	179,098			
3 years later	614,473	150,123	166,089				
4 years later	616,230	149,955					
5 years later	619,479						
Gross estimates of the undiscounted amount of the claims	619,479	149,955	166,089	179,098	240,962	271,771	1,627,354
Cumulative gross claims and other directly attributable expenses paid	(617,359)	(149,558)	(165,119)	(178,630)	(240,225)	(210,495)	(1,561,386)
Gross undiscounted liabilities for incurred claims	2,120	397	970	468	737	61,276	65,968
Effect of discounting							854
Gross discounted liabilities for incurred claims excluding risk adjustment							34,524
Gross discounted liabilities for incurred claims excluding risk adjustment							101,346
Effect of the risk adjustment margin for non-financial risk							4,148
Gross liabilities for incurred claims							105,494

2022	2017 & earlier	2018	2019	2020	2021	2022	Total
Undiscounted liabilities for incurred claims, net of reinsurance:							
At end of accident year	372,565	86,190	110,598	122,343	197,852	237,872	
1 year later	396,033	97,146	140,386	147,090	210,706		
2 years later	402,072	97,539	141,880	144,045			
3 years later	402,779	98,404	140,361				
4 years later	403,931	115,040					
5 years later	384,968						
Net estimates of the undiscounted amount of the claims	384,968	115,040	140,361	144,045	210,706	237,872	1,232,991
Cumulative Net claims and other directly attributable expenses paid	(384,466)	(114,834)	(140,100)	(144,446)	(210,350)	(190,377)	(1,184,573)
Net undiscounted liabilities for incurred claims	501	206	261	(401)	356	47,495	48,419
Effect of discounting							2,005
Gross discounted liabilities for incurred claims excluding risk adjustment							17,899
Net discounted liabilities for incurred claims excluding risk adjustment							68,323
Effect of the risk adjustment margin for non-financial risk							2,795
Net liabilities for incurred claims							71,118

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	101,346	4,148	105,494
Amounts recoverable from reinsurers	(33,023)	(1,353)	(34,376)
Net liabilities for incurred claims	68,323	2,795	71,118

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.1 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, 2023	December 31, 2022
Impact on equity and net income of change in claims ratio		
5% Increase	(15,809)	(16,374)
5% Decrease	15,809	16,374
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	(128)	(209)
5% Decrease	128	209

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

	December 31, 2023	December 31, 2022
Impact on equity and net income of change in claims ratio		
5% Increase	**(12,025)**	(12,250)
5% Decrease	**12,025**	12,250
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	**(74)**	(141)
5% Decrease	**74**	141

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, 2023	December 31, 2022
Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component*		
2% Increase	**(396)**	(2,599)
2% Decrease	**396**	2,599

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.1 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, 2023 and December 31, 2022 there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements. The rating of the reinsurer ranges from AA+ rated 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, 2023			December 31, 2022		
SR "000"	**Insurance contracts issued**	**Reinsurance contracts held**	**Net**	Insurance contracts issued	Reinsurance contracts held	Net
Medical	**32,427**	**(2,488)**	**29,939**	43,065	(5,298)	37,767
Motor-Comp	**27,715**	**(7,087)**	**20,628**	73,979	(13,351)	60,628
Motor-TPL	**66,957**	**(12,041)**	**54,916**	12,142	(1,359)	10,783
Property	**14,740**	**(12,388)**	**2,352**	10,524	(17,808)	(7,284)
Engineering	**3,030**	**(2,886)**	**144**	3,332	(3,556)	(224)
Marine	**3,382**	**(2,331)**	**1,051**	4,941	(6,826)	(1,885)
Accident & liability	**12,512**	**(5,362)**	**7,150**	12,792	(8,595)	4,197
Total	**160,763**	**(44,583)**	**116,180**	160,775	(56,793)	103,982

30 Risk management (continued)

30.1 Insurance risk (continued)

30.2 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.

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.2 Market risk (continued)

***(b) Commission rate risk* (continued)**

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

	December 31, 2023	December 31, 2022
Insurance contract liabilities, net	**160,763**	160,775
Reinsurance contract assets, net	**44,583**	56,793
Debt instruments at FVTPL	**5,000**	5,000
Murabaha deposit	**149,449**	139,449
Statutory deposit	**75,000**	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 previo us year.

		2023		2022	
	Changes in commission rate	**Impact on profit before tax**	**Impact on equity**	Impact on profit before tax	Impact on equity
Insurance contract liabilities, net	+/-5%	8,038	8,038	8,038	8,038
Reinsurance contract assets, net	+/-5%	2,229	2,229	2,840	2,840
Debt instruments at FVTPL	+/-2%	100	100	100	100
Murabaha deposit	+/-2%	2,989	2,989	2,789	2,789
Statutory deposit	+/-2%	1,500	1,500	1,500	1,500

The commission and non-commission bearing investments of the Company and their maturities as at December 31, 2023 and December 31, 2022 are as follows:

	Less than 1 year	**More than 1 year**	**Non-commission bearing**	**Total**
December 31, 2023	--	**5,000**	**92,034**	**97,034**
December 31, 2022	--	5,000	79,570	84,570

An increase or decrease of 100 basis points in interest yields would result in an increase / (decrease) in the profit or loss for the year of SR 0.05 million (December 31, 2022: SR 0.05 million).

(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 53.6 million (December 31, 2022: SR 44.9 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.2 Market risk (continued)

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments on Company's profit would be as follows:

	Fair value change	Effect on Company's loss
December 31, 2023	**+/-10%**	**+/-5,347**
December 31, 2022	+/-10%	+/-4,487

The sensitivity analysis presented is based upon the portfolio position as at December 31, 2023 and December 31, 2022. 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.

30.3 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, 2023	December 31, 2022 (Restated)
Financial assets		
Cash and cash equivalents	**14,473**	5,152
Murabaha deposits	**152,947**	140,200
Reinsurance contract assets	**44,583**	56,793
Investments	**5,000**	5,000
Statutory deposit	**75,000**	75,000
Accrued income on statutory deposit	**3,233**	3,634
Staff and other receivables	**2,802**	5,758
	298,038	291,537

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.3 Credit risk (continued)

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.

		Non-investment grade			
December 31, 2023	***Investment grade***	***Satisfactory***	***Past due but not impaired***	***Past due and impaired***	***Total***
Cash and cash equivalents	**14,473**	--	--	--	**14,473**
Murabaha deposits	**152,926**	--	--	--	**152,926**
Investments	**97,034**	--	--	--	**97,034**
Reinsurance contract assets	--	**31,478**	**11,935**	**1,170**	**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	**342,652**	**34,280**	**11,935**	**1,170**	**390,037**

		Non-investment grade			
December 31, 2022 -(Restated)	*Investment grade*	*Satisfactory*	*Past due but not impaired*	*Past due and impaired*	*Total*
Cash and cash equivalents	56,793	--	--	--	56,793
Murabaha deposits	140,180	--	--	--	140,180
Investments	84,570	--	--	--	84,570
Reinsurance contract assets	--	36,872	18,885	1,036	56,793
Statutory deposit	74,986	--	--	--	74,986
Accrued income on statutory deposit	3,634	--	--	--	3,634
Staff and other receivables	--	5,758	--	--	5,758
December 31, 2022	360,163	42,630	18,885	1,036	422,714

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.

30.4 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, 2023 and December 31, 2022.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.4 Liquidity risk (Continued)

Financial assets	**Less than 12 months**	**More than 12 months**	**Total**
Financial assets at fair value through profit or loss ("FVTPL")	**53,572**	--	**53,572**
Financial assets at fair value through other comprehensive income ("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**

Financial liabilities	**Less than 12 months**	**More than 12 months**	**Total**
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**

Financial assets	Less than 12 months	More than 12 months	Total
Financial assets at fair value through profit or loss ("FVTPL")	44,867	--	44,867
Financial assets at fair value through other comprehensive income ("FVOCI")	--	39,703	39,703
Statutory deposit	--	74,986	74,986
Accrued income on statutory deposit	3,634	--	3,634
Murabaha deposits	140,180	--	140,180
Cash and cash equivalents	5,151	--	5,151
December 31, 2022	193,832	114,689	308,521

Financial liabilities	Less than 12 months	More than 12 months	Total
Accrued expenses and other liabilities	14,565	--	14,565
Accrued income on statutory deposit	3,634	--	3,634
December 31, 2022	18,199	--	18,199

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**

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 Risk management (continued)

30.4 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	10,147	1,522	154	5	0	2
Engineering	626	371	--	--	--	--
Accident & liability	7,719	839	658	329	17	--
Motor-TPL	4,904	285	46	30	(7)	--
Motor-Comp	36,046	(2,892)	(2,352)	(2,085)	(1,491)	(1,174)
Marine	3,844	386	4	--	--	--
Medical	25,436	1,543	120	--	--	--
December 31, 2022	88,722	2,055	(1,371)	(1,721)	(1,480)	(1,172)

Reinsurance contracts held	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Above 5 years**
Property	12,739	1,073	129	4	0	2
Engineering	624	242	--	--	--	--
Accident & liability	6,967	389	76	65	3	--
Motor-TPL	(284)	(47)	(50)	27	(7)	--
Motor-Comp	4,154	(1,329)	(736)	152	128	175
Marine	4,476	344	3	--	-	-
Medical	5,784	(942)	9	--	--	--
December 31, 2022	34,461	(270)	(569)	250	125	177

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.

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

31 Capital management (continued)

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

As at December 31, 2023 consists of paid-up share capital of SR 500 million, statutory reserve of SR 2.2 million, accumulated loss of SR 240 million and fair value reserve for investments of SR 41.5 million (December 31, 2022: paid-up share capital of SR 500 million, statutory reserve of SR 2.2 million, accumulated losses of SR 247.7 million and fair value reserve for investments of SR 37.7 million), in the statement of financial position.

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.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements as at December 31, 2023.

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 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 an d shareholders' operations as follows:

a) Statement of financial position

	December 31, 2023			December 31, 2022 (Restated)			January 1, 2022 (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS									
Cash and cash equivalents	**13,588**	**874**	**14,462**	4,361	790	5,151	24,972	231,140	256,112
Murabaha deposits	**62,926**	**90,000**	**152,926**	15,180	125,000	140,180	--	--	--
Financial assets at fair value through profit or loss ("FVTPL")	**--**	**53,572**	**53,572**	--	44,867	44,867	--	46,832	46,832
Financial assets at fair value through other comprehensive income ("FVOCI")	**--**	**43,462**	**43,462**	--	39,703	39,703	--	37,032	37,032
Prepaid expenses and other assets	**32,599**	**3,062**	**35,661**	49,723	776	50,499	13,952	263	14,215
Reinsurance contract assets	**44,583**		**44,583**	56,793	--	56,793	81,456	--	81,456
Due from shareholder's \ Insurance operations	**(5,026)**	**5,026**	**--**	23,531	(23,531)	--	26,057	(26,057)	--
Property and equipment	**13,532**	**-**	**13,532**	15,499	--	15,499	13,122	--	13,122
Intangible assets	**12,113**	**-**	**12,113**	13,453	--	13,453	9,626	--	9,626
Right-of-use asset	**5,407**	**-**	**5,407**	527	--	527	1,555	--	1,555
Goodwill	**-**	**36,260**	**36,260**	--	36,260	36,260	--	36,260	36,260
Statutory deposit	**-**	**74,986**	**74,986**	--	74,986	74,986	--	74,986	74,986
Accrued income on statutory deposit	**-**	**3,233**	**3,233**	--	3,634	3,634	--	2,495	2,495
TOTAL ASSETS	**179,542**	**310,655**	**490,197**	179,067	302,485	481,552	170,740	402,951	573,691

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 Supplementary information (continued)

a) Statement of financial position (continued)

	December 31, 2023			December 31, 2022 (Restated)			January 1, 2022 (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES AND EQUITY									
LIABILITIES									
Accrued expenses and other liabilities	**9,249**	**4,874**	**14,123**	12,234	2,331	14,565	8,130	2,539	10,669
Insurance contract liabilities	**160,763**	**--**	**160,763**	160,775	--	160,775	155,793	--	155,793
Zakat payable	**--**	**2,973**	**2,973**	--	4,236	4,236	--	2,287	2,287
Accrued income on statutory deposit	**--**	**3,233**	**3,233**	--	3,634	3,634	--	2,495	2,495
Lease liability	**4,518**	**--**	**4,518**	27	--	27	1,224	--	1,224
Employee defined benefit obligations	**4,194**	**--**	**3,376**	4,661	--	4,661	5,156	--	5,156
TOTAL LIABILITIES	**178,724**	**11,080**	**189,804**	177,697	10,201	187,898	170,303	7,321	177,624
EQUITY									
Share capital	**--**	**500,000**	**500,000**	--	500,000	500,000	--	500,000	500,000
Statutory reserve	**--**	**2,165**	**2,165**	--	2,165	2,165	--	2,165	2,165
Accumulated losses	**--**	**(244,129)**	**(244,129)**	--	(247,661)	(247,661)	--	(141,644)	(141,644)
Remeasurement reserve of defined benefit obligations	**818**	**--**	**818**	1,370	--	1,370	437	--	437
Fair value reserve for investments	**--**	**41,539**	**41,539**	--	37,780	37,780	--	35,109	35,109
TOTAL EQUITY	**818**	**299,575**	**300,393**	1,370	292,284	293,654	437	395,630	396,067
TOTAL LIABILITIES AND EQUITY	**179,542**	**310,655**	**490,197**	179,067	302,485	481,552	170,740	402,951	573,691

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 Supplementary information (continued)

b) Statement of income

	For the year ended December 31, 2023			For the year ended December 31, 2022 (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Insurance revenue	**315,646**	--	**315,646**	315,686	--	315,686
Insurance service expenses	**(285,347)**	--	**(285,347)**	(373,170)	--	(373,170)
Net expenses from reinsurance contracts	**(38,828)**	--	**(38,828)**	(49,593)	--	(49,593)
Insurance service result from Company's directly written business	**(8,529)**	--	**(8,529)**	(107,077)	--	(107,077)
Share of surplus from insurance pools	**12,258**	--	**12,258**	23,778	--	23,778
Insurance service result	**3,729**	--	**3,729**	(83,299)	--	(83,299)
Commission income on FVTPL investments and Murabaha	**1,017**	**5,804**	**6,821**	281	3,557	3,838
Unrealized gain / (loss) on investments	--	**8,705**	**8,705**	--	(4,965)	(4,965)
Dividend Income	--	**476**	**476**	--	202	202
Net investment return	**1,017**	**14,985**	**16,002**	281	(1,206)	(925)
Net finance expense from insurance contracts	**(7,886)**	--	**(7,886)**	(1,321)	--	(1,321)
Net finance income from reinsurance contracts	**3,379**	--	**3,379**	1,018	--	1,018
Net insurance finance income / (expense)	**(4,507)**	--	**(4,507)**	(303)	--	(303)
Net insurance and investment result	**239**	**14,985**	**15,224**	(83,321)	(1,206)	(84,527)
Other income	**4,918**	--	**4,918**	--	--	--
Other operating expenses	**(10,686)**	**(3,137)**	**(13,823)**	(13,535)	(3,937)	(17,472)
Profit / (loss) for the year attributable to the shareholders before zakat and income tax, net of surplus	**(5,529)**	**11,848**	**6,319**	(96,856)	(5,143)	(101,999)
Shareholder absorption of loss	**5,529**	**(5,529)**	--	96,856	(96,856)	--
Profit for the year after shareholder absorption of appropriations before zakat	--	**6,319**	**6,319**	--	(101,999)	(101,999)
Zakat	--	**(2,787)**	**(2,787)**	--	(4,018)	(4,018)
Net profit / (loss) for the year attributable to the shareholders	--	**3,532**	**3,532**	--	(106,017)	(106,017)
Earnings / (loss) per share (Basic and diluted) (expressed in SR per share)		**0.07**			(2.12)	

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 Supplementary information (continued)

c) Statement of comprehensive income

	For the year ended December 31, 2023			For the year ended December 31, 2022 (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Net profit / (loss) for the year attributable to the shareholders	**--**	**3,532**	**3,532**	--	(106,017)	(106,017)
Other comprehensive income						
Items that will not be reclassified to statement of income in subsequent years						
Net changes in fair value of investment measured at FVOCI – equity instruments	**--**	**3,759**	**3,759**	-	2,671	2,671
Remeasurement gain on defined benefit obligations	**(552)**	**--**	**(552)**	933	-	933
Total comprehensive income / (loss) for the year attributable to the shareholders	**(552)**	**7,291**	**6,739**	933	(103,346)	(102,413)

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 Supplementary information (continued)

d) Statement of cash flows

	For the year ended December 31, 2023			For the year ended December 31, 2022 (Restated)		
	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	--	6,319	6,319	--	(101,999)	(101,999)
Adjustments for non-cash items:						
Depreciation of property and equipment	2,291	--	2,291	2,322	--	2,322
Amortization of intangible assets	1,472	--	1,472	1,198	--	1,198
Amortization of right-of-use asset	1,046	--	1,046	1,028	--	1,028
Finance cost over lease liability	79	--	79	--	--	--
Net (gain) / loss on financial assets at FVTPL	--	(8,705)	(8,705)	--	4,965	4,965
Commission income on FVTPL investments and Murabaha	(1,017)	(5,804)	(6,821)	(281)	(3,557)	(3,838)
Provision for employee benefits obligations	1,795	--	1,795	2,199	--	2,199
Dividend income	--	(476)	(476)	--	(202)	(202)
Expected credit loss adjustment	(208)	--	(208)	59	--	20
	5,458	(8,666)	(3,208)	6,525	(100,793)	(94,268)
Changes in operating assets and liabilities:						
Prepaid expenses and other assets	17,344	(2,286)	15,058	(35,828)	(513)	(36,341)
Accrued expenses and other liabilities	(2,985)	2,543	(442)	4,104	(208)	3,896
Due to / (from) shareholders' operations	28,737	(28,737)	--	2,526	(2,526)	--
Insurance contracts liabilities	(12)	--	(12)	4,982	--	4,982
Reinsurance contract assets	12,210	--	12,210	24,663	--	24,663
	60,752	(37,146)	23,606	6,972	(104,040)	(97,068)
Zakat and income tax paid	--	(4,050)	(4,050)	--	(2,069)	(2,069)
Payment of employee benefits obligation	(2,814)	--	(2,814)	(1,761)	--	(1,761)
Net cash generated from operating activities	57,938	(41,196)	16,742	5,211	(106,109)	(100,898)

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 Supplementary information (continued)

d) Statement of cash flows (continued)

	For the year ended December 31, 2023			For the year ended December 31, 2022 (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
CASH FLOW FROM INVESTING ACTIVITIES						
Additions to property and equipment	**(326)**	--	**(326)**	(4,701)	--	(4,701)
Additions to intangible asset	**(132)**	--	**(132)**	(5,025)	--	(5,025)
(Addition) / maturity in Murabaha deposits	**(47,756)**	**35,000**	**(12,756)**	(15,180)	(125,000)	(140,180)
Addition of Sukuks	--	--	--	--	(3,000)	(3,000)
Commission income on FVTPL investments and Murabaha	**1,017**	**5,804**	**6,821**	281	3,557	3,838
Dividend income	--	**476**	**476**	--	202	202
Net cash used in investing activities	**(47,197)**	**41,280**	**(5,917)**	(24,625)	(124,241)	(148,866)
CASH FLOW FROM FINANCING ACTIVITIES						
Lease rental paid	**(1,514)**	--	**(1,514)**	(1,197)	-	(1,197)
Net cash generated from financing activities	**(1,514)**	--	**(1,514)**	(1,197)	-	(1,197)
Net change in cash and cash equivalents	**9,227**	**84**	**9,311**	(20,611)	(230,350)	(250,961)
Cash and cash equivalents at the beginning of the year	**4,361**	**790**	**5,151**	24,972	231,140	256,112
Cash and cash equivalents at the end of the year	**13,588**	**874**	**14,462**	4,361	790	5,151
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION						
Net changes in fair value of investment measured at FVOCI	--	**3,759**	**3,759**	--	2,671	2,671
Remeasurement gain on defined benefit obligations adjusted against accrued expenses and other liabilities	**(552)**	--	**(552)**	933	--	933
Addition of lease	**5,926**	--	**5,926**	--	--	--

(All amounts in Saudi Riyals thousands unless otherwise stated)

33 Gross Written Premium

Details relating to gross written premium 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	**--**	**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**

Breakdown of GWP	Medical	Motor	Property & casualty	Total
Retail	--	62,482	739	63,221
Small	2,853	11,335	6,782	20,970
Medium	5,004	45,987	10,430	61,421
Corporate	52,186	135,091	40,404	227,681
Total	60,043	254,895	58,355	373,293

34 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	**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**

(All amounts in Saudi Riyals thousands unless otherwise stated)

34 Net Written Premium (continued)

Item	Medical	Motor	Property & casualty	Total
Gross written premium	60,043	254,895	58,355	373,293
Reinsurance premium ceded – globally (including excess of loss)	(8,356)	(28,703)	(42,919)	(79,978)
Reinsurance premium ceded – locally (including excess of loss)	(240)	(2,992)	(4,808)	(8,040)
Net written premium - total	51,447	223,200	10,628	285,275

35 Operating segments

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to allocate resources to the segments and to assess its performance.

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2022 except for the extended warranty products which is now part of the accident & liability line. Of business.

Segment assets do not include cash and cash equivalents, term deposits, investments, prepaid expenses and other assets, property and equipment, intangible assets, statutory deposit and accrued income on statutory deposit. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued expenses and other liabilities, zakat and income tax payable, and accrued income on statutory deposit payable to SAMA. Accordingly, these are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to CODM under related segments and are monitored on a centralized basis. For management reporting purposes, the Company is organised into business units on the basis of products and services offered by the Company.

(All amounts in Saudi Riyals thousands unless otherwise stated)

35 Operating segments (continued)

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

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

35 Operating segments (continued)

For the year ended December 31, 2022	Medical	Motor - Comp	Motor - TPL	Property	Engineering	Marine	Accident and liability	Total
Insurance revenue	50,517	168,855	39,172	29,352	2,623	14,863	10,304	315,686
Insurance service expenses	(69,541)	(255,745)	(24,051)	(18,332)	(1,146)	(1,948)	(2,407)	(373,170)
Net expenses from reinsurance contracts	(5,160)	(1,591)	(8,459)	(15,224)	(2,474)	(11,102)	(5,583)	(49,593)
Insurance service result from Company's directly written business	(24,184)	(88,481)	6,662	(4,204)	(997)	1,813	2,314	(107,077)
Share of surplus from insurance pools								23,778
Insurance service result	(24,184)	(88,481)	6,662	(4,204)	(997)	1,813	2,314	(83,299)
Net loss on investments measured at FVTPL								(4,965)
Interest income from financial assets not measured at FVTPL								3,838
Dividend income								202
Net investment return								(925)
Net finance income from insurance contracts	(191)	(1,455)	217	(40)	(21)	(27)	196	(1,321)
Net finance (expense) / income from reinsurance contracts	41	(89)	909	(44)	16	100	85	1,018
Net insurance finance income	(150)	(1,544)	1,126	(84)	(5)	73	281	(303)
Net insurance and investment result								(84,527)
Other income								--
Other operating expenses								(17,472)
Loss for the year attributable to the shareholders before zakat and income tax								(101,999)
Zakat								(4,018)
Net loss for the year attributable to the shareholders								(106,017)

(All amounts in Saudi Riyals thousands unless otherwise stated)

35 Operating segments (continued)

As at December 31, 2023

	Medical	**Motor-Third party liability**	**Motor-Comprehensive**	**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**

As at December 31, 2022

	Medical	**Motor-Third party liability**	**Motor-Comprehensive**	**Property**	**Engineering**	**Marine**	**Accident & liability**	**Total**
Assets								
Reinsurance contract assets	5,298	1,359	13,351	17,808	3,556	6,826	8,595	56,793
Unallocated assets								424,759
Total assets								481,552
Liabilities								
Insurance contract liabilities	43,065	73,979	12,142	10,524	3,332	4,941	12,792	160,775
Unallocated liabilities								27,123
Total liabilities	43,065	73,979	12,142	10,524	3,332	4,941	12,777	187,898

36 Subsequent events

Subsequent to year end, the Company has announced the results of the Extraordinary General meeting held on March 19, 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 would be set off against the accumulated loss es of the Company.

Subsequent to the year end, the Company has announced on March 19, 2024 corresponding to 9 Ramadan 1445H, the Board recommendation for increase in the share capital by SR 300 million.

37 Approval of the financial statements

These financial statements have been approved by the Board of Directors on March 14, 2024 corresponding to 4 Ramadan 1445H.