WATANIYA INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

INDEX

INDEX	Pages
Independent auditors' report	3 – 7
Statement of financial position	8
Statement of income	9
Statement of comprehensive income	10
Statement of changes in equity	11-12
Statement of cash flows	13
Notes to the financial statements	14-106

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

Headquarters in Riyadh

PricewaterhouseCoopers ,
5th floor, Jameel Square,
P.O. Box 16415,
Jeddah 21464
Kingdom of Saudi Arabia
License No. 25

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

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter is provided in that context:

KPMG pwc

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities As at December 31, 2023, the estimate of present value of future cash flows and risk adjustment for non-financial risk amounts to SAR 786.4 million and SAR 36.1 million (2022: SAR 615.7 million and SAR 26.2 million) respectively, as disclosed 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 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 fulfills its obligations under 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. 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 liabilities which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. We have considered this as a key audit matter due to the inherent estimation uncertainty, complexity and subjectivity involved in the assessment of valuation of the estimates of present value of future cashflows and risk adjustment for non-financial risk arising from insurance contracts, which are sensitive to external inputs, such as claims cost inflation, as well as the actuarial methodology that is applied and the assumptions on current and future events. Refer to Notes 3 and 4 for the material accounting policies and significant accounting judgements, estimates and assumptions adopted by the Company.	We performed the following procedures: • Understood, evaluated and tested key controls around the claims handling and provision setting processes; • Evaluated the competence, capabilities and objectivity of the Appointed Actuary based on their professional qualifications and experience and assessed their independence; • Performed substantive procedures, on a 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 claims; • Checked the completeness of the underlying data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data used by the Appointed Actuary in estimating the present value of the future cash flows and the risk adjustment for non-financial risk by comparing it to the accounting and other records; • Involved our actuarial specialists to assess the Company's methodology and reasonableness of the key assumptions used by the management and evaluated the Company's actuarial practices and provisions established including the actuarial report issued by Appointed Actuary, by performing the following: (i) Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years; (ii) Assessed the appropriateness of the calculation methods and approach along with the key actuarial assumptions used and sensitivity analysis performed; (iii) Performed independent re-projections on present value of future cash flows and risk adjustment for non-financial risk on sample basis to compare them with the amounts recorded by management; and

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
	(iv) Assessed the adequacy and appropriateness of the related disclosures in the financial statements.
Adoption of IFRS 17 and IFRS 9 On January 1, 2023 the Company has adopted IFRS 17 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia ("IFRS 17"), which 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"). The Company has applied the full retrospective approach to each group of insurance contracts. The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at January 1, 2022 amounting to SAR 8.7 million. Further, on January 1, 2023, the Company also adopted IFRS 9 "Financial Instruments", as endorsed in the Kingdom of Saudi Arabia ("IFRS 9") which replaces IAS 39 "Financial Instruments: Recognition and Measurement", as endorsed in the Kingdom of Saudi Arabia ("IAS 39"). IFRS 9 requires the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Company's financial assets. The Company had applied the temporary exemption from IFRS 9 for annual periods before January 1, 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's equity as at January 1, 2022 amounting to SAR 34.9 million.	We performed the following procedures: • Obtained an understanding of the Company's implementation process for determining the impact of adoption of IFRS 17 and IFRS 9, including understanding of the changes to the Company's accounting policies, systems, processes and controls; • Evaluated the competence, capabilities and objectivity of the management's experts based on their professional qualifications and experience and assessed their independence; • Evaluated and assessed the appropriateness and adequacy of the transition methodologies, assumptions and accounting policies adopted in relation to, amongst others, use of premium allocation approach, expense allocation methodology, risk adjustment for non-financial risk, estimation of the present value of future cash flows, loss component determination etc., and tested the related IFRS 17 transition adjustments on the retained earnings as at January 1, 2023 and January 1, 2022, with the assistance of our actuarial specialists; • Evaluated and assessed the appropriateness and adequacy of the transition methodologies, assumptions and accounting policies adopted in relation to classification, recognition, measurement and impairment of different financial instruments and tested the related IFRS 9 transition adjustments on the retained earnings as at January 1, 2023 and January 1, 2022, with the assistance of our valuation experts; • Checked the completeness and accuracy of the underlying data used as inputs in estimating the transition impacts of IFRS 17 and IFRS 9, and tested on sample basis, the accuracy of the underlying data used; and • Evaluated and assessed the adequacy and appropriateness of related disclosures made in the financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
We have considered this as a key audit matter as the first year adoption of IFRS 17 and IFRS 9, resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended December 31, 2023. Refer to Notes 3 and 4 for accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company. Also, refer to Note 5 for the impact of transition.	

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

In preparing the financial statements, 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 has 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WATANIYA 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism 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 the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

for KPMG Professional Services

Ebrahim Oboud Baeshen
License Number 382

for PricewaterhouseCoopers
(Certified Public Accountants)

Mufaddal Ali
License Number 447

March 25, 2024 G
Corresponding to Ramadan 15, 1445 H
Jeddah, Kingdom of Saudi Arabia

Lic No. 46
C.R. 4030290792
KPMG Professional Services

PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTANTS
Lic No. 323/11/25/1
C.R. 4030289002

WATANIYA 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	**22,730**	70,852	42,126
Term deposits	7	**824,855**	350,629	191,582
Financial assets at fair value through profit or loss ("FVTPL")	8	**223,260**	208,044	169,501
Financial assets at amortised cost	8	**9,042**	9,047	8,998
Financial assets at fair value through other comprehensive income ("FVOCI")	8	**43,458**	39,651	36,893
Other receivables and prepaid expenses	9	**19,359**	15,750	33,813
Reinsurance contract assets	10	**631,923**	540,263	404,948
Property and equipment	11	**11,565**	17,318	17,403
Intangible assets	12	**36,049**	40,095	44,139
Statutory deposit	13	**39,969**	39,997	19,997
Accrued income on statutory deposit	13	**2,036**	2,320	1,592
TOTAL ASSETS		**1,864,246**	1,333,966	970,992
LIABILITIES AND EQUITY				
LIABILITIES				
Accrued expenses and other liabilities	14	**44,022**	36,215	37,421
Insurance contract liabilities	10	**1,296,437**	874,235	677,909
Reinsurance contract liability	10	**4,010**	-	-
Zakat and income tax payable	16	**12,599**	6,717	3,873
Employee benefits obligations	15	**16,864**	14,441	12,863
Accrued income on statutory deposit	13	**2,036**	2,320	1,592
TOTAL LIABILITIES		**1,375,968**	933,928	733,658
EQUITY				
Share capital	17	**400,000**	400,000	200,000
Statutory reserve	18	**21,661**	15,354	15,354
Retained earnings / (accumulated losses)		**25,082**	(53,044)	(12,990)
Fair value reserve for investments	8	**41,535**	37,728	34,970
TOTAL EQUITY		**488,278**	400,038	237,334
TOTAL LIABILITIES AND EQUITY		**1,864,246**	1,333,966	970,992

S.F Abbas

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of income
For the year ended December 31, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2023	2022 (Restated - Notes 3 and 5)
Insurance revenue	20	**1,378,636**	835,084
Insurance service expenses	20	**(1,112,415)**	(733,531)
Net expenses from reinsurance contracts	20	**(201,591)**	(115,022)
Insurance service result from Company's directly written business		**64,630**	(13,469)
Share of surplus from insurance pools	23	**11,329**	4,695
Total insurance service result		**75,959**	(8,774)
Net gains on investments measured at FVTPL	21	**15,216**	543
Commission income from financial assets not measured at FVTPL	21	**29,793**	7,995
Dividend income	21	**16**	16
Net investment return		**45,025**	8,554
Net finance (expense) / income from insurance contracts	22	**(10,877)**	6,979
Net finance income / (expense) from reinsurance contracts	22	**5,674**	(2,814)
Net insurance finance (expense) / income		**(5,203)**	4,165
Net insurance and investment result		**115,781**	3,945
Other income		**1,341**	1,423
Other operating expenses	24	**(20,629)**	(26,539)
Profit / (loss) for the year attributable to the shareholders before zakat and income tax		**96,493**	(21,171)
Zakat	16	**(11,479)**	(6,297)
Income tax	16	**(433)**	(194)
Net profit / (loss) for the year attributable to the shareholders		**84,581**	(27,662)
Earnings / (loss) per share (Basic and diluted) (expressed in SAR per share)	17	**2.11**	(0.74)

S. F Abbas

The accompanying notes 1 to 35 form an integral part of these financial statements.

WATANIYA 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	2023	2022 (Restated - Notes 3 and 5)
Net profit / (loss) for the year attributable to the shareholders		**84,581**	(27,662)
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	**3,807**	2,758
Remeasurement loss on defined benefit obligations	15	**(148)**	(440)
Total comprehensive income / (loss) for the year attributable to the shareholders		**88,240**	(25,344)

S.F. Abbas

The accompanying notes 1 to 35 form an integral part of these financial statements.

(All amounts in Saudi Riyals thousands unless otherwise stated)

For the year ended December 31, 2023

	Note	Share capital	Statutory reserve	Retained earnings / (accumulated losses)	Fair value reserve for investments	Total
Balance at the beginning of the year – (Restated - Notes 3 and 5)		**400,000**	**15,354**	**(53,044)**	**37,728**	**400,038**
Total comprehensive income for the year						
Net profit for the year attributable to the shareholders		-	-	84,581	-	84,581
Net changes in fair value of investment measured at FVOCI		-	-	-	3,807	3,807
Remeasurement loss on defined benefit obligations		-	-	(148)	-	(148)
Total comprehensive income for the year attributable to the shareholders		-	-	84,433	3,807	88,240
Transfer to statutory reserve		-	6,307	(6,307)	-	-
Balance at the end of the year		**400,000**	**21,661**	**25,082**	**41,535**	**488,278**

S.F Abbas

(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	Total
Balance at the beginning of the year, as previously reported		200,000	15,354	(4,159)	-	211,195
Impact of initial application of IFRS 17	5	-	-	(8,795)	-	(8,795)
Impact of initial application of IFRS 9	5	-	-	(36)	34,970	34,934
Balance at the beginning of the year – (Restated - Notes 3 and 5)		200,000	15,354	(12,990)	34,970	237,334
Total comprehensive loss for the year – (Restated - Notes 3 and 5)						
Net loss for the year attributable to the shareholders		-	-	(27,662)	-	(27,662)
Net changes in fair value of investment measured at FVOCI		-	-	-	2,758	2,758
Remeasurement loss on defined benefit obligation		-	-	(440)	-	(440)
Total comprehensive loss for the year attributable to the shareholders - (Restated - Notes 3 and 5)		-	-	(28,102)	2,758	(25,344)
Transaction with owners of the Company:						
Increase in share capital		200,000	-	-	-	200,000
Adjustment to income tax		-	-	(358)	-	(358)
Transaction costs		-	-	(11,594)	-	(11,594)
Balance at the end of the year – (Restated - Notes 3 and 5)		400,000	15,354	(53,044)	37,728	400,038

S.F Abbas

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of cash flows
For the year ended December 31, 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2023	2022 (Restated - Notes 3 and 5)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) for the year attributable to the shareholders before zakat and income tax		**96,493**	(21,171)
Adjustments for non-cash items:			
Depreciation of property and equipment	11	**5,956**	4,292
Amortization of intangible assets	12	**4,046**	4,044
Net gains on investments measured at FVTPL	21	**(15,216)**	(543)
Provision for employee benefits obligations	15	**3,712**	3,277
Commission income from financial assets not measured at FVTPL	21	**(29,793)**	(7,995)
Expected credit loss adjustment		**288**	-
Dividend income	21	**(16)**	(16)
Capital work in progress written off	11	**336**	3,706
		65,806	(14,406)
Changes in operating assets and liabilities:			
Other receivables and prepaid expenses	9	**(3,609)**	17,705
Reinsurance contract assets	10	**(91,660)**	(135,315)
Accrued expenses and other liabilities	14	**7,807**	(1,206)
Insurance contracts liabilities	10	**422,202**	196,326
Reinsurance contract liability	10	**4,010**	-
		404,556	63,104
Zakat and income tax paid	16	**(6,030)**	(3,647)
Payment of employee benefits obligation	15	**(1,437)**	(2,139)
Net cash generated from operating activities		**397,089**	57,318
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	**(539)**	(7,913)
Additions to FVTPL investments	8	**-**	(100,000)
Proceeds from disposal of FVTPL investments	8	**-**	62,000
Placements in term deposits	7	**(807,040)**	(346,934)
Proceeds from term deposits matured	7	**346,934**	191,369
Increase in statutory deposit	13	**-**	(20,000)
Commission income from financial assets not measured at FVTPL	21	**15,418**	4,464
Dividend income	21	**16**	16
Net cash used in investing activities		**(445,211)**	(216,998)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of right shares		**-**	200,000
Transaction costs on the issue of right shares		**-**	(11,594)
Net cash generated from financing activities		**-**	188,406
Net change in cash and cash equivalents		**(48,122)**	28,726
Cash and cash equivalents at the beginning of the year		**70,852**	42,126
Cash and cash equivalents at the end of the year		**22,730**	70,852
SUPPLEMENTAL SCHEDULE OF NON CASH INFORMATION			
Net changes in fair value of investment measured at FVOCI	8	**3,807**	2,758
Remeasurement loss on defined benefit obligations adjusted against accrued expenses and other liabilities	15	**148**	440
Transfer from capital work in progress	11	**1,119**	8,578
Income tax receivable from foreign shareholders adjusted against prepaid expenses and other assets		**-**	358

The accompanying notes 1 to 35 form an integral part of these financial statements.

1 General

Wataniya Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 4030200981 dated 1 Jumada II 1431H (corresponding to May 15, 2010) and Ministry of Commerce Resolution number 158/K dated Jumada Al Awal 12, 1431H (corresponding to April 26, 2010). The Registered Office address of the Company is Juffali Building, Madina Road, Jeddah, Saudi Arabia.

The Company is licensed to conduct insurance business in Saudi Arabia under Cooperative insurance principles in accordance with Royal Decree No M/53 dated 21 Shawwal 1430H (corresponding to October 10, 2009) pursuant to Council of Ministers' Resolution No. 330 dated Shawwal 16,1430H (corresponding to October 5, 2009). 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, granted the Company a license number TMN/29/20106 valid up to Rajab 2,1446H (corresponding to January 2, 2025). The Company was listed on the Saudi stock exchange (Tadawul) on June 6, 2010.

The objectives of the Company are to provide general insurance and related services in accordance with its by-laws and applicable regulations in the Kingdom of Saudi Arabia.

During July 2022, there was a transfer of shareholding whereby SNIC Insurance Company sold 1 million shares to E.A. Juffali and Brothers. Accordingly, SNIC Insurance Company's shareholding diluted from 27.5% to 25% and E.A. Juffali and Brothers' shareholding increased from 8.63% to 11.13%. All the legal formalities were completed as at December 31, 2022. During 2023, E.A. Juffali and Brothers' shareholding further increased to 29.875% as a result of the acquisition of 2 million shares from New Reinsurance Company Ltd and 5.5 million shares from SNIC Insurance Company. SNIC Insurance Company's shareholding diluted from 25% to 11.25%. New Reinsurance Company Ltd is no longer a shareholder in the Company. All the legal formalities were completed as at December 31, 2023.

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 (IFRSs) 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 5. Comparative information was restated due to the adoption of IFRS 17 and IFRS 9.

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 income, 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 International Financial Reporting Standards (IFRS).

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

2 Basis of preparation (continued)

(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, term deposits, prepaid expenses and other assets, accrued income on statutory deposit, accrued and other liabilities, zakat and income tax 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. The balances which are of mixed in nature i.e. include both current and non-current portions include insurance contract liabilities, reinsurance contract assets / liabilities and employee benefit obligations.

(d) Functional and presentation currency

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

(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 and 5 for details regarding impact of adoption of IFRS 17 - Insurance Contracts ("IFRS 17") and IFRS 9 - Financial Instruments ("IFRS 9").

(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

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:

<u>Interpretation</u>	<u>Description</u>
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, however, no material impact is expected. The Company intends to adopt these interpretations when they are effective.

Interpretation	Description	Effective date
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
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
Amendment to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures ("IFRS 7") – Supplier finance arrangements	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
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.

3. Material accounting policies (continued)

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 that are at least 10% more than the benefits payable if the insured event did not occur.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include marine, property, motor, engineering, accident & liability and term life. 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.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

iii. Recognition

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

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

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:
- For reinsurance contracts that provide proportionate coverage, at the later of:
  (i) the beginning of the coverage period of the group of reinsurance contracts and
  (ii) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

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

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

iv. Contract boundaries

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

A substantive obligation to provide services ends when:

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

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

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

- 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 Term life contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA.

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

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

- Reinsurance contracts:

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

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

Measurement on initial recognition under PAA:

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

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

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

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.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

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
b. decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

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

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

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

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

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.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

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 the Mack Method on incurred claims for motor business and Value at risk method on incurred claims for other lines of business in the estimation of risk adjustment. The Company has chosen a confidence level based on the 75th percentile of the distribution of the 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, Solvency II approach is used to derive the risk with the same percentile as the claim reserves.

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.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

ix. Presentation (continued):

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 the Company for Cooperative Insurance (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 income and has provided more details in the notes.

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. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

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.

- ***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.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

3.3.2 Changes to presentation and disclosure (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 - Premium deficiency reserve - Due to agents, brokers and third-party administrator - Policyholders payable - Salvage recoverable, within prepaid expenses and other assets - SAMA, Najm and Elm fee 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 - Minimum Deposit premium (MDP), within prepaid expenses and other assets - Excess of loss (XOL) reinstatement premiums payable, within accrued expenses and other liabilities - Value Added Tax (VAT) on reinsurance commission - Payable to reinsurers, within due to reinsurers, agents, brokers and third-party administrator - Due from reinsurers - Claims recoverable - 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.

Share of surplus from insurance pools (i.e. Al Manafeth, Umrah & Hajj scheme and inherent defects insurance) are presented on a net basis within the total insurance service results after the insurance service result from the Company's directly written business.

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. Material accounting policies (continued)

3.4 Financial assets and liabilities

i. Initial recognition of financial assets

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments measured at FVOCI.

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

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

Amortised cost and effective interest rate

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

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

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

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 cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of '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)

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

Solely payments of principal and profit:

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

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

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

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

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

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

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)

iii. 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 income.

iv. Derecognition of financial assets

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

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

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

v. Classification and subsequent measurement of financial liabilities

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

vi. Derecognition of financial liabilities

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

3.4.1 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 income.

(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
Furniture and fixtures	5 - 10
Office equipment	3 - 10
Motor vehicles	4
Computer hardware	2 - 5

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

3. 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 income in the period in which the expenditure is incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Further, capital work in progress is not amortized.

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

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

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

	Years
Software	10 - 15

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

3.7 Leases

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

3.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

3. Material accounting policies (continued)

3.9 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 income and while unwinding of the liability at discount rates used are recorded in the statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the statement of comprehensive income.

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

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

3.10 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.

3.11 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. Term deposits having maturities more than three months from the date of acquisition and managed directly by the Company are classified separately as term deposits.

3.12 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.

3.13 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. Material accounting policies (continued)

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 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 provide 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.
- Term life provides coverage against the insured's death.

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.

3.16 Fair values

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

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

3. Material accounting policies (continued)

3.17 Zakat and income tax

The Company is subject to zakat and income tax 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. Income taxes are computed on the foreign shareholders' share of adjusted net income for the year. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Zakat

The Company is subject to zakat in accordance with the regulations of the ZATCA. Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, and is charged to the statement of income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the year in which such assessments are made.

4. Critical accounting judgments, estimates and assumptions

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

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

i. Estimates of future cash flows to fulfil insurance contracts

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

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

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

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

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 27 for the sensitivity analysis in relation to the significant assumptions.

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

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	**SAR**	**6.26%**	**5.56%**	**5.22%**	**5.07%**	**5.00%**
Property	**SAR**	**6.26%**	**5.56%**	**5.22%**	**5.07%**	**5.00%**
Motor-Comp	**SAR**	**6.26%**	**5.56%**	**5.22%**	**5.07%**	**5.00%**
Motor-TPL	**SAR**	**6.26%**	**5.56%**	**5.22%**	**5.07%**	**5.00%**
Engineering	**SAR**	**6.26%**	**5.56%**	**5.22%**	**5.07%**	**5.00%**
Accident & liability	**SAR**	**6.26%**	**5.56%**	**5.22%**	**5.07%**	**5.00%**
Term life	**SAR**	**6.26%**	**5.56%**	**5.22%**	**5.07%**	**5.00%**

Insurance contracts issued and reinsurance contracts held	Currency	1 year	2 years	3 years	4 years	5 years
Marine	SAR	6.81%	6.40%	6.00%	5.79%	5.69%
Property	SAR	6.81%	6.40%	6.00%	5.79%	5.69%
Motor-Comp	SAR	6.81%	6.40%	6.00%	5.79%	5.69%
Motor-TPL	SAR	6.81%	6.40%	6.00%	5.79%	5.69%
Engineering	SAR	6.81%	6.40%	6.00%	5.79%	5.69%
Accident & liability	SAR	6.81%	6.40%	6.00%	5.79%	5.69%
Term life	SAR	6.81%	6.40%	6.00%	5.79%	5.69%

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 75th percentile (the target confidence level) over the expected present value of the future cash flows. Refer Note 27 for the sensitivity analysis in relation to the significant assumptions.

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

iv. Onerosity determination

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition unless “facts and circumstances” indicate otherwise. The Company performs the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if “facts and circumstances” indicate that there are significant changes in product pricing, product design, plans and forecasts. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Company has established a process for the underwriting team to capture onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately. Refer Note 3.3.1 for further details in this regard and refer Note 27 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 26 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 factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

vii. 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Impact of adoption of new accounting standards and other presentation changes

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 and reinsurance 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 total equity is, as follows:

	January 1, 2023	January 1, 2022
Increase / (reduction) in the Company's total equity		
Change in measurement of reinsurance contract assets	869	9,565
Change in measurement of insurance contract liabilities	(18,982)	(18,360)
Impact of adoption of IFRS 17 on total equity	**(18,113)**	**(8,795)**

	January 1, 2023	January 1, 2022
Increase / (reduction) in the Company's total assets impacting total equity		
Risk adjustment	17,495	15,740
Discounting	(13,136)	(2,312)
Unearned reinsurance commission	(3,490)	(3,863)
Impact of adoption of IFRS 17 on total assets impacting total equity	**869**	**9,565**

	January 1, 2023	January 1, 2022
(Increase) / reduction in the Company's total liabilities impacting total equity		
Risk adjustment	(26,185)	(21,060)
Estimates for expected premium receipts	(15,764)	(5,853)
Discounting	18,939	4,686
Deferred policy acquisition costs	7,312	4,397
Loss component	(3,284)	(530)
Impact of adoption of IFRS 17 on total liabilities impacting total equity	**(18,982)**	**(18,360)**

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, are as follows:

	For the year ended December 31, 2022
Net loss after zakat and income tax as previously reported	**(18,344)**
Impact on the Company's net loss	
Loss component	2,755
Risk adjustment, net	(8,691)
Discounting, net	4,165
Estimates for expected premium receipts	(7,865)
Others	318
Impact of adoption of IFRS 17	**(9,318)**
Adjusted loss after zakat and income tax - restated	**(27,662)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Impact of adoption of new accounting standards and other presentation changes (continued)

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 fair value through statement of income 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 as 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	70,856	-	(4)	-	Held at amortised cost	70,852
Term deposits	Loans & receivables	346,934	3,722	(27)	-	Held at amortised cost	350,629
Fair value through statement of income investments (FVSI)	FVSI	204,502	542	-	-	FVTPL	205,044
Saudi Real Estate Refinance Company Sukuks	Held to maturity (HTM)	9,000	49	(2)	-	Held at amortised cost	9,047
Saudi Fransi Bank Sukuks	Held to maturity (HTM)	3,000	-	-	-	FVTPL	3,000
Available-for-sale investment (Refer Note 8.3)	Available for sale (AFS)	1,923	-	-	37,728	FVOCI	39,651
Statutory deposit	Loans & receivables	40,000	-	(3)	-	Held at amortised cost	39,997
Accrued income on statutory deposit	Loans & receivables	2,320	-	-	-	Held at amortised cost	2,320
Other assets	Loans & receivables	3,771	(3,771)	-	-	Not applicable	-
Other liabilities	Amortised cost	-	(542)	-	-	Amortised cost	(542)

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. A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The entity is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. For such portfolios, the collection of contractual cash flows is only incidental to achieving the business model's objective. Consequently, such portfolios of financial assets must be measured at fair value through profit or loss. Accordingly, financial assets at fair value through statement of income 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:

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Impact of adoption of new accounting standards and other presentation changes (continued)

5.2 IFRS 9 (continued)

Financial assets	December 31, 2021 IAS 39 Category	Amount	Re-classification	Re-measurement ECL	Others	January 1, 2022 IFRS 9 Category	Amount
Cash and cash equivalents	Loans & receivables	42,130	-	(4)	-	Held at amortised cost	42,126
Term deposits	Loans & receivables	191,369	240	(27)	-	Held at amortised cost	191,582
Fair value through statement of income investments (FVSI)	FVSI	165,959	542	-	-	FVTPL	166,501
Saudi Real Estate Refinance Company Sukuks	Held to maturity (HTM)	9,000	-	(2)	-	Held at amortised cost	8,998
Saudi Fransi Bank Sukuks	Held to maturity (HTM)	3,000	-	-	-	FVTPL	3,000
Available-for-sale investment (Refer Note 8.3)	Available for sale (AFS)	1,923	-	-	34,970	FVOCI	36,893
Statutory deposit	Loans & receivables	20,000	-	(3)	-	Held at amortised cost	19,997
Accrued income on statutory deposit	Loans & receivables	1,592	-	-	-	Held at amortised cost	1,592
Other assets	Loans & receivables	240	(240)	-	-	Not applicable	-
Other liabilities	Amortised cost	-	(542)	-	-	Amortised cost	(542)

The impact of transition to IFRS 9 on total equity is as follows:

	January 1, 2023	January 1, 2022
(Reduction) / increase in the Company's total equity		
Classification of financial assets	-	-
Impairment of financial assets	(36)	(36)
Revaluation of Najm investments (Refer Note 8.3)	37,728	34,970
Impact of adoption of IFRS 9 on total equity	**37,692**	**34,934**

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	-	2,758
Net ECL allowance on financial assets	-	-
Impact of initial application of IFRS 9 for the year ended December 31, 2022	**-**	**2,758**

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 and other presentation changes (continued)

5.3 Overall impact on transition to IFRS 17 and IFRS 9

	January 1, 2023	January 1, 2022
(Decrease) / increase in total equity on transition to:		
IFRS 17 (see note 5.1)	(18,113)	(8,795)
IFRS 9 (see note 5.2)	37,692	34,934
Total impact on transition to IFRS 17 and IFRS 9	**19,579**	**26,139**

	Impact on net loss	Impact on other comprehensive income
(Decrease) / increase on transition to:		
IFRS 17 (see note 5.1)	(9,318)	-
IFRS 9 (see note 5.2)	-	2,758
Impact of adoption of IFRS 17 and IFRS 9 for the year ended December 31, 2022	**(9,318)**	**2,758**

5.4 Change in presentation of comparative information

During the year ended December 31, 2023, the Company changed the presentation of employee benefits obligations in the financial statements and, accordingly, reclassified comparative amounts to reflect appropriate presentation. Previously, employee benefits obligations were presented as part of “Accrued expenses and other liabilities” in the statement of financial position. IAS 1 requires an entity to present separately items of a dissimilar nature or function unless they are immaterial. The employee benefits are dissimilar in nature and function from other items forming part of “Accrued expenses and other liabilities”. As such, employee benefits obligations should have been presented separately on the statement of financial position in prior years. Accordingly, employee benefits obligations amounting to Saudi Riyals 14.4 million as of December 31, 2022 and Saudi Riyals 12.9 million as of January 1, 2022, respectively have now been presented separately in the statement of financial position.

This above change has had no impact on the statements of income, comprehensive income, changes in equity and cash flows for the year ended December 31, 2022 or any financial performance indicators including basic and diluted earnings per share.

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Cash and cash equivalents

	December 31, 2023	December 31, 2022 (Restated)
Cash in hand	**20**	20
Bank balances	**22,719**	70,836
Expected credit loss	**(9)**	(4)
	22,730	70,852

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

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

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	**4**	4
ECL allowance recognised in statement of income during the year	**5**	-
Balance at end of the year	**9**	4

7 Term deposits

	December 31, 2023	December 31, 2022 (Restated)
Term deposits	**807,040**	346,934
Accrued commission income	**18,097**	3,722
Expected credit loss	**(282)**	(27)
	824,855	350,629

Term deposits with original maturity exceeding 3 months are placed with commercial banks registered in Saudi Arabia and yield income at rates of 3.45% to 6.15% per annum (December 31, 2022: 3.1% to 6.0% per annum).

The gross carrying amount of term 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	**27**	27
ECL allowance recognised in statement of income during the year	**255**	-
Balance at end of the year	**282**	27

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Investments

	Note	December 31, 2023	December 31, 2022 (Restated)
Financial assets at fair value through profit or loss	8.1	**223,260**	208,044
Financial assets at amortised cost	8.2	**9,042**	9,047
Financial assets at fair value through other comprehensive income	8.3	**43,458**	39,651
		275,760	256,742

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

8.1.1 Investment in discretionary portfolios:

Movement in investment in discretionary portfolio is as follows:

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**205,044**	166,501
Additions during the year	**-**	100,000
Disposal during the year	**-**	(62,000)
Changes in fair value of investments	**15,216**	543
Balance at end of the year	**220,260**	205,044

FVTPL includes investments managed by three Fund managers under the discretionary portfolio of investments where all such investments are carried at fair value as provided by the Fund managers. These fund managers keep such investments in various fixed income securities, mutual funds, equity investments, sukuks and murabaha placements.

8.1.2 Investment in Tier-1 sukuks:

	December 31, 2023	December 31, 2022 (Restated)
Saudi Fransi Bank Sukuks	**3,000**	3,000

This represents the Company's investment in Saudi Fransi Tier 1 Sukuks. These represent 3 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 4.50% per annum. These Sukuks have a maturity duration of 5 years commencing from November 3, 2020. The Company has earned commission income of SAR 0.135 million during the year (December 31, 2022: SAR 0.161 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 amortised cost

	December 31, 2023	December 31, 2022 (Restated)
Saudi Real Estate Refinance Company Sukuks	**9,000**	9,000
Commission accrued	**49**	49
Gross amount – total	**9,049**	9,049
Expected credit loss	**(7)**	(2)
Net amount – total	**9,042**	9,047

These represent 5 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 2.11% per annum and 4 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 3.04% per annum. These Sukuks have a maturity duration of 7 years and 10 years commencing from March 03, 2021 and December 09, 2021, respectively. The Company has earned a commission income of SAR 0.227 million during the year (December 31, 2022: SAR 0.250 million).

The gross carrying amount of financial assets measured at amortised cost 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 AAA to BBB, whereas non-investment grade represents un-rated exposures. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on investments measured at amortised cost is as follows:

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**2**	2
ECL allowance recognised in statement of income during the year	**5**	-
Balance at end of the year	**7**	2

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

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**39,651**	36,893
Changes in fair value of investments	**3,807**	2,758
Balance at end of the year	**43,458**	39,651

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 Saudi Riyals 1.92 million until December 31, 2022, to be SAR 36.89 million at as December 31, 2021 and SAR 39.65 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 26 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 Other receivables and prepaid expenses

	Note	**December 31, 2023**	December 31, 2022 (Restated)
Staff receivables		**5,862**	4,240
Margin deposits		**4,553**	2,953
Prepayments		**1,695**	3,564
Due from CCI for pool deals	23.2	**6,209**	4,507
Due from Malath for pool deal	23.3	**204**	-
Others		**836**	486
		19,359	15,750

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:

	Marine	**Property**	**Motor-Comp**	**Motor-TPL**	**Engineering**	**Accident & liability**	**Term life**	**Total**
As at December 31, 2023								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	30,378	179,174	437,603	58,252	178,107	317,759	95,164	1,296,437
	30,378	**179,174**	**437,603**	**58,252**	**178,107**	**317,759**	**95,164**	**1,296,437**
Reinsurance contracts								
Reinsurance contract assets	11,248	147,792	468	61	149,237	286,550	36,567	631,923
Reinsurance contract liability	-	-	(4,010)	-	-	-	-	(4,010)
	11,248	**147,792**	**(3,542)**	**61**	**149,237**	**286,550**	**36,567**	**627,913**

	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
As at December 31, 2022 – (Restated)								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	21,366	226,667	230,263	16,315	167,811	195,861	15,952	874,235
	21,366	226,667	230,263	16,315	167,811	195,861	15,952	874,235
Reinsurance contracts								
Reinsurance contract assets	12,716	199,191	1,185	1,475	136,313	176,780	12,603	540,263
Reinsurance contract liability	-	-	-	-	-	-	-	-
	12,716	199,191	1,185	1,475	136,313	176,780	12,603	540,263

(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	227,105	5,296	615,648	26,186	874,235	157,378	11,226	488,245	21,060	677,909
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**227,105**	**5,296**	**615,648**	**26,186**	**874,235**	157,378	11,226	488,245	21,060	677,909
Insurance revenue	**(1,378,636)**	**-**	**-**	**-**	**(1,378,636)**	(835,084)	-	-	-	(835,084)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses*	-	-	897,447	15,652	913,099	-	-	838,737	13,963	852,700
Reversal of losses on onerous contracts	-	(5,294)	-	-	(5,294)	-	(5,930)	-	-	(5,930)
Changes that relate to past service	-	-	38,104	(5,815)	32,289	-	-	(208,670)	(8,837)	(217,507)
Insurance acquisition cashflows amortisation	172,321	-	-	-	172,321	104,268	-	-	-	104,268
Insurance service expenses	**172,321**	**(5,294)**	**935,551**	**9,837**	**1,112,415**	104,268	(5,930)	630,067	5,126	733,531
Finance expense / (income) from insurance contracts	-	-	10,877	-	10,877	(2,398)	-	(4,581)	-	(6,979)
Total changes in the statement of income	**(1,206,315)**	**(5,294)**	**946,428**	**9,837**	**(255,344)**	(733,214)	(5,930)	625,486	5,126	(108,532)
Cashflows										
Premiums received	1,609,890	-	-	-	1,609,890	919,438	-	-	-	919,438
Claims and other incurred insurance service expenses paid	-	-	(775,719)	-	(775,719)	-	-	(498,083)	-	(498,083)
Insurance acquisition cashflows paid	(156,625)	-	-	-	(156,625)	(116,497)	-	-	-	(116,497)
Total cash inflows / (outflows)	**1,453,265**	**-**	**(775,719)**	**-**	**677,546**	802,941	-	(498,083)	-	304,858
Insurance contracts										
Insurance contract liabilities – closing	474,055	2	786,357	36,023	1,296,437	227,105	5,296	615,648	26,186	874,235
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**474,055**	**2**	**786,357**	**36,023**	**1,296,437**	227,105	5,296	615,648	26,186	874,235

*This includes surplus distribution of SAR 10.279 million for the year ended December 31, 2023 (December 31, 2022: SAR Nil) (Also see note 32 (e)).

(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:(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	(6,862)	-	27,029	1,199	21,366	(239)	-	18,817	890	19,468
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**(6,862)**	**-**	**27,029**	**1,199**	**21,366**	(239)	-	18,817	890	19,468
Insurance revenue	**(73,886)**	**-**	**-**	**-**	**(73,886)**	(55,105)	-	-	-	(55,105)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	25,681	868	26,549	-	-	33,616	875	34,491
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	(7,653)	(726)	(8,379)	-	-	(10,407)	(566)	(10,973)
Insurance acquisition cashflows amortisation	9,372	-	-	-	9,372	7,419	-	-	-	7,419
Insurance service expenses	**9,372**	**-**	**18,028**	**142**	**27,542**	7,419	-	23,209	309	30,937
Finance expense / (income) from insurance contracts	-	-	535	-	535	-	-	(243)	-	(243)
Total changes in the statement of income	**(64,514)**	**-**	**18,563**	**142**	**(45,809)**	(47,686)		22,966	309	(24,411)
Cashflows										
Premiums received	81,112	-	-	-	81,112	50,209	-	-	-	50,209
Claims and other incurred insurance service expenses paid	-	-	(16,626)	-	(16,626)	-	-	(14,754)	-	(14,754)
Insurance acquisition cashflows paid	(9,665)	-	-	-	(9,665)	(9,146)	-	-	-	(9,146)
Total cash inflows / (outflows)	**71,447**	**-**	**(16,626)**	**-**	**54,821**	41,063	-	(14,754)	-	26,309
Insurance contracts										
Insurance contract liabilities – closing	71	-	28,966	1,341	30,378	(6,862)	-	27,029	1,199	21,366
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**71**	**-**	**28,966**	**1,341**	**30,378**	(6,862)	-	27,029	1,199	21,366

(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:(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	10,342	-	208,797	7,528	226,667	12,101	-	104,244	4,821	121,166
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**10,342**	**-**	**208,797**	**7,528**	**226,667**	12,101	-	104,244	4,821	121,166
Insurance revenue	**(193,779)**	**-**	**-**	**-**	**(193,779)**	(158,573)	-	-	-	(158,573)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	75,326	2,180	77,506	-	-	204,913	5,615	210,528
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	(38,071)	(3,223)	(41,294)	-	-	(59,550)	(2,908)	(62,458)
Insurance acquisition cashflows amortisation	26,072	-	-	-	26,072	19,018	-	-	-	19,018
Insurance service expenses	**26,072**	**-**	**37,255**	**(1,043)**	**62,284**	19,018	-	145,363	2,707	167,088
Finance expense / (income) from insurance contracts	-	-	6,859	-	6,859	-	-	(1,904)	-	(1,904)
Total changes in the statement of income	**(167,707)**	**-**	**44,114**	**(1,043)**	**(124,636)**	(139,555)	-	143,459	2,707	6,611
Cashflows										
Premiums received	206,915	-	-	-	206,915	159,254	-	-	-	159,254
Claims and other incurred insurance service expenses paid	-	-	(105,089)	-	(105,089)	-	-	(38,906)	-	(38,906)
Insurance acquisition cashflows paid	(24,683)	-	-	-	(24,683)	(21,458)	-	-	-	(21,458)
Total cash inflows / (outflows)	**182,232**	**-**	**(105,089)**	**-**	**77,143**	137,796	-	(38,906)	-	98,890
Insurance contracts										
Insurance contract liabilities – closing	24,867	-	147,822	6,485	179,174	10,342	-	208,797	7,528	226,667
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**24,867**	**-**	**147,822**	**6,485**	**179,174**	10,342	-	208,797	7,528	226,667

(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:(Motor-Comp)

	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	61,635	4,541	158,199	5,888	230,263	67,762	7,578	135,864	3,965	215,169
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**61,635**	**4,541**	**158,199**	**5,888**	**230,263**	67,762	7,578	135,864	3,965	215,169
Insurance revenue	**(728,476)**	**-**	**-**	**-**	**(728,476)**	(377,672)	-	-	-	(377,672)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	599,206	5,938	605,144	-	-	439,417	4,467	443,884
Reversal of losses on onerous contracts	-	(4,541)	-	-	(4,541)	-	(3,037)	-	-	(3,037)
Changes that relate to past service	-	-	(7,166)	(4,595)	(11,761)	-	-	(91,861)	(2,544)	(94,405)
Insurance acquisition cashflows amortisation	90,988	-	-	-	90,988	41,536	-	-	-	41,536
Insurance service expenses	**90,988**	**(4,541)**	**592,040**	**1,343**	**679,830**	41,536	(3,037)	347,556	1,923	387,978
Finance expense / (income) from insurance contracts	-	-	4,123	-	4,123	-	-	(455)	-	(455)
Total changes in the statement of income	**(637,488)**	**(4,541)**	**596,163**	**1,343**	**(44,523)**	(336,136)	(3,037)	347,101	1,923	9,851
Cashflows										
Premiums received	853,963	-	-	-	853,963	371,529	-	-	-	371,529
Claims and other incurred insurance service expenses paid	-	-	(527,013)	-	(527,013)	-	-	(324,766)	-	(324,766)
Insurance acquisition cashflows paid	(75,087)	-	-	-	(75,087)	(41,520)	-	-	-	(41,520)
Total cash inflows / (outflows)	**778,876**	**-**	**(527,013)**	**-**	**251,863**	330,009	-	(324,766)	-	5,243
Insurance contracts										
Insurance contract liabilities – closing	203,023	-	227,349	7,231	437,603	61,635	4,541	158,199	5,888	230,263
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**203,023**	**-**	**227,349**	**7,231**	**437,603**	61,635	4,541	158,199	5,888	230,263

During the year ended December 31, 2022, there was a decrease in the past service cost relating to claims incurred in the previous years, on account of actual pay out being lower than estimates.

(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:(Motor-TPL)

	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	4,558	755	9,463	1,539	16,315	15,675	3,648	17,684	547	37,554
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**4,558**	**755**	**9,463**	**1,539**	**16,315**	15,675	3,648	17,684	547	37,554
Insurance revenue	**(57,953)**	**-**	**-**	**-**	**(57,953)**	(43,796)	-	-	-	(43,796)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	51,805	1,139	52,944	-	-	57,453	1,195	58,648
Reversal of losses on onerous contracts	-	(753)	-	-	(753)	-	(2,893)	-	-	(2,893)
Changes that relate to past service	-	-	(348)	(1,294)	(1,642)	-	-	(10,841)	(203)	(11,044)
Insurance acquisition cashflows amortisation	6,668	-	-	-	6,668	4,616	-	-	-	4,616
Insurance service expenses	**6,668**	**(753)**	**51,457**	**(155)**	**57,217**	4,616	(2,893)	46,612	992	49,327
Finance expense / (income) from insurance contracts	-	-	544	-	544	-	-	(117)	-	(117)
Total changes in the statement of income	**(51,285)**	**(753)**	**52,001**	**(155)**	**(192)**	(39,180)	(2,893)	46,495	992	5,414
Cashflows										
Premiums received	97,185	-	-	-	97,185	31,994				31,994
Claims and other incurred insurance service expenses paid	-	-	(47,356)	-	(47,356)	-	-	(54,716)	-	(54,716)
Insurance acquisition cashflows paid	(7,700)	-	-	-	(7,700)	(3,931)	-	-	-	(3,931)
Total cash inflows / (outflows)	**89,485**	**-**	**(47,356)**	**-**	**42,129**	28,063	-	(54,716)	-	(26,653)
Insurance contracts										
Insurance contract liabilities – closing	42,758	2	14,108	1,384	58,252	4,558	755	9,463	1,539	16,315
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**42,758**	**2**	**14,108**	**1,384**	**58,252**	4,558	755	9,463	1,539	16,315

(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:(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	85,786	-	78,544	3,481	167,811	2,506	-	70,260	3,189	75,955
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**85,786**	**-**	**78,544**	**3,481**	**167,811**	2,506	-	70,260	3,189	75,955
Insurance revenue	**(104,292)**	**-**	**-**	**-**	**(104,292)**	(73,600)	-	-	-	(73,600)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	25,608	961	26,569	-	-	41,520	808	42,328
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	(6,637)	(483)	(7,120)	-	-	(8,544)	(516)	(9,060)
Insurance acquisition cashflows amortisation	13,672	-	-	-	13,672	13,193	-	-	-	13,193
Insurance service expenses	**13,672**	**-**	**18,971**	**478**	**33,121**	13,193	-	32,976	292	46,461
Finance expense / (income) from insurance contracts	-	-	985	-	985	(1,647)	-	(718)	-	(2,365)
Total changes in the statement of income	**(90,620)**	**-**	**19,956**	**478**	**(70,186)**	(62,054)	-	32,258	292	(29,504)
Cashflows										
Premiums received	104,629	-	-	-	104,629	163,001	-	-	-	163,001
Claims and other incurred insurance service expenses paid	-	-	(11,917)	-	(11,917)	-	-	(23,974)	-	(23,974)
Insurance acquisition cashflows paid	(12,230)	-	-	-	(12,230)	(17,667)	-	-	-	(17,667)
Total cash inflows / (outflows)	**92,399**	**-**	**(11,917)**	**-**	**80,482**	145,334	-	(23,974)	-	121,360
Insurance contracts										
Insurance contract liabilities – closing	87,565	-	86,583	3,959	178,107	85,786	-	78,544	3,481	167,811
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**87,565**	**-**	**86,583**	**3,959**	**178,107**	85,786	-	78,544	3,481	167,811

(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:(Accident & 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	65,030	-	124,728	6,103	195,861	55,319	-	126,652	6,419	188,390
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**65,030**	**-**	**124,728**	**6,103**	**195,861**	55,319	-	126,652	6,419	188,390
Insurance revenue	**(120,294)**	**-**	**-**	**-**	**(120,294)**	(84,114)	-	-	-	(84,114)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	29,799	660	30,459	-	-	32,558	754	33,312
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	100,072	4,841	104,913	-	-	(16,321)	(1,070)	(17,391)
Insurance acquisition cashflows amortisation	19,453	-	-	-	19,453	13,588	-	-	-	13,588
Insurance service expenses	**19,453**	**-**	**129,871**	**5,501**	**154,825**	13,588	-	16,237	(316)	29,509
Finance income from insurance contracts	-	-	(2,399)	-	(2,399)	(751)	-	(1,093)	-	(1,844)
Total changes in the statement of income	**(100,841)**	**-**	**127,472**	**5,501**	**32,132**	(71,277)	-	15,144	(316)	(56,449)
Cashflows										
Premiums received	130,984	-	-	-	130,984	97,904	-	-	-	97,904
Claims and other incurred insurance service expenses paid	-	-	(20,200)	-	(20,200)	-	-	(17,068)	-	(17,068)
Insurance acquisition cashflows paid	(21,018)	-	-	-	(21,018)	(16,916)	-	-	-	(16,916)
Total cash inflows / (outflows)	**109,966**	**-**	**(20,200)**	**-**	**89,766**	80,988	-	(17,068)	-	63,920
Insurance contracts										
Insurance contract liabilities – closing	74,155	-	232,000	11,604	317,759	65,030	-	124,728	6,103	195,861
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**74,155**	**-**	**232,000**	**11,604**	**317,759**	65,030	-	124,728	6,103	195,861

During the year ended December 31, 2023, there was an increase in the past service cost relating to claims incurred in previous years, on account of change in estimation. Majority of this balance is reinsured.

(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:(Term life)

	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	6,616	-	8,888	448	15,952	4,254	-	14,724	1,229	20,207
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**6,616**	**-**	**8,888**	**448**	**15,952**	4,254	-	14,724	1,229	20,207
Insurance revenue	**(99,956)**	**-**	**-**	**-**	**(99,956)**	(42,224)	-	-	-	(42,224)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	90,022	3,906	93,928	-	-	29,260	249	29,509
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	(2,093)	(335)	(2,428)	-	-	(11,146)	(1,030)	(12,176)
Insurance acquisition cashflows amortisation	6,096	-	-	-	6,096	4,898	-	-	-	4,898
Insurance service expenses	**6,096**	**-**	**87,929**	**3,571**	**97,596**	4,898	-	18,114	(781)	22,231
Finance expense / (income) from insurance contracts	-	-	230	-	230	-	-	(51)	-	(51)
Total changes in the statement of income	**(93,860)**	**-**	**88,159**	**3,571**	**(2,130)**	(37,326)	-	18,063	(781)	(20,044)
Cashflows										
Premiums received	135,102	-	-	-	135,102	45,547	-	-	-	45,547
Claims and other incurred insurance service expenses paid	-	-	(47,518)	-	(47,518)			(23,899)		(23,899)
Insurance acquisition cashflows paid	(6,242)	-	-	-	(6,242)	(5,859)	-	-	-	(5,859)
Total cash inflows / (outflows)	**128,860**	**-**	**(47,518)**	**-**	**81,342**	39,688	-	(23,899)	-	15,789
Insurance contracts										
Insurance contract liabilities – closing	41,616	-	49,529	4,019	95,164	6,616	-	8,888	448	15,952
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**41,616**	**-**	**49,529**	**4,019**	**95,164**	6,616	-	8,888	448	15,952

(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)

10.2.2 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	(65,070)	-	(457,698)	(17,495)	(540,263)	(40,808)	-	(348,400)	(15,740)	(404,948)
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**(65,070)**	**-**	**(457,698)**	**(17,495)**	**(540,263)**	(40,808)	-	(348,400)	(15,740)	(404,948)
Allocation of reinsurance premium paid	**433,651**	**-**	**-**	**-**	**433,651**	296,788	-	-	-	296,788
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(166,579)	(7,249)	(173,828)	-	-	(276,456)	(7,263)	(283,719)
Changes to amounts recoverable for incurred claims	-	-	(56,257)	(1,975)	(58,232)	-	-	96,445	5,508	101,953
Amounts recoverable from reinsurers – net	**-**	**-**	**(222,836)**	**(9,224)**	**(232,060)**	-	-	(180,011)	(1,755)	(181,766)
Finance (income) / expense from reinsurance contracts	-	-	(5,674)	-	(5,674)	2,745	-	69	-	2,814
Total changes in the statement of income	**433,651**	**-**	**(228,510)**	**(9,224)**	**195,917**	299,533	-	(179,942)	(1,755)	117,836
Cashflows										
Premiums ceded and acquisition cashflows paid	(411,320)	-	-	-	(411,320)	(323,795)	-	-	-	(323,795)
Recoveries from reinsurance	-	-	127,753	-	127,753	-	-	70,644	-	70,644
Total cash (outflows) / inflows	**(411,320)**	**-**	**127,753**	**-**	**(283,567)**	(323,795)	-	70,644	-	(253,151)
Reinsurance contracts										
Reinsurance contract assets – closing	(46,749)	-	(558,455)	(26,719)	(631,923)	(65,070)	-	(457,698)	(17,495)	(540,263)
Reinsurance contract liabilities – closing	4,010	-	-	-	4,010	-	-	-	-	-
Closing balance – net	**(42,739)**	**-**	**(558,455)**	**(26,719)**	**(627,913)**	(65,070)	-	(457,698)	(17,495)	(540,263)

(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)

10.2.2 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	14,462	-	(26,260)	(918)	(12,716)	6,446	-	(17,818)	(706)	(12,078)
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**14,462**	**-**	**(26,260)**	**(918)**	**(12,716)**	6,446	-	(17,818)	(706)	(12,078)
Allocation of reinsurance premium paid	**45,921**	**-**	**-**	**-**	**45,921**	35,206	-	-	-	35,206
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(14,588)	(640)	(15,228)	-	-	(22,844)	(655)	(23,499)
Changes to amounts recoverable for incurred claims	-	-	5,927	546	6,473	-	-	8,392	443	8,835
Amounts recoverable from reinsurers – net	**-**	**-**	**(8,661)**	**(94)**	**(8,755)**	-	-	(14,452)	(212)	(14,664)
Finance income from reinsurance contracts	-	-	(156)	-	(156)	-	-	(111)	-	(111)
Total changes in the statement of income	**45,921**	**-**	**(8,817)**	**(94)**	**37,010**	35,206	-	(14,563)	(212)	20,431
Cashflows										
Premiums ceded and acquisition cashflows paid	(45,803)	-	-	-	(45,803)	(27,190)	-	-	-	(27,190)
Recoveries from reinsurance	-	-	10,261	-	10,261			6,121		6,121
Total cash (outflows) / inflows	**(45,803)**	**-**	**10,261**	**-**	**(35,542)**	(27,190)	-	6,121	-	(21,069)
Reinsurance contracts										
Reinsurance contract assets – closing	14,580	-	(24,816)	(1,012)	(11,248)	14,462	-	(26,260)	(918)	(12,716)
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**14,580**	**-**	**(24,816)**	**(1,012)**	**(11,248)**	14,462	-	(26,260)	(918)	(12,716)

(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)

10.2.2 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	14,745	-	(206,998)	(6,938)	(199,191)	(6,013)	-	(102,941)	(4,467)	(113,421)
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**14,745**	**-**	**(206,998)**	**(6,938)**	**(199,191)**	(6,013)	-	(102,941)	(4,467)	(113,421)
Allocation of reinsurance premium paid	**147,528**	**-**	**-**	**-**	**147,528**	113,171	-	-	-	113,171
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(50,986)	(1,877)	(52,863)	-	-	(177,554)	(5,154)	(182,708)
Changes to amounts recoverable for incurred claims	-	-	35,109	2,641	37,750	-	-	55,767	2,683	58,450
Amounts recoverable from reinsurers – net	**-**	**-**	**(15,877)**	**764**	**(15,113)**	-	-	(121,787)	(2,471)	(124,258)
Finance income from reinsurance contracts	-	-	(6,325)	-	(6,325)	-		(110)	-	(110)
Total changes in the statement of income	**147,528**	**-**	**(22,202)**	**764**	**126,090**	113,171	-	(121,897)	(2,471)	(11,197)
Cashflows										
Premiums ceded and acquisition cashflows paid	(142,593)	-	-	-	(142,593)	(92,413)	-	-	-	(92,413)
Recoveries from reinsurance	-	-	67,902	-	67,902			17,840		17,840
Total cash (outflows) / inflows	**(142,593)**	**-**	**67,902**	**-**	**(74,691)**	(92,413)	-	17,840	-	(74,573)
Reinsurance contracts										
Reinsurance contract assets – closing	19,680	-	(161,298)	(6,174)	(147,792)	14,745	-	(206,998)	(6,938)	(199,191)
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**19,680**	**-**	**(161,298)**	**(6,174)**	**(147,792)**	14,745	-	(206,998)	(6,938)	(199,191)

(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)

10.2.2 Reinsurance contracts held: (Motor-Comp)

	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	(493)	-	(655)	(37)	(1,185)	4,163	-	(1,330)	(24)	2,809
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**(493)**	**-**	**(655)**	**(37)**	**(1,185)**	4,163	-	(1,330)	(24)	2,809
Allocation of reinsurance premium paid	**8,304**	**-**	**-**	**-**	**8,304**	2,883	-	-	-	2,883
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	1	-	1	-	-	(3,783)	-	(3,783)
Changes to amounts recoverable for incurred claims	-	-	(7,888)	22	(7,866)	-	-	384	(13)	371
Amounts recoverable from reinsurers – net	**-**	**-**	**(7,887)**	**22**	**(7,865)**	-	-	(3,399)	(13)	(3,412)
Finance (income) / expense from reinsurance contracts	-	-	(17)	-	(17)	-	-	1	-	1
Total changes in the statement of income	**8,304**	**-**	**(7,904)**	**22**	**422**	2,883	-	(3,398)	(13)	(528)
Cashflows										
Premiums ceded and acquisition cashflows paid	(3,801)	-	-	-	(3,801)	(7,539)	-	-	-	(7,539)
Recoveries from reinsurance	-	-	8,106	-	8,106	-	-	4,073	-	4,073
Total cash (outflows) / inflows	**(3,801)**	**-**	**8,106**	**-**	**4,305**	(7,539)	-	4,073	-	(3,466)
Reinsurance contracts										
Reinsurance contract assets – closing	-	-	(453)	(15)	(468)	(493)	-	(655)	(37)	(1,185)
Reinsurance contract liabilities – closing	4,010	-	-	-	4,010	-	-	-	-	-
Closing balance – net	**4,010**	**-**	**(453)**	**(15)**	**3,542**	(493)	-	(655)	(37)	(1,185)

(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)

10.2.2 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	36	-	(1,511)	-	(1,475)	20	-	(72)	(3)	(55)
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**36**	**-**	**(1,511)**	**-**	**(1,475)**	20	-	(72)	(3)	(55)
Allocation of reinsurance premium paid	**(6)**	**-**	**-**	**-**	**(6)**	(8)	-	-	-	(8)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	1	-	1	-	-	15	-	15
Changes to amounts recoverable for incurred claims	-	-	(47)	-	(47)	-	-	59	3	62
Amounts recoverable from reinsurers – net	**-**	**-**	**(46)**	**-**	**(46)**	-	-	74	3	77
Finance income from reinsurance contracts	-	-	(25)	-	(25)	-	-	-	-	-
Total changes in the statement of income	**(6)**	**-**	**(71)**	**-**	**(77)**	(8)	-	74	3	69
Cashflows										
Premiums ceded and acquisition cashflows paid	(31)	-	-	-	(31)	24	-	-	-	24
Recoveries from reinsurance	-	-	1,522	-	1,522			(1,513)		(1,513)
Total cash (outflows) / inflows	**(31)**	**-**	**1,522**	**-**	**1,491**	24	-	(1,513)	-	(1,489)
Reinsurance contracts										
Reinsurance contract assets – closing	(1)	-	(60)	-	(61)	36	-	(1,511)	-	(1,475)
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**(1)**	**-**	**(60)**	**-**	**(61)**	36	-	(1,511)	-	(1,475)

(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)

10.2.2 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	(55,944)	-	(77,116)	(3,253)	(136,313)	(6,330)	-	(79,458)	(3,142)	(88,930)
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**(55,944)**	**-**	**(77,116)**	**(3,253)**	**(136,313)**	(6,330)	-	(79,458)	(3,142)	(88,930)
Allocation of reinsurance premium paid	**77,852**	**-**	**-**	**-**	**77,852**	57,381	-	-	-	57,381
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(18,607)	(904)	(19,511)	-	-	(28,116)	(611)	(28,727)
Changes to amounts recoverable for incurred claims	-	-	5,887	122	6,009	-	-	8,895	500	9,395
Amounts recoverable from reinsurers – net	**-**	**-**	**(12,720)**	**(782)**	**(13,502)**	-	-	(19,221)	(111)	(19,332)
Finance (income) / expense from reinsurance contracts	-	-	(1,269)	-	(1,269)	2,146	-	(551)	-	1,595
Total changes in the statement of income	**77,852**	**-**	**(13,989)**	**(782)**	**63,081**	59,527	-	(19,772)	(111)	39,644
Cashflows										
Premiums ceded and acquisition cashflows paid	(80,848)	-	-	-	(80,848)	(109,141)	-	-	-	(109,141)
Recoveries from reinsurance	-	-	4,843	-	4,843	-	-	22,114	-	22,114
Total cash (outflows) / inflows	**(80,848)**	**-**	**4,843**	**-**	**(76,005)**	(109,141)	-	22,114	-	(87,027)
Reinsurance contracts										
Reinsurance contract assets – closing	(58,940)	-	(86,262)	(4,035)	(149,237)	(55,944)	-	(77,116)	(3,253)	(136,313)
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**(58,940)**	**-**	**(86,262)**	**(4,035)**	**(149,237)**	(55,944)	-	(77,116)	(3,253)	(136,313)

(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)

10.2.2 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	(46,372)	-	(124,420)	(5,988)	(176,780)	(42,396)	-	(123,149)	(6,347)	(171,892)
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**(46,372)**	**-**	**(124,420)**	**(5,988)**	**(176,780)**	(42,396)	-	(123,149)	(6,347)	(171,892)
Allocation of reinsurance premium paid	**87,940**	**-**	**-**	**-**	**87,940**	63,293	-	-	-	63,293
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(18,677)	(586)	(19,263)	-	-	(23,639)	(648)	(24,287)
Changes to amounts recoverable for incurred claims	-	-	(96,902)	(5,568)	(102,470)	-	-	13,524	1,007	14,531
Amounts recoverable from reinsurers – net	**-**	**-**	**(115,579)**	**(6,154)**	**(121,733)**	-	-	(10,115)	359	(9,756)
Finance income from reinsurance contracts	-	-	2,519	-	2,519	599	-	889	-	1,488
Total changes in the statement of income	**87,940**	**-**	**(113,060)**	**(6,154)**	**(31,274)**	63,892	-	(9,226)	359	55,025
Cashflows										
Premiums ceded and acquisition cashflows paid	(90,610)	-	-	-	(90,610)	(67,868)	-	-	-	(67,868)
Recoveries from reinsurance	-	-	12,114	-	12,114	-	-	7,955	-	7,955
Total cash (outflows) / inflows	**(90,610)**	**-**	**12,114**	**-**	**(78,496)**	(67,868)	-	7,955	-	(59,913)
Reinsurance contracts										
Reinsurance contract assets – closing	(49,042)	-	(225,366)	(12,142)	(286,550)	(46,372)	-	(124,420)	(5,988)	(176,780)
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**(49,042)**	**-**	**(225,366)**	**(12,142)**	**(286,550)**	(46,372)	-	(124,420)	(5,988)	(176,780)

During the year ended December 31, 2023, there was an increase in the past service cost relating to claims incurred in previous years, on account of change in estimation. Majority of this balance is reinsured.

(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)

10.2.2 Reinsurance contracts held: (Term life)

	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	8,496	-	(20,739)	(360)	(12,603)	3,302	-	(23,633)	(1,050)	(21,381)
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**8,496**	**-**	**(20,739)**	**(360)**	**(12,603)**	3,302	-	(23,633)	(1,050)	(21,381)
Allocation of reinsurance premium paid	**66,112**	**-**	**-**	**-**	**66,112**	24,862	-	-	-	24,862
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(63,723)	(3,242)	(66,965)	-	-	(20,534)	(196)	(20,730)
Changes to amounts recoverable for incurred claims	-	-	1,658	261	1,919	-	-	9,423	886	10,309
Amounts recoverable from reinsurers – net	**-**	**-**	**(62,065)**	**(2,981)**	**(65,046)**	-	-	(11,111)	690	(10,421)
Finance income from reinsurance contracts	-	-	(401)	-	(401)	-	-	(49)	-	(49)
Total changes in the statement of income	**66,112**	**-**	**(62,466)**	**(2,981)**	**665**	24,862	-	(11,160)	690	14,392
Cashflows										
Premiums ceded and acquisition cashflows paid	(47,634)	-	-	-	(47,634)	(19,668)	-	-	-	(19,668)
Recoveries from reinsurance	-	-	23,005	-	23,005	-	-	14,054	-	14,054
Total cash (outflows) / inflows	**(47,634)**	**-**	**23,005**	**-**	**(24,629)**	(19,668)	-	14,054	-	(5,614)
Reinsurance contracts										
Reinsurance contract assets – closing	26,974	-	(60,200)	(3,341)	(36,567)	8,496	-	(20,739)	(360)	(12,603)
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**26,974**	**-**	**(60,200)**	**(3,341)**	**(36,567)**	8,496	-	(20,739)	(360)	(12,603)

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Property and equipment

	Furniture and fixtures	**Office equipment**	**Motor vehicles**	**Computer hardware**	**Capital work in progress**	**Total**
2023						
Cost:						
January 1	**10,547**	**1,859**	**599**	**16,519**	**916**	**30,440**
Additions	**-**	**-**	**-**	**-**	**539**	**539**
Disposals	**(212)**	**(392)**	**-**	**(5,599)**	**-**	**(6,203)**
Transfers	**-**	**-**	**-**	**1,119**	**(1,119)**	**-**
Amounts written off	**-**	**-**	**-**	**-**	**(336)**	**(336)**
December 31	**10,335**	**1,467**	**599**	**12,039**	**-**	**24,440**
Accumulated depreciation:						
January 1	**4,364**	**886**	**599**	**7,273**	**-**	**13,122**
Charge for the year	**1,158**	**400**	**-**	**4,398**	**-**	**5,956**
Relating to disposals	**(212)**	**(392)**	**-**	**(5,599)**	**-**	**(6,203)**
December 31	**5,310**	**894**	**599**	**6,072**	**-**	**12,875**
Net book value						
December 31, 2023	**5,025**	**573**	**-**	**5,967**	**-**	**11,565**

	Furniture and fixtures	Office equipment	Motor vehicles	Computer hardware	Capital work in progress	Total
2022						
Cost:						
January 1	10,547	1,584	599	7,938	5,565	26,233
Additions	-	275	-	3	7,635	7,913
Transfers	-	-	-	8,578	(8,578)	-
Amounts written off	-	-	-	-	(3,706)	(3,706)
December 31	10,547	1,859	599	16,519	916	30,440
Accumulated depreciation:						
January 1	3,181	504	599	4,546	-	8,830
Charge for the year	1,183	382	-	2,727	-	4,292
December 31	4,364	886	599	7,273	-	13,122
					-	
Net book value						
December 31, 2022	6,183	973	-	9,246	916	17,318

(All amounts in Saudi Riyals thousands unless otherwise stated)

12 Intangible assets

These comprise software license fees.

	Total
2023	
Cost:	**Software**
Balance at beginning and end of the year	**51,234**
Accumulated amortization:	
January 1	**11,139**
Charge for the year	**4,046**
December 31	**15,185**
Net book value	
December 31, 2023	**36,049**

	Total
2022	
Cost:	Software
Balance at beginning and end of the year	51,234
Accumulated amortization:	
January 1	7,095
Charge for the year	4,044
December 31	11,139
Net book value	
December 31, 2022	40,095

13 Statutory deposit

	December 31, 2023	December 31, 2022 (Restated)
Statutory deposit	**40,000**	40,000
Expected credit loss	**(31)**	(3)
	39,969	39,997

As required by SAMA Insurance Regulations, the Company has deposited an amount equivalent to 10% of its paid-up share capital, amounting to SAR 40 million as at December 31, 2023 (December 31, 2022: SAR 40 million), in a bank designated by SAMA. Accrued income on this deposit is payable to Insurance Authority (IA) amounting to SAR 2.03 million (December 31, 2022: SAR 2.32 million) and this deposit cannot be withdrawn without approval from IA. As requested by IA, the Company has released the accrued income on statutory deposit to IA up to December 31, 2022 amounting to SAR 2.3 million. The statutory deposit is shown on the statement of financial position net of ECL allowance.

Movement in allowance for expected credit losses on statutory deposit is as follows:

	December 31, 2023	December 31, 2022 (Restated)
Balance at beginning of the year	**3**	3
ECL allowance recognised in statement of income during the year	**28**	-
Balance at end of the year	**31**	3

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 Accrued expenses and other liabilities

	Note	**December 31, 2023**	December 31, 2022 (Restated)
Accrued expenses		**21,141**	19,830
VAT payable		**11,810**	8,751
Payable for reinsurance's withholding tax		**5,347**	4,261
Other liabilities		**5,724**	3,373
		44,022	36,215

15 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.

15.1 Movement of defined benefit obligations

	December 31, 2023	December 31, 2022
Opening balance	**14,441**	12,863
Charge to statement of income	**3,712**	3,277
Charge to other comprehensive income	**148**	440
Payment of benefits during the year	**(1,437)**	(2,139)
Closing balance	**16,864**	14,441

15.2 Reconciliation of present value of defined benefit obligations

	December 31, 2023	December 31, 2022
Opening balance	**14,441**	12,863
Current service costs	**3,079**	2,886
Financial costs	**633**	391
Actuarial loss from experience adjustments	**148**	440
Payment of benefits during the year	**(1,437)**	(2,139)
Closing balance	**16,864**	14,441

15.3 Significant actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	**4.97%**	4.61%
Expected rate of increase in salary level across different age bands	**4.97%**	4.61%

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 Employee benefits obligations (continued)

15.4 Sensitivity analysis

	Impact on defined benefit obligations	
	December 31, 2023	December 31, 2022
Discount rate		
- Increase by 0.5%	**(708)**	(623)
- Decrease by 0.5%	**770**	680
Expected rate of increase in salary level across different age bands		
- Increase by 0.5%	**766**	677
- Decrease by 0.5%	**(711)**	(626)

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 benefit obligations.

The average remaining duration of the defined benefit plan obligation at December 31, 2023 is 10.32 years (December 31, 2022: 11.23 years).

15.5 Maturity analysis (Undiscounted)

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
December 31, 2023	**3,381**	**964**	**4,053**	**20,437**	**28,835**
December 31, 2022	2,819	873	3,522	16,684	23,898

16 Zakat and income tax

16.1 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 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	**368,688**	186,105
Provisions, at beginning of year	**70,527**	47,960
Adjusted net income for the year	**119,113**	7,226
Statutory deposit	**(38,762)**	(17,624)
Property and equipment and intangible assets, as adjusted	**(46,140)**	(50,592)
Increase in share capital	**-**	176,240
Statutory deposit relating to capital increase	**-**	17,624
Capital issuance cost	**(11,379)**	(10,216)
Others	**(1,865)**	(13,064)
Approximate zakat base	**460,182**	343,659

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 Zakat and income tax (continued)

16.2 Provision for zakat and income tax

	Zakat	**Income tax**	**Total**
January 1, 2023	**6,523**	**194**	**6,717**
Provision for the current year	**11,479**	**433**	**11,912**
Payments during the year	**(6,030)**	**-**	**(6,030)**
December 31, 2023	**11,972**	**627**	**12,599**

	Zakat	Income tax	Total
January 1, 2022	3,873	-	3,873
Provision for the current year	6,297	194	6,491
Payments during the year	(3,647)	-	(3,647)
December 31, 2022	6,523	194	6,717

Zakat is payable at 2.578% of the approximate zakat base (excluding adjusted net income for the year) and 2.5% of adjusted net income for the year attributable to Saudi shareholders.

Provision for income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company, less allowances for foreign shareholders' share in the losses carry forwarded from previous year calculated in accordance with the guidelines provided in the income tax regulations.

The shareholding percentage subject to zakat and income tax is as follows:

	December 31, 2023	December 31, 2022
	%	%
Zakat share in capital and profit	**96.91**	88.12
Income tax share in capital and profit	**3.09**	11.88

16.3 Status of assessments

Year ended December 31, 2011 to 2020

The zakat and income tax assessments have been finalized, up to and including the year 2020.

Year ended December 31, 2021

The Zakat and income tax declarations are currently being reviewed by the Zakat, Tax and Customs Authority (ZATCA).

Year ended December 31, 2022

During the year ended December 31, 2023, the Company has filed its zakat and income tax return for the year ended December 31, 2022 with the ZATCA and has a certificate valid till April 30, 2024. The zakat and income tax declarations are currently being reviewed by ZATCA.

17 Share capital and basic and diluted earnings / (loss) per share

The authorized, issued and paid-up capital of the Company at December 31, 2023 is SAR 400 million divided into 40 million shares of SAR 10 each (December 31, 2022: SAR 400 million divided into 40 million shares of SAR 10 each).

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 Share capital and basic and diluted earnings / (loss) per share (continued)

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.

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	**84,581**	(27,662)
Weighted average number of ordinary shares	**40,000**	37,235
Basic earnings / (loss) per share	**2.11**	(0.74)

18 Statutory reserve

As required by the Implementing Regulations issued by SAMA, 20% of the net profit for the year after adjusting accumulated losses, has to be set aside from net profit for the year as a statutory reserve until this amounts to 100% of the paid-up share capital. During the year the Company has set aside SAR 6.3 million (December 31, 2022: Nil), representing 1.5% (December 31, 2022: Nil) of the paid-up share capital. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

19 Commitments and contingencies

19.1 The Company's bankers have issued payment guarantees of SAR 4.5 million (December 31, 2022: SAR 2.90 million) to its suppliers on behalf of the Company.

19.2 The Company is a defendant in a case that was filed by a client amounting to SAR 19 million (December 31, 2022: SAR 19 million). The preliminary decision of the Primary Committee for Resolution of Insurance Disputes and Violations ruled in favour of the Company and dismissed the case brought by the claimant. The Appeal Committee for Settlement of Insurance Disputes and Violations has issued a verdict which cancels the preliminary decision and decided to return the case to the Primary Committee for Resolution of Insurance Disputes and Violations for consideration and review. The Primary Committees for Resolution of Insurance Disputes and Violation rejected the lawsuit filed by the Plaintiff against the Company. However, the Plaintiff has filed an appeal against such decision. Management believes that the case is without merit and has therefore not taken any provisions there against.

19.3 During 2021, ZATCA issued various VAT assessments to the Company for approximately SAR 18 million, which included VAT liabilities and penalties amounting to SAR 7.9 million and 10.1 million, respectively in respect of VAT Returns filed in 2018, 2019 and 2020. The assessments were issued primarily in connection with compensatory recovery amounts received by the Company relating to motor insurance claims from third parties. The Company has treated these recoveries as out of scope for VAT purposes. and filed objections against these assessments with ZATCA which were partially accepted by ZATCA for approximately SAR 1.5 million in VAT liabilities with a corresponding reduction in penalties of approximately SAR 7.8 million. The total amount of approximately SAR 9.3 million was used to offset the VAT payable amounts for the VAT Returns for the periods of March and April 2022. Management decided to appeal the rejected amount and filed an appeal with the General Secretariat of the Tax Committee (GSTC) and the Internal Settlement Committee (ISC) on April 21, 2022 which was rejected. The Company then appealed to the Higher Court on March 27, 2023. Counterclaims were also filed with GSTC on June 22, 2023, in response to the arguments on the assessments filed by ZATCA regarding this appeal.

19 Commitments and contingencies (continued)

Subsequently, the Company has received VAT invoices for SAR 8.7 million claiming VAT for the months of March 2022 and April 2022 with penalties (which was previously offset with the partially accepted objection). relating to the compensatory recovery amounts received by the Company relating to motor insurance claims from third parties. The Company does not agree to such additional payments, however the Company has paid approximately SAR 6 million to clear the VAT liabilities to prevent late payment penalties from further accumulating and has fully provided for the amount paid.

On February 6, 2024, the Higher Court held a hearing and ruled on the 14 VAT appeals, out of which 11 appeals for the periods between February and December 2020 were accepted and 3 appeals for December 2018, December 2019, and January 2020 were rejected.

To date, the Higher Court's formal resolutions have not been issued, the expected financial outcomes from the aforementioned appeals include a VAT refund / credit for Wataniya for the 11 accepted appeals amounting to SAR 5.9 million and the remaining sum of SAR 8.5 million related to the 3 rejected appeals.

19.4 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

20 Insurance revenue and expenses

An analysis of insurance revenue, insurance service expenses and net income / (expenses) from reinsurance contracts held by portfolio of contracts for the years ended December 31, 2023 and December 31, 2022 is included in the following tables. Additional information on amounts recognized in statement of income is included in the insurance and reinsurance contracts balances reconciliation.

For the year ended December 31, 2023

	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
Insurance revenue from contracts measured under PAA	73,886	193,779	728,476	57,953	104,292	120,294	99,956	1,378,636
Insurance revenue – total	**73,886**	**193,779**	**728,476**	**57,953**	**104,292**	**120,294**	**99,956**	**1,378,636**
Incurred claims and other incurred insurance *	(26,549)	(77,506)	(605,144)	(52,944)	(26,569)	(30,459)	(93,928)	(913,099)
Reversal of losses on onerous contracts	-	-	4,541	753	-	-	-	5,294
Changes that relate to past service	8,379	41,294	11,761	1,642	7,120	(104,913)	2,428	(32,289)
Insurance acquisition cash flows amortisation	(9,372)	(26,072)	(90,988)	(6,668)	(13,672)	(19,453)	(6,096)	(172,321)
Insurance service expenses – total	**(27,542)**	**(62,284)**	**(679,830)**	**(57,217)**	**(33,121)**	**(154,825)**	**(97,596)**	**(1,112,415)**
Allocation of reinsurance premium paid – contracts measured under the PAA	**(45,921)**	**(147,528)**	**(8,304)**	**6**	**(77,852)**	**(87,940)**	**(66,112)**	**(433,651)**
Amounts recoverable from reinsurers								
Claims recovered and other directly attributable expenses	15,228	52,863	(1)	(1)	19,511	19,263	66,965	173,828
Changes to amounts recoverable for incurred claims	(6,473)	(37,750)	7,866	47	(6,009)	102,470	(1,919)	58,232
Amounts recoverable from reinsurers – net	**8,755**	**15,113**	**7,865**	**46**	**13,502**	**121,733**	**65,046**	**232,060**
Net (expenses) / income from reinsurance contracts – total	**(37,166)**	**(132,415)**	**(439)**	**52**	**(64,350)**	**33,793**	**(1,066)**	**(201,591)**
Insurance service result from Company's directly written business	**9,178**	**(920)**	**48,207**	**788**	**6,821**	**(738)**	**1,294**	**64,630**
Share of surplus from insurance pools	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,329**
Total insurance service result	**9,178**	**(920)**	**48,207**	**788**	**6,821**	**(738)**	**1,294**	**75,959**

*This includes surplus distribution of SAR 10.279 million for the year ended December 31, 2023 (Also see note 32 (e)).

(All amounts in Saudi Riyals thousands unless otherwise stated)

20 Insurance revenue and expenses (continued)

For the year ended December 31, 2022

	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
Insurance revenue from contracts measured under PAA	55,105	158,573	377,672	43,796	73,600	84,114	42,224	835,084
Insurance revenue – total	55,105	158,573	377,672	43,796	73,600	84,114	42,224	835,084
Incurred claims and other incurred insurance service expenses	(34,491)	(210,528)	(443,884)	(58,648)	(42,328)	(33,312)	(29,509)	(852,700)
Reversal of losses on onerous contracts	-	-	3,037	2,893	-	-	-	5,930
Changes that relate to past service	10,973	62,458	94,405	11,044	9,060	17,391	12,176	217,507
Insurance acquisition cash flows amortisation	(7,419)	(19,018)	(41,536)	(4,616)	(13,193)	(13,588)	(4,898)	(104,268)
Insurance service expenses - total	(30,937)	(167,088)	(387,978)	(49,327)	(46,461)	(29,509)	(22,231)	(733,531)
Allocation of reinsurance premium paid - contracts measured under the PAA	(35,206)	(113,171)	(2,883)	8	(57,381)	(63,293)	(24,862)	(296,788)
Amounts recoverable from reinsurers	-	-	-	-	-	-	-	-
Claims recovered and other directly attributable expenses	23,499	182,708	3,783	(15)	28,727	24,287	20,730	283,719
Changes to amounts recoverable for incurred claims	(8,835)	(58,450)	(371)	(62)	(9,395)	(14,531)	(10,309)	(101,953)
Amounts recoverable from reinsurers – net	14,664	124,258	3,412	(77)	19,332	9,756	10,421	181,766
Net (expenses) / income from reinsurance contracts - total	(20,542)	11,087	529	(69)	(38,049)	(53,537)	(14,441)	(115,022)
Insurance service result from Company's directly written business	3,626	2,572	(9,777)	(5,600)	(10,910)	1,068	5,552	(13,469)
Share of surplus from insurance pools	-	-	-	-	-	-	-	4,695
Total insurance service result	3,626	2,572	(9,777)	(5,600)	(10,910)	1,068	5,552	(8,774)

(All amounts in Saudi Riyals thousands unless otherwise stated)

21 Investment return

	31 December 2023	31 December 2022 (Restated)
Net gains on investments measured at FVTPL	**15,216**	543
Commission income from financial assets not measured at FVTPL		
Sukuks	**362**	411
Term deposits	**29,431**	7,584
	29,793	7,995
Dividend Income		
Ordinary shares	**16**	16
	16	16
Net investment return	**45,025**	8,554

(All amounts in Saudi Riyals thousands unless otherwise stated)

22 Insurance finance (expense) / income – net

An analysis of the net insurance finance (expense) / income by portfolio of contracts for the years ended December 31, 2023 and December 31, 2022 is presented below:

For the year ended December 31, 2023

	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
Finance expense from insurance contracts issued								
Interest accreted	(535)	(6,859)	(4,123)	(544)	(985)	2,399	(230)	(10,877)
Effects of changes in interest rates and other financial assumptions	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-
Net finance (expense) / income from insurance contracts issued	**(535)**	**(6,859)**	**(4,123)**	**(544)**	**(985)**	**2,399**	**(230)**	**(10,877)**
Finance income from reinsurance contracts held								
Interest accreted	156	6,325	17	25	1,269	(2,519)	401	5,674
Effects of changes in interest rates and other financial assumptions	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-
Net finance income / (expense) from reinsurance contracts held	**156**	**6,325**	**17**	**25**	**1,269**	**(2,519)**	**401**	**5,674**
Finance (expense) / income - net	**(379)**	**(534)**	**(4,106)**	**(519)**	**284**	**(120)**	**171**	**(5,203)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

For the year ended December 31, 2022

	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
Finance expense from insurance contracts issued								
Interest accreted	243	1,904	455	117	2,365	1,844	51	6,979
Effects of changes in interest rates and other financial assumptions	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-
Net finance Income from insurance contracts issued	243	1,904	455	117	2,365	1,844	51	6,979
Finance income from reinsurance contracts held								
Interest accreted	111	110	(1)	-	(1,595)	(1,488)	49	(2,814)
Effects of changes in interest rates and other financial assumptions	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-
Net finance income / (expense) from reinsurance contracts held	111	110	(1)	-	(1,595)	(1,488)	49	(2,814)
Finance income	354	2,014	454	117	770	356	100	4,165

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 Share of surplus from insurance pools

	Note	December 31, 2023	December 31, 2022 (Restated)
Share of surplus from Al Manafeth	23.1	**70**	157
Share of surplus from Umrah & Hajj scheme	23.2	**10,981**	4,612
Share of surplus / (deficit) from Inherent defects insurance	23.3	**278**	(74)
		11,329	4,695

23.1 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.

23.2 Share of surplus from Umrah & Hajj scheme

This represents the Company's share in the surplus for general accident product arising from the Umrah & haj 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. The Company's share of income in the Umrah and Hajj scheme is derived from insurance revenues of SAR 12.8 million (2022: SAR 16.0 million) and net expenses of SAR 1.9 million (2022: SAR 11.4 million).

23.3 Share of surplus from Inherent defects insurance

This represents the Company's share of surplus 3.42% (2022: 4.94%) in the Inherent Defects Insurance ("IDI") product. On June 25, 2020, a Joint Venture agreement was signed among thirteen insurance companies ("Participating Companies") operating in Kingdom of Saudi Arabia for IDI product, based on the Saudi Central Bank ('SAMA') approval authorizing Malath Cooperative Insurance Company as the leading company ("Operator"), to manage the IDI program on behalf of the participating insurance companies, selling the product and providing its insurance coverage by creating joint insurance portfolios. Malath Cooperative Insurance Company will exclusively manage the portfolio during the period of validity of the IDI agreement of five years from issue date.

IDI is a mandatory insurance policy for contractors to insure against inherent defects that may appear in buildings and constructions after their occupation in non-governmental sector projects, according to Saudi Council of Ministers Decree No. 509 of 21/09/1439 AH (corresponding to 05/06/2018) and in accordance with the decision 441/187of the Governor of Saudi Central Bank ("SAMA") dated 05/08/1441 AH (corresponding to 29/03/2020).

(All amounts in Saudi Riyals thousands unless otherwise stated)

24 Other operating expenses

	Note	December 31, 2023	December 31, 2022 (Restated)
Commission Incurred		**125,793**	70,202
Salaries and benefits		**87,950**	73,172
Najm fees		**25,708**	17,251
Information technology		**24,513**	16,224
Depreciation and amortization	11,12	**10,002**	8,336
Value added tax on recoveries from insurance companies		**9,686**	-
Value added tax on reinsurance commission		**9,558**	7,615
Legal and professional fees	30	**8,949**	9,160
Regulatory fees		**8,496**	5,502
Office expenses		**5,698**	5,167
Accruals for indirect taxation contingencies		**4,789**	12,470
Elm fees		**3,756**	2,047
Directors' expenses	25	**2,341**	2,244
Others		**18,609**	11,279
		345,848	240,669

Allocation of expenses is as follows:

	Note	December 31, 2023	December 31, 2022 (Restated)
Insurance acquisition cashflows amortisation	24.1	**172,321**	104,268
Other incurred insurance service expenses	24.1	**141,840**	102,247
Allocation of reinsurance premium paid	24.2	**11,058**	7,615
Other operating expenses	24.3	**20,629**	26,539
		345,848	240,669

24.1 Reported as part of insurance service expenses.

24.2 Reported as part of allocation of reinsurance premium paid.

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

25 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 key management personnel. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The due from and due to balances of related parties are unsecured, interest free and repayable in cash on demand. The following are the details of the major related party transactions during the period and the related balances:

(All amounts in Saudi Riyals thousands unless otherwise stated)

25 Related party transactions and balances (continued)

Nature of transactions	Transactions for the year ended	
	December 31, 2023	December 31, 2022 (Restated)
Major shareholders		
Insurance policies sold	**1,287**	1,328
Claims paid	**245**	214
Facultative premiums ceded	**1,210**	1,439
Facultative claims recovered	**161**	1,320
Facultative commission received	**77**	17
Expenses incurred	**3,509**	5,006
Entities controlled, jointly controlled, or significantly influenced by major shareholders		
Insurance policies sold	**51,910**	50,661
Claims paid	**17,224**	12,866
Expenses incurred	**3,898**	1,715
Key management personnel		
Remuneration and related expenses	**10,812**	10,087
Loans & advances	**694**	852
Long term employee benefits accrued	**592**	463
Board members		
Fees and related expenses	**2,341**	2,244

	Balance receivable / (payable) as at	
	December 31, 2023	December 31, 2022 (Restated)
Major shareholders		
Premiums receivable	**(1)**	-
Claims payable	**1**	1
Amounts due (to) / from facultative transactions	**(298)**	1029
Amounts due for expenses	**1**	-
Entities controlled, jointly controlled, or significantly influenced by major shareholders		
Premiums receivable	**6,004**	7,911
Claims payable	**2,076**	2,939
Others (key management personnel)		
Employee benefits payable to key management personnel	**2,845**	2,832
Advances due from key management personnel	**448**	679

Key management personnel includes senior management, department heads and board of directors. The following table shows the annual salaries, remuneration and allowances obtained by the Board members and five top executives for the years ended:

For the year ended December 31, 2023	**BOD members**	**Top 5 executives**
Salaries and compensation	**-**	10,812
Annual remuneration	**2,341**	-
Employees' end of service obligations accrued	**-**	592
	2,341	11,404

For the year ended December 31, 2022	BOD members	Top 5 executives
Salaries and compensation	**-**	10,087
Annual remuneration	**2,244**	-
Employees' end of service obligations accrued	**-**	463
	2,244	10,550

(All amounts in Saudi Riyals thousands unless otherwise stated)

26 Fair values of financial instruments (continued)

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

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

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

a) Determination of fair value and fair value hierarchy

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

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

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

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

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	**-**	**-**	**43,458**	**43,458**
Investment measured at fair value through profit or loss (FVTPL)				
Equity	**13,981**	**-**	**-**	**13,981**
Mutual funds	**17,857**	**38,863**	**-**	**56,720**
Sukuks	**-**	**92,772**	**-**	**92,772**
Murabaha placements	**-**	**-**	**56,787**	**56,787**
	31,838	**131,635**	**100,245**	**263,718**

December 31, 2022 – (Restated)	Level 1	Level 2	Level 3	Total
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	39,651	39,651
Investment measured at fair value through profit or loss (FVTPL)				
Equity	12,816	-	-	12,816
Mutual funds	13,408	40,834	-	54,242
Sukuks	-	84,212	-	84,212
Murabaha placements	-	-	56,774	56,774
	26,224	125,046	96,425	247,695

(All amounts in Saudi Riyals thousands unless otherwise stated)

26 Fair values of financial instruments

The fair value of investment in quoted equity instruments and mutual funds 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. The fair value of investments in level 3 Murabaha placements include the Fund administrator report based on interest rates for Murabaha placements as confirmed by the discretionary portfolio manager and the impact of the sensitivity is not material on these Murabaha placements.

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

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

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

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

Cash and cash equivalents, term deposits, statutory deposit, accrued income on statutory deposits, corporate sukuks 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 and 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	**96,425**	115,163
Additions during the year	**287**	33,460
Disposals during the year	**(704)**	(62,276)
Fair value gain	**4,237**	10,078
Balance at the end of the year	**100,245**	96,425

(All amounts in Saudi Riyals thousands unless otherwise stated)

26 Fair values of financial instruments (continued)

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

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	December 31, 2023	**December 31, 2022 - Restated**	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**	
Unquoted equity investment in Najm	**43,458**	39,651	Earnings growth factor	Earnings growth factor	6.9%	13.7%	Reducing the Earnings growth factor to 5%, would decrease the fair value by SAR 0.8 million. (2022: Reducing the Earnings growth factor to 10%, would decrease the fair value by SAR 1.2 million)
			WACC	WACC	16.5%	16.0%	Increasing the WACC by 100 basis points, would decrease the fair value by SAR 1.2 million. (2022: SAR 1.1 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by SAR 0.7 million. (2022: SAR 0.7 million)

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

e) 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.

27 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, foreign currency, 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 risks.

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

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

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

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

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

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

27.1 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. For longer tail claims that take some years to settle, there is also inflation risk. 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.

Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

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. The Company Motor portfolio is reinsured under a non-proportional treaty arrangements.

27 Risk management (continued)

27.1 Insurance risk (continued)

(a) Frequency and severity of claims

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.

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 overall aim is currently to restrict the impact of a single catastrophic event to approximately 10% of equity on a gross basis and 2% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of equity. 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)

27 Risk management (continued)

27.1 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	**585,006**	**310,081**	**242,832**	**364,068**	**305,845**	**760,370**	**2,568,202**
1 year later	**817,226**	**538,397**	**331,937**	**469,945**	**522,002**	**-**	**2,679,507**
2 years later	**842,665**	**853,704**	**387,756**	**541,417**	**-**	**-**	**2,625,542**
3 years later	**846,720**	**855,686**	**393,272**	**-**	**-**	**-**	**2,095,678**
4 years later	**849,426**	**1,020,068**	**-**	**-**	**-**	**-**	**1,869,494**
5 years later	**1,176,179**	**-**	**-**	**-**	**-**	**-**	**1,176,179**
Gross estimates of the undiscounted amount of the claims	**1,176,179**	**1,020,068**	**393,272**	**541,417**	**522,002**	**760,370**	**4,413,308**
Cumulative gross claims and other incurred insurance service expenses paid	**1,073,032**	**858,398**	**390,299**	**488,551**	**427,793**	**441,098**	**3,679,171**
Gross undiscounted liabilities for incurred claims	**103,147**	**161,670**	**2,973**	**52,866**	**94,209**	**319,272**	**734,137**
Gross undiscounted liabilities for other incurred insurance service expenses							**66,442**
Effect of surplus distribution payable							**10,279**
Total Gross undiscounted liabilities for other incurred insurance service expenses							**810,858**
Effect of discounting							**(24,501)**
Gross discounted liabilities for incurred claims excluding risk adjustment (note 10.2.1)							**786,357**
Effect of the risk adjustment margin for non-financial risk (note 10.2.1)							**36,023**
Gross liabilities for incurred claims							**822,380**

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.1 Insurance risk (continued)

(c) Claims development table (continued)

2023 **Accident year**	**2018 & earlier**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Undiscounted liabilities for incurred claims , net of reinsurance:							
At end of accident year	**425,286**	**72,481**	**1,332**	**262,229**	**220,472**	**586,345**	**1,568,145**
1 year later	**552,890**	**143,440**	**68,012**	**303,827**	**362,828**	**-**	**1,430,997**
2 years later	**562,454**	**227,169**	**292,634**	**404,110**	**-**	**-**	**1,486,367**
3 years later	**565,486**	**227,845**	**256,842**	**-**	**-**	**-**	**1,050,173**
4 years later	**567,329**	**313,251**	**-**	**-**	**-**	**-**	**880,580**
5 years later	**716,151**	**-**	**-**	**-**	**-**	**-**	**716,151**
Net estimates of the undiscounted amount of the claims	**716,151**	**313,251**	**256,842**	**404,110**	**362,828**	**586,345**	**2,639,527**
Cumulative Net claims and other directly attributable expenses paid	**715,246**	**310,305**	**255,218**	**393,184**	**344,794**	**386,144**	**2,404,891**
Net undiscounted liabilities for incurred claims	**905**	**2,946**	**1,624**	**10,926**	**18,034**	**200,201**	**234,636**
Net undiscounted liabilities for other incurred insurance service expenses							**(7,927)**
Effect of surplus distribution payable							**10,279**
Net undiscounted liabilities for other incurred insurance service expenses							**236,988**
Effect of discounting							**(9,086)**
Net discounted liabilities for incurred claims excluding risk adjustment							**227,902**
Effect of the risk adjustment margin for non-financial risk							**9,304**
Net liabilities for incurred claims							**237,206**

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	786,357	36,023	822,380
Amounts recoverable from reinsurers	(558,455)	(26,719)	(585,174)
Net liabilities for incurred claims	**227,902**	**9,304**	**237,206**

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.1 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	367,242	217,764	310,081	242,832	364,068	582,904	2,084,891
1 year later	504,784	312,442	538,397	331,937	539,590	-	2,227,150
2 years later	522,817	319,848	853,704	394,876	-	-	2,091,245
3 years later	524,961	321,759	920,526	-	-	-	1,767,246
4 years later	526,982	323,808	-	-	-	-	850,790
5 years later	629,448	-	-	-	-	-	629,448
Gross estimates of the undiscounted amount of the claims	629,448	323,808	920,526	394,876	539,590	582,904	3,391,152
Cumulative gross claims and other incurred insurance service expenses paid	527,815	322,444	855,686	387,756	469,945	305,845	2,869,491
Gross undiscounted liabilities for incurred claims	101,633	1,364	64,840	7,120	69,645	277,059	521,661
Gross undiscounted liabilities for other incurred insurance service expenses							112,546
Total Gross undiscounted liabilities for other incurred insurance service expenses							634,207
Effect of discounting							(18,559)
Gross discounted liabilities for incurred claims excluding risk adjustment							615,648
Effect of the risk adjustment margin for non-financial risk							26,186
Gross liabilities for incurred claims							641,834

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.1 Insurance risk (continued)

(c) Claims development table (continued)

2022 Accident year	2017 & earlier	2018	2019	2020	2021	2022	Total
Undiscounted liabilities for incurred claims, net of reinsurance:							
At end of accident year	252,769	172,517	117,728	193,685	311,376	385,010	1,433,085
1 year later	315,693	237,197	218,685	251,700	404,024	-	1,427,299
2 years later	322,873	239,581	307,436	257,797	-	-	1,127,687
3 years later	324,738	240,748	311,740	-	-	-	877,226
4 years later	325,947	242,106	-	-	-	-	568,053
5 years later	326,372	-	-	-	-	-	326,372
Net estimates of the undiscounted amount of the claims	326,372	242,106	311,740	257,797	404,024	385,010	1,927,049
Cumulative Net claims and other directly attributable expenses paid	326,196	241,382	308,856	253,634	384,064	273,164	1,787,296
Net undiscounted liabilities for incurred claims	176	724	2,884	4,163	19,960	111,846	139,753
Net undiscounted liabilities for other incurred insurance service expenses							23,357
Total net undiscounted liabilities for other incurred insurance service expenses							163,110
Effect of discounting							(5,160)
Net discounted liabilities for incurred claims excluding risk adjustment							157,950
Effect of the risk adjustment margin for non-financial risk							8,691
Net liabilities for incurred claims							166,641

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	615,648	26,186	641,834
Amounts recoverable from reinsurers	(457,698)	(17,495)	(475,193)
Net liabilities for incurred claims	157,950	8,691	166,641

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.1 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 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.

The Company believes that the claim liabilities under insurance contracts outstanding at the reporting periods below are adequate. However, these amounts are not certain and actual payments may differ from the claim's liabilities provided in the financial statements. The insurance results are sensitive to various assumptions. It has not been possible to quantify the sensitivity specific variable such as legislative changes or uncertainties in the estimation process.

	December 31, 2023	December 31, 2022
Liability for incurred claims		
Estimates of present value of FCF	**786,357**	615,648
Risk adjustment for non-financial risk	**36,023**	26,186
Asset for incurred claims		
Estimates of present value of FCF	**(558,455)**	(457,698)
Risk adjustment for non-financial risk	**(26,719)**	(17,495)

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
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	**(39,318)**	(30,782)
Unpaid claims and expenses decrease by 5%	**39,318**	30,782
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	**(10,059)**	(7,757)
5 percentiles decrease in the confidence level	**8,503**	5,953

Following are the sensitivities derived for the portfolios computed under PAA approach for the reinsurance contracts held:

	December 31, 2023	December 31, 2022
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	**27,923**	22,885
Unpaid claims and expenses decrease by 5%	**(27,923)**	(22,885)
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	**7,678**	7,389
5 percentiles decrease in the confidence level	**(6,264)**	(2,663)

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.1 Insurance risk (continued)

(e) Sensitivities on major assumptions considered while applying IFRS 17

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date. As at December 31, 2023 loss component recognized by the Company.is not material.

	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*		
Increase by 2%	**-**	(0.1)
Decrease by 2%	**-**	0.1

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

(f) 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.

There is no single counterparty exposure that exceeds 10% of total reinsurance assets at the reporting date.

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		
	Insurance contracts issued	**Reinsurance contracts held**	**Net**	Insurance contracts issued	Reinsurance contracts held	Net
Marine	**30,378**	**11,248**	**19,130**	21,366	12,716	8,650
Property	**179,174**	**147,792**	**31,382**	226,667	199,191	27,476
Motor-Comp	**437,603**	**(3,542)**	**441,145**	230,263	1,185	229,078
Motor-TPL	**58,252**	**61**	**58,191**	16,315	1,475	14,840
Engineering	**178,107**	**149,237**	**28,870**	167,811	136,313	31,498
Accident & liability	**317,759**	**286,550**	**31,209**	195,861	176,780	19,081
Term life	**95,164**	**36,567**	**58,597**	15,952	12,603	3,349
Total	**1,296,437**	**627,913**	**668,524**	874,235	540,263	333,972

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.1 Insurance risk (continued)

27.2 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 commission rates (commission 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 or future cash flows of a financial instrument will change because of change in market commission rates.

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 commission 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 commission rate risk.

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

The Company's exposure to commission rate risk sensitive instruments are, as follows:

	December 31, 2023	December 31, 2022
Insurance contract liabilities, net	**1,296,437**	874,235
Reinsurance contract assets, net	**627,913**	540,263
Debt instruments at FVTPL	**145,882**	141,962
Debt instruments at amortized cost	**833,897**	359,676

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.2 Market risk (continued)

(b) Commission rate risk (continued)

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

	Changes in commission rate	**December 31, 2023**	December 31, 2022
Insurance contract liabilities, net	**+/-2%**	**25,929**	17,485
Reinsurance contract assets, net	**+/-2%**	**12,558**	10,805
Debt instruments at FVTPL	**+/-2%**	**2,918**	2,839
Debt instruments at amortized cost	**+/-2%**	**16,678**	7,194

The Company is exposed to cash flow commission rate risk through its certain debt instruments. The impact of sensitivities to floating rate risk instruments is minimal therefore not presented.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and / or liabilities 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 contract, or by 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 SAR 175 million (December 31, 2022: SAR 148 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

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

	Fair value change	**Effect on Company's profit**
December 31, 2023	**+/-10%**	**+/-17,547**
December 31, 2022	+/-10%	+/-14,827

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. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.3 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 exposure to credit risk for the components of the statement of financial position:

	December 31, 2023	December 31, 2022 (Restated)
Cash and cash equivalents	**22,730**	70,852
Term deposits	**824,855**	350,629
Reinsurance contract assets	**631,923**	540,263
Investments	**158,601**	147,033
Statutory deposit	**39,969**	39,997
Accrued income on statutory deposit	**2,036**	2,320
Staff and other receivables	**5,862**	4,240
	1,685,976	1,155,334

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	**22,730**	**-**	**-**	**-**	**22,730**
Term deposits	**824,855**	**-**	**-**	**-**	**824,855**
Investments	**158,601**	**-**	**-**	**-**	**158,601**
Reinsurance contract assets	**-**	**572,246**	**24,674**	**35,003**	**631,923**
Statutory deposit	**39,969**	**-**	**-**	**-**	**39,969**
Accrued income on statutory deposit	**2,036**	**-**	**-**	**-**	**2,036**
Staff and other receivables	**-**	**5,862**	**-**	**-**	**5,862**
December 31, 2023	**1,048,191**	**578,108**	**24,674**	**35,003**	**1,685,976**

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.3 Credit risk (continued)

		Non-investment grade			
December 31, 2022 -(Restated)	*Investment grade*	*Satisfactory*	*Past due but not impaired*	*Past due and impaired*	*Total*
Cash and cash equivalents	70,852	-	-	-	70,852
Term deposits	350,629	-	-	-	350,629
Investments	147,033	-	-	-	147,033
Reinsurance contract assets	-	456,246	51,151	32,866	540,263
Statutory deposit	39,997	-	-	-	39,997
Accrued income on statutory deposit	2,320	-	-	-	2,320
Staff and other receivables	-	4,240	-	-	4,240
December 31, 2022	610,831	460,486	51,151	32,866	1,155,334

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.

27.4 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.4 Liquidity risk (continued)

The table below summarizes the maturities of the Company's undiscounted contractual obligations relating to financial assets and liabilities as of at December 31, 2023 and December 31, 2022.

Financial assets	**Less than 12 months**	**More than 12 months**	**Total**
Financial assets at fair value through profit or loss ("FVTPL")	**223,260**	**-**	**223,260**
Financial assets at fair value through other comprehensive income ("FVOCI")	**39,651**	**-**	**39,651**
Financial assets at amortised cost	**-**	**9,042**	**9,042**
Statutory deposit	**-**	**39,969**	**39,969**
Accrued income on statutory deposit	**2,036**	**-**	**2,036**
Term deposits	**824,855**	**-**	**824,855**
Cash and cash equivalents	**22,730**	**-**	**22,730**
December 31, 2023	**1,112,532**	**49,011**	**1,161,543**

Financial liabilities	**Less than 12 months**	**More than 12 months**	**Total**
Accrued expenses and other liabilities	**44,022**	**16,864**	**60,886**
Accrued income on statutory deposit	**2,036**	**-**	**2,036**
December 31, 2023	**46,058**	**16,864**	**62,922**

Financial assets	Less than 12 months	More than 12 months	Total
Financial assets at fair value through profit or loss ("FVTPL")	208,044	-	208,044
Financial assets at fair value through other comprehensive income ("FVOCI")	39,651	-	39,651
Financial assets at amortised cost		9,047	9,047
Statutory deposit	-	39,997	39,997
Accrued income on statutory deposit	2,320	-	2,320
Term deposits	350,629	-	350,629
Cash and cash equivalents	70,852	-	70,852
December 31, 2022	671,496	49,044	720,540

Financial liabilities	Less than 12 months	More than 12 months	Total
Accrued expenses and other liabilities	36,215	14,441	50,656
Accrued income on statutory deposit	2,320	-	2,320
December 31, 2022	38,535	14,441	52,976

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 Risk management (continued)

27.4 Liquidity risk (continued)

The following table summarizes the maturity profile of groups of insurance contracts issued and reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

Insurance contracts issued	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Above 5 years**
Marine	**25,792**	**2,087**	**1,275**	**506**	**83**	**-**
Property	**118,733**	**32,573**	**1,630**	**137**	**23**	**-**
Motor-Comp	**189,310**	**13,627**	**5,650**	**3,290**	**3,855**	**-**
Motor-TPL	**29,336**	**2,051**	**1,358**	**778**	**153**	**-**
Engineering	**69,741**	**19,875**	**57**	**1**	**-**	**-**
Accident & liability	**228,682**	**5,912**	**2,869**	**506**	**3**	**-**
Term life	**47,456**	**2,482**	**483**	**90**	**454**	**-**
December 31, 2023	**709,050**	**78,607**	**13,322**	**5,308**	**4,571**	**-**

Reinsurance contracts held	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Above 5 years**
Marine	**22,243**	**1,923**	**891**	**378**	**58**	**-**
Property	**136,928**	**27,725**	**1,269**	**100**	**17**	**-**
Motor-Comp	**438**	**19**	**6**	**1**	**-**	**-**
Motor-TPL	**59**	**1**	**-**	**-**	**-**	**-**
Engineering	**71,378**	**17,541**	**47**	**1**	**-**	**-**
Accident & liability	**223,136**	**5,095**	**2,528**	**399**	**2**	**-**
Term life	**58,899**	**1,967**	**366**	**70**	**385**	**-**
December 31, 2023	**513,081**	**54,271**	**5,107**	**949**	**462**	**-**

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Marine	25,240	1,556	704	158	58	-
Property	170,808	31,593	13,099	1,505	363	-
Motor-Comp	146,622	8,805	3,967	1,837	1,244	-
Motor-TPL	5,388	1,936	1,689	871	147	-
Engineering	74,777	5,400	59	6	-	-
Accident & liability	122,698	2,812	1,553	151	8	-
Term life	8,672	156	141	152	32	-
December 31, 2022	554,205	52,258	21,212	4,680	1,852	-

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Marine	21,456	1,240	530	2,961	102	-
Property	154,608	57,428	2,739	313	98	-
Motor-Comp	812	57	21	5	1	-
Motor-TPL	1,594	6	2	-	-	-
Engineering	65,846	13,403	34	3	-	-
Accident & liability	124,272	1,748	585	67	-	-
Term life	20,858	119	58	106	25	-
December 31, 2022	389,446	74,001	3,969	3,455	226	-

27 Risk management (continued)

27.4 Liquidity risk (continued)

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, equity, sukuks and Murabaha placements and are held for cash management purposes and expected to be matured/ settled within 12 months from the balance sheet date.
- Term deposits includes deposits placed with high credit rating financial institutions with maturity of less than 12 months from the date of placement.
- Cash and bank balances are available on demand.
- Reinsurers contract assets mainly pertain to property and casualty 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.

28 Capital management

Objectives are set by the Board of Directors 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.

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 SAR 400 million, statutory reserve of SAR 21.661 million, retained earnings of SAR 25.082 million and fair value revaluation reserve of SAR 41.53 million (December 31, 2022: paid-up share capital of SAR 400 million, statutory reserve of SAR 15.35 million, accumulated losses of SAR 53.04 million and fair value revaluation reserve of SAR 37.73 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 SAR 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.

29 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.

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:

(All amounts in Saudi Riyals thousands unless otherwise stated)

29 Operating segments (continued)

For the year ended December 31, 2023	**Marine**	**Property**	**Motor-Comp**	**Motor-TPL**	**Engineering**	**Accident & liability**	**Term life**	**Total**
Insurance revenue	73,886	193,779	728,476	57,953	104,292	120,294	99,956	**1,378,636**
Insurance service expenses	(27,542)	(62,284)	(679,830)	(57,217)	(33,121)	(154,825)	(97,596)	**(1,112,415)**
Net expenses from reinsurance contracts	(37,166)	(132,415)	(439)	52	(64,350)	33,793	(1,066)	**(201,591)**
Insurance service result from Company's directly written business	**9,178**	**(920)**	**48,207**	**788**	**6,821**	**(738)**	**1,294**	**64,630**
Share of surplus from insurance pools	-	-	-	-	-	-	-	**11,329**
Total insurance service result	**9,178**	**(920)**	**48,207**	**788**	**6,821**	**(738)**	**1,294**	**75,959**
Net gains on investments measured at FVTPL								**15,216**
Commission income from financial assets not measured at FVTPL								**29,793**
Dividend income								**16**
Net investment return								**45,025**
Net finance (expense) / income from insurance contracts	(535)	(6,859)	(4,123)	(544)	(985)	2,399	(230)	**(10,877)**
Net finance income / (expense) from reinsurance contracts	156	6,325	17	25	1,269	(2,519)	401	**5,674**
Net insurance finance (expense) / income	(379)	(534)	(4,106)	(519)	284	(120)	171	**(5,203)**
Net insurance and investment result								**115,781**
Other income								**1,341**
Other operating expenses								**(20,629)**
Profit for the year attributable to the shareholders before zakat and income tax								**96,493**
Zakat								**(11,479)**
Income tax								**(433)**
Net profit for the year attributable to the shareholders								**84,581**

(All amounts in Saudi Riyals thousands unless otherwise stated)

29 Operating segments (continued)

For the year ended December 31, 2022	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
Insurance revenue	55,105	158,573	377,672	43,796	73,600	84,114	42,224	835,084
Insurance service expenses	(30,937)	(167,088)	(387,978)	(49,327)	(46,461)	(29,509)	(22,231)	(733,531)
Net expenses from reinsurance contracts	(20,542)	11,087	529	(69)	(38,049)	(53,537)	(14,441)	(115,022)
Insurance service result from Company's directly written business	3,626	2,572	(9,777)	(5,600)	(10,910)	1,068	5,552	(13,469)
Share of surplus from insurance pools	-	-	-	-	-	-	-	4,695
Total insurance service result	3,626	2,572	(9,777)	(5,600)	(10,910)	1,068	5,552	(8,774)
Net gains on investments measured at FVTPL								543
Commission income from financial assets not measured at FVTPL								7,995
Dividend income								16
Net investment return								8,554
Net finance income from insurance contracts	243	1,904	455	117	2,365	1,844	51	6,979
Net finance income / (expense) from reinsurance contracts	111	110	(1)	-	(1,595)	(1,488)	49	(2,814)
Net insurance finance income	354	2,014	454	117	770	356	100	4,165
Net insurance and investment result								3,945
Other income								1,423
Other operating expenses								(26,539)
Loss for the year attributable to the shareholders before zakat and income tax								(21,171)
Zakat								(6,297)
Income tax								(194)
Net loss for the year attributable to the shareholders								(27,662)

(All amounts in Saudi Riyals thousands unless otherwise stated)

29 Operating segments (continued)

As at December 31, 2023

	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
Assets								
Reinsurance contract assets	**11,248**	**147,792**	**468**	**61**	**149,237**	**286,550**	**36,567**	**631,923**
Unallocated assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,232,323**
Total assets								**1,864,246**
Liabilities								
Insurance contract liabilities	**30,378**	**179,174**	**437,603**	**58,252**	**178,107**	**317,759**	**95,164**	**1,296,437**
Reinsurance contract liability	**-**	**-**	**4,010**	**-**	**-**	**-**	**-**	**4,010**
Unallocated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**75,521**
Total liabilities								**1,375,968**

As at December 31, 2022

	Marine	Property	Motor-Comp	Motor-TPL	Engineering	Accident & liability	Term life	Total
Assets								
Reinsurance contract assets	12,716	199,191	1,185	1,475	136,313	176,780	12,603	540,263
Unallocated assets	-	-	-	-	-	-	-	793,703
Total assets								1,333,966
Liabilities								
Insurance contract liabilities	21,366	226,667	230,263	16,315	167,811	195,861	15,952	874,235
Reinsurance contract liability	-	-	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	-	-	-	59,693
Total liabilities								933,928

30 Auditors' remuneration

Auditors' remuneration for the statutory audit and review of the Company financial statements for the year ended December 31, 2023 amounts to SAR 2.59 million (2022: SAR 1.24 million). Fee for other audit related services provided by the auditors to the Company amounts to SAR 2.04 million (2022: SAR 1.80 million).

31 Subsequent events

Except as disclosed in note 19.3, there have been no significant subsequent events since the year end, that would require disclosures or adjustments in these financial statements.

(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 and 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	**22,675**	**55**	**22,730**	64,494	6,358	70,852	33,864	8,262	42,126
Term deposits	**750,583**	**74,272**	**824,855**	279,862	70,767	350,629	191,582	-	191,582
Financial assets at fair value through profit or loss ("FVTPL")	**-**	**223,260**	**223,260**	-	208,044	208,044	-	169,501	169,501
Financial assets at amortised cost	**-**	**9,042**	**9,042**	-	9,047	9,047	-	8,998	8,998
Financial assets at fair value through other comprehensive income ("FVOCI")	**-**	**43,458**	**43,458**	-	39,651	39,651	-	36,893	36,893
Other receivables and prepaid expenses	**18,641**	**718**	**19,359**	15,304	446	15,750	31,500	2,313	33,813
Reinsurance contract assets	**631,923**	**-**	**631,923**	540,263	-	540,263	404,948	-	404,948
Due from shareholder's \ Insurance operations		**63,167**	**63,167**	24,045	-	24,045	65,249	-	65,249
Property and equipment	**-**	**11,565**	**11,565**	-	17,318	17,318	-	17,403	17,403
Intangible assets	**-**	**36,049**	**36,049**	-	40,095	40,095	-	44,139	44,139
Statutory deposit	**-**	**39,969**	**39,969**	-	39,997	39,997	-	19,997	19,997
Accrued income on statutory deposit	**-**	**2,036**	**2,036**	-	2,320	2,320	-	1,592	1,592
TOTAL ASSETS	**1,423,822**	**503,591**	**1,927,413**	923,968	434,043	1,358,011	727,143	309,098	1,036,241
Less: Inter-operations eliminations	**-**	**(63,167)**	**(63,167)**	(24,045)	-	(24,045)	(65,249)	-	(65,249)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	**1,423,822**	**440,424**	**1,864,246**	899,923	434,043	1,333,966	661,894	309,098	970,992

(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
<u>LIABILITIES AND EQUITY</u>									
<u>LIABILITIES</u>									
Accrued expenses and other liabilities	**43,344**	**678**	**44,022**	35,292	923	36,215	36,371	1,050	37,421
Insurance contract liabilities	**1,296,437**	**-**	**1,296,437**	874,235	-	874,235	677,909	-	677,909
Reinsurance contract liability	**4,010**	**-**	**4,010**	-	-	-			
Zakat and income tax payable	**-**	**12,599**	**12,599**	-	6,717	6,717	-	3,873	3,873
Employee benefits obligations	**16,864**	**-**	**16,864**	14,441	-	14,441	12,863	-	12,863
Accrued income on statutory deposit	**-**	**2,036**	**2,036**	-	2,320	2,320	-	1,592	1,592
Due to shareholder's \ Insurance operations	**63,167**	**-**	**63,167**	-	24,045	24,045	-	65,249	65,249
TOTAL LIABILITIES	**1,423,822**	**15,313**	**1,439,135**	923,968	34,005	957,973	727,143	71,764	798,907
Less: Inter-operations eliminations	**(63,167)**	**-**	**(63,167)**	-	(24,045)	(24,045)	-	(65,249)	(65,249)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**1,360,655**	**15,313**	**1,375,968**	923,968	9,960	933,928	727,143	6,515	733,658
<u>EQUITY</u>									
Share capital	**-**	**400,000**	**400,000**	-	400,000	400,000	-	200,000	200,000
Statutory reserve	**-**	**21,661**	**21,661**	-	15,354	15,354	-	15,354	15,354
Retained earnings / (accumulated losses)	**-**	**25,082**	**25,082**	-	(53,044)	(53,044)	-	(12,990)	(12,990)
Fair value reserve for investments	**-**	**41,535**	**41,535**	-	37,728	37,728	-	34,970	34,970
TOTAL EQUITY	**-**	**488,278**	**488,278**	-	400,038	400,038	-	237,334	237,334
TOTAL LIABILITIES AND EQUITY	**1,360,655**	**503,591**	**1,864,246**	923,968	409,998	1,333,966	727,143	243,849	970,992

(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	**1,378,636**	**-**	**1,378,636**	835,084	-	835,084
Insurance service expenses*	**(1,112,415)**	**-**	**(1,112,415)**	(733,531)	-	(733,531)
Net expenses from reinsurance contracts	**(201,591)**	**-**	**(201,591)**	(115,022)	-	(115,022)
Insurance service result from Company's directly written business	**64,630**	**-**	**64,630**	(13,469)	-	(13,469)
Share of surplus from insurance pools	**11,329**	**-**	**11,329**	4,695	-	4,695
Total insurance service result	**75,959**	**-**	**75,959**	(8,774)	-	(8,774)
Commission income on deposits	**25,643**	**3,788**	**29,431**	6,110	1,474	7,584
Unrealized gain on investments	**-**	**15,216**	**15,216**	-	543	543
Commission income on investments	**-**	**362**	**362**	-	411	411
Dividend Income	**-**	**16**	**16**	-	16	16
Net investment return	**25,643**	**19,382**	**45,025**	6,110	2,444	8,554
Net finance expense from insurance contracts	**(10,877)**	**-**	**(10,877)**	6,979	-	6,979
Net finance income from reinsurance contracts	**5,674**	**-**	**5,674**	(2,814)	-	(2,814)
Net insurance finance income / (expense)	**(5,203)**	**-**	**(5,203)**	4,165	-	4,165
Net insurance and investment result	**96,399**	**19,382**	**115,781**	1,501	2,444	3,945
Other income	**1,341**	**-**	**1,341**	1,423	-	1,423
Other operating expenses	**(5,231)**	**(15,398)**	**(20,629)**	(14,092)	(12,447)	(26,539)
Net surplus from Operations	**92,509**	**3,984**	**96,493**	(11,168)	(10,003)	(21,171)
Surplus transfer to shareholders	**(92,509)**	**92,509**	**-**	-	-	-
	-	**96,493**	**96,493**	-	-	-
Zakat	**-**	**(11,479)**	**(11,479)**	-	(6,297)	(6,297)
Income tax	**-**	**(433)**	**(433)**	-	(194)	(194)
Net profit / (loss) for the year attributable to the shareholders	**-**	**84,581**	**84,581**	(11,168)	(16,494)	(27,662)
Earnings / (loss) per share (Basic and diluted) (expressed in SAR per share)	**-**	**2.11**	-	-	(0.74)	-

*This includes surplus distribution of SAR 10.279 million for the year ended December 31, 2023 (December 31, 2022: SAR Nil) (Also see note 32 (e)).

(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	**-**	**84,581**	**84,581**	-	(27,662)	(27,662)
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	**-**	**3,807**	**3,807**	-	2,758	2,758
Remeasurement loss on defined benefit obligations	**-**	**(148)**	**(148)**	-	(440)	(440)
Total comprehensive income / (loss) for the year attributable to the shareholders	**-**	**88,240**	**88,240**	-	(25,344)	(25,344)

(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	**-**	**96,493**	**96,493**	-	(21,171)	(21,171)
Adjustments for non-cash items:						
Depreciation of property and equipment	**-**	**5,956**	**5,956**	-	4,292	4,292
Amortization of intangible assets	**-**	**4,046**	**4,046**	-	4,044	4,044
Net gains on investments measured at FVTPL		**(15,216)**	**(15,216)**	-	(543)	(543)
Provision for employee benefits obligations	**3,712**	**-**	**3,712**	3,277	-	3,277
Commission income from financial assets not measured at FVTPL	**(25,643)**	**(4,150)**	**(29,793)**	(6,110)	(1,885)	(7,995)
Expected credit loss adjustment	**(27)**	**315**	**288**	-	-	-
Dividend income	**-**	**(16)**	**(16)**	-	(16)	(16)
Capital work in progress written off		**336**	**336**	-	3,706	3,706
	(21,958)	**87,764**	**65,806**	(2,833)	(11,573)	(14,406)
Changes in operating assets and liabilities:						
Other receivables and prepaid expenses	**(3,337)**	**(272)**	**(3,609)**	16,196	1,509	17,705
Accrued expenses and other liabilities	**8,052**	**(245)**	**7,807**	(1,079)	(127)	(1,206)
Due to / (from) shareholders' operations	**87,360**	**(87,360)**	**-**	41,644	(41,644)	-
Insurance contracts liabilities	**422,202**	**-**	**422,202**	196,326	-	196,326
Reinsurance contract assets	**(91,660)**	**-**	**(91,660)**	(135,315)	-	(135,315)
Reinsurance contract liability	**4,010**	**-**	**4,010**	-	-	-
	404,669	**(113)**	**404,556**	114,939	(51,835)	63,104
Zakat and income tax paid	**-**	**(6,030)**	**(6,030)**	-	(3,647)	(3,647)
Payment of employee benefits obligation	**(1,437)**	**-**	**(1,437)**	(2,139)	-	(2,139)
Net cash generated from operating activities	**403,232**	**(6,143)**	**397,089**	112,800	(55,482)	57,318

(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	**-**	**(539)**	**(539)**	-	(7,913)	(7,913)
Additions to FVTPL investments	**-**	**-**	**-**	-	(100,000)	(100,000)
Proceeds from disposal of FVTPL investments	**-**	**-**	**-**	-	62,000	62,000
Placements in term deposits	**(735,850)**	**(71,190)**	**(807,040)**	(276,934)	(70,000)	(346,934)
Proceeds from term deposits matured	**276,934**	**70,000**	**346,934**	191,369	-	191,369
Increase in statutory deposit	**-**	**-**	**-**	-	(20,000)	(20,000)
Commission income from financial assets not measured at FVTPL	**13,865**	**1,553**	**15,418**	3,395	1,069	4,464
Dividend income	**-**	**16**	**16**	-	16	16
Net cash used in investing activities	**(445,051)**	**(160)**	**(445,211)**	(82,170)	(134,828)	(216,998)
CASH FLOW FROM FINANCING ACTIVITIES						
Issue of right shares	**-**	**-**	**-**	-	200,000	200,000
Transaction costs on the issue of right shares	**-**	**-**	**-**	-	(11,594)	(11,594)
Net cash generated from financing activities	**-**	**-**	**-**	-	188,406	188,406
Net change in cash and cash equivalents	**(41,819)**	**(6,303)**	**(48,122)**	30,630	(1,904)	28,726
Cash and cash equivalents at the beginning of the year	**64,494**	**6,358**	**70,852**	33,864	8,262	42,126
Cash and cash equivalents at the end of the year	**22,675**	**55**	**22,730**	64,494	6,358	70,852
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION						
Net changes in fair value of investment measured at FVOCI	**-**	**3,807**	**3,807**	-	2,758	2,758
Remeasurement gain on defined benefit obligations adjusted against accrued expenses and other liabilities	**-**	**148**	**148**	-	440	440
Transfer from capital work in progress	**-**	**1,119**	**1,119**	-	8,578	8,578
Income tax receivable from foreign shareholders adjusted against prepaid expenses and other assets	**-**	**-**	**-**	-	358	358

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 Supplementary information (continued)

e) Surplus distribution

As required by the Implementing Regulations and the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders payable	10%
	100%

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

The surplus payables to policyholders for the year December 31, 2023 amounts to SAR 10.279 (2022; Nil) This has been allocated as follows:

	December 31, 2023	December 31, 2022
Marine	**485**	-
Property	**1,374**	-
Motor-Comp	**5,371**	-
Motor-TPL	**666**	-
Engineering	**513**	-
Accident & liability	**1,004**	-
Term life	**866**	-
Total	**10,279**	-

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

	For the year ended December 31, 2023					
				Protection & Savings		
Breakdown of GWP	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	**Total**
Retail	**-**	**129,425**	**7,344**	**-**	**-**	**136,769**
Very small	**-**	**31,184**	**11,769**	**-**	**486**	**43,439**
Small	**-**	**76,649**	**54,134**	**-**	**4,275**	**135,058**
Medium	**-**	**134,174**	**148,598**	**-**	**8,926**	**291,698**
Corporate	**-**	**584,596**	**312,837**	**-**	**123,481**	**1,020,914**
Total	**-**	**956,028**	**534,682**	**-**	**137,168**	**1,627,878**

	For the year ended December 31, 2022					
				Protection & Savings		
Breakdown of GWP	Medical	Motor	Property & casualty	Individual	Group (Term life)	Total
Retail	-	52,093	4,769	-	-	56,862
Very small	-	19,380	9,529	-	304	29,213
Small	-	53,887	106,715	-	3,137	163,739
Medium	-	76,816	120,195	-	9,524	206,535
Corporate	-	300,221	251,731	-	34,117	586,069
Total	-	502,397	492,939	-	47,082	1,042,418

(All amounts in Saudi Riyals thousands unless otherwise stated)

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.

	For the year ended December 31, 2023					
				Protection & Savings		
Item	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	**Total**
Gross written premium	**-**	**956,028**	**534,682**	**-**	**137,168**	**1,627,878**
Reinsurance premium ceded – globally (including excess of loss)	**-**	**55**	**(43,919)**	**-**	**(9,386)**	**(53,250)**
Reinsurance premium ceded – locally (including excess of loss)	**-**	**(8,342)**	**(399,370)**	**-**	**(84,467)**	**(492,179)**
Net written premium - total	**-**	**947,741**	**91,393**	**-**	**43,315**	**1,082,449**

	For the year ended December 31, 2022					
				Protection & Savings		
Item	Medical	Motor	Property & casualty	Individual	Group (Term life)	Total
Gross written premium	-	502,397	492,939	-	47,082	1,042,418
Reinsurance premium ceded – globally (including excess of loss)	-	28	(38,584)	-	(12,812)	(51,368)
Reinsurance premium ceded – locally (including excess of loss)	-	(2,884)	(369,105)	-	(15,159)	(387,148)
Net written premium - total	-	499,541	85,250	-	19,111	603,902

35 Approval of the financial statements

These financial statements have been approved by the Board of Directors on March 13, 2024 corresponding to 3 Ramadan 1445H.