

البند الثالث

الإطلاع على القوائم المالية للشركة عن العام المالي المنتهي في 2024/12/31 ومناقشتها.

Item 3.

Viewing and discussing the financial statements for the fiscal year ending on 31-12-2024.

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
AND INDEPENDENT AUDITORS' REPORT

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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Independent auditors' report to the shareholders of Salama Cooperative Insurance Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Salama Cooperative Insurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the 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 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is 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.

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of liability for incurred claims and loss component</p> <p>The estimation of the liability for incurred claims and loss component involves a significant degree of judgment. This entails estimating the present value of future cash flows and risk adjustment for non-financial risk (forming part of liability for incurred claims) and loss component (forming part of liability for remaining coverage). The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils its obligations under insurance contracts. The present value of future cash flows is based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. The loss component is recognised if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous. Such loss component is remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the general measurement model relating to the future service and the carrying amount of the liability for remaining coverage without the loss component.</p> <p>As at 31 December 2024, the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component amount to Saudi Riyals 222.6 million, Saudi Riyals 9.3 million and Saudi Riyals 6.5 million respectively, as disclosed in Note 9 to the financial statements.</p> <p>Accordingly, the complexity arises from calculating the actuarial best estimate using historical data which is sensitive to external inputs, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> Understood, evaluated and tested key controls around the claims handling and provision setting processes; Evaluated the competence, capabilities and objectivity of the management's appointed actuary based on their professional qualifications and experience and assessed their independence; Performed substantive 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 the ultimate expected claims; Assessed the integrity of data used as inputs into the actuarial valuations by testing on sample basis, the accuracy of underlying claims data used by management's appointed actuary in estimating the present value of the future cash flows, risk adjustment for non-financial risk and loss component by tracing it to the accounting and other records; Engaged our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established, including the actuarial report issued by management's appointed actuary, by performing the following: <ul style="list-style-type: none"> (i) Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought justification for any significant differences; and



Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Key audit matters (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Valuation of liability for incurred claims and loss component (continued)</i>	
<p>We have considered this as a key audit matter due to the inherent estimation uncertainty, complexity and subjectivity involved in the valuation of the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component arising from insurance contracts.</p> <p>Refer to Notes 3 and 4 for the material accounting policies and significant accounting judgements, estimates and assumptions related to insurance contract liabilities.</p>	<p>(ii) Assessed the appropriateness of key actuarial assumptions including expected loss ratios. We tested these assumptions by comparing them with the Company's historical experience, and our own industry knowledge. We also performed reprojections of the present value of future cash flows, risk adjustment for non-financial risk and loss component for significant product lines based on these assumptions and methods and compared them with the amounts recorded by the management.</p> <ul style="list-style-type: none">Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial statements and our auditors' report thereon. The Company's 2024 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of 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 International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and 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.

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Responsibilities of management and those charged with governance for the financial statements (continued)

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

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

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



Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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 PricewaterhouseCoopers

Mufaddal A. Ali
Certified Public Accountant
License No. 447

For Crowe Solutions for Professional Consulting

Abdullah M. AlAzem
Certified Public Accountant
License No. 335

Jeddah: 10 Ramadan 1446H
Corresponding to: 10 March 2025



SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2024**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

		As at 31 December	
	Note	2024	2023
ASSETS			
Cash and cash equivalents	5	232,803	415,085
Term deposits	6	60,797	89,007
Investments:			
Financial assets at fair value through profit or loss ("FVTPL")	7	51,489	45,087
Financial assets at fair value through other comprehensive income ("FVOCI")	7	61,124	43,463
Financial assets at amortised cost	7	90,968	50,343
Prepaid expenses and other assets	8	20,426	36,530
Reinsurance contract assets	9	164,133	62,331
Right-of-use assets	10	16,103	18,120
Property and equipment	11	6,334	5,471
Intangible assets		2,592	863
Statutory deposit	12	37,500	37,500
Accrued commission income on statutory deposit	12	1,237	2,449
TOTAL ASSETS		745,506	806,249
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	9	410,741	508,116
Reinsurance contract liabilities	9	-	3,185
Accrued expenses and other liabilities	13	22,530	25,590
Lease liabilities	10	18,476	19,771
Employee benefit obligations	14	7,829	8,717
Provision for zakat	21	30,367	33,442
Accrued commission income payable to Insurance Authority	12	1,237	2,449
TOTAL LIABILITIES		491,180	601,270
EQUITY			
Share capital	15	200,000	200,000
Accumulated losses		(5,604)	(35,727)
Fair value reserve for investments	7	59,201	41,540
Remeasurement reserve of employee benefit obligations	14	729	(834)
TOTAL EQUITY		254,326	204,979
TOTAL LIABILITIES AND EQUITY		745,506	806,249


The accompanying notes from 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

STATEMENT OF INCOME**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	Year ended 31 December	
		2024	2023
Insurance revenue	16	678,479	802,288
Insurance service expenses	16	(698,026)	(723,966)
Net income / (expenses) from reinsurance contracts	16	53,419	(40,285)
Insurance service result from Company's directly written business		33,872	38,037
Share of surplus from insurance pools	19	2,281	13,166
Total insurance service result		36,153	51,203
Commission income from financial assets not measured at FVTPL	17	26,688	22,130
Net (losses) / gains on financial assets measured at FVTPL	17	(483)	5,545
Net impairment losses on financial assets		(50)	(165)
Net investment income		26,155	27,510
Net finance costs from insurance contracts issued	18	(3,573)	(2,728)
Net finance income from reinsurance contracts held	18	353	734
Net insurance finance costs		(3,220)	(1,994)
Net insurance and investment result		59,088	76,719
Other income		149	1,222
Other operating expenses	20	(30,617)	(22,639)
Profit for the year attributable to the shareholders before zakat		28,620	55,302
Zakat	21	1,503	(4,000)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		30,123	51,302
Basic and diluted earnings per share – restated (expressed in Saudi Riyals per share)	22	1.23	2.68

The accompanying notes from 1 to 34 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairman

SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	Year ended 31 December	
		2024	2023
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		30,123	51,302
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	7	17,661	3,760
Remeasurement gain / (loss) on employee benefit obligations	14	1,563	(693)
Total other comprehensive income		19,224	3,067
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		49,347	54,369

The accompanying notes from 1 to 34 form an integral part of these financial statements.



Chief Financial Officer

Chief Executive Officer

Chairman

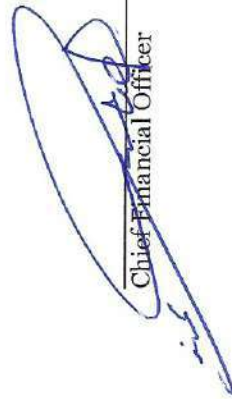
SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

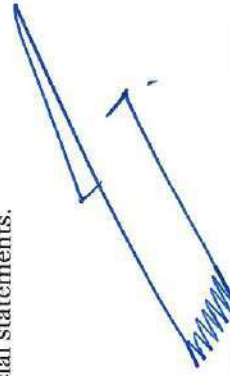
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

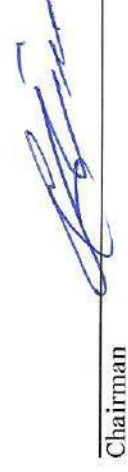
(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Share capital	Accumulated losses	Fair value reserve for investments	Remeasurement reserve of employee benefit obligations	Total equity
Balance at 31 December 2023	200,000	(35,727)	41,540	(834)	204,979
Total comprehensive income for the year:					
Net profit for the year attributable to the shareholders	-	30,123	-	-	30,123
Net changes in fair value of investment measured at FVOCI	-	-	17,661	-	17,661
Remeasurement gain on employee benefit obligations	-	-	-	1,563	1,563
Total comprehensive income for the year attributable to the shareholders	-	30,123	17,661	1,563	49,347
Balance at 31 December 2024	200,000	(5,604)	59,201	729	254,326

The accompanying notes from 1 to 34 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Chairman

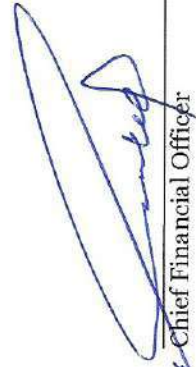
SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

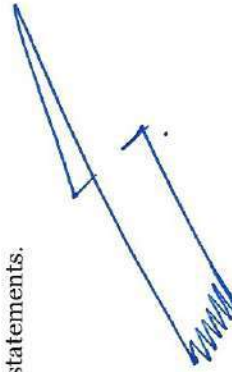
STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Share capital	Accumulated losses	Fair value reserve for investments	Remeasurement reserve of employee benefit obligations	Total equity
Balance at 31 December 2022 (Restated)	100,000	(76,783)	37,780	(141)	60,856
Total comprehensive income / (loss) for the year:					
Net profit for the year attributable to the shareholders	-	51,302	-	-	51,302
Net changes in fair value of investment measured at FVOCI	-	-	3,760	-	3,760
Remeasurement loss on employee benefit obligations	-	-	-	(693)	(693)
Total comprehensive income / (loss) for the year attributable to the shareholders	-	51,302	3,760	(693)	54,369
Transaction with owners of the Company:					
Increase in share capital	100,000	-	-	-	100,000
Transaction costs	-	(10,246)	-	-	(10,246)
Balance at 31 December 2023	200,000	(35,727)	41,540	(834)	204,979

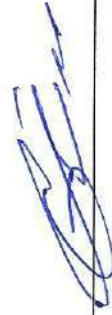
The accompanying notes from 1 to 34 form an integral part of these financial statements.


Chief Financial Officer



Chief Executive Officer

Chairman



SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2024**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	31 December 2024	31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year attributable to the shareholders before zakat		28,620	55,302
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment	11	1,571	1,958
Amortization of intangible assets		331	348
Depreciation of right-of-use assets	10	4,692	4,318
Finance costs on lease liabilities	10	927	955
Net impairment losses on financial assets		50	165
Unrealized loss / (gain) on financial assets measured at FVTPL		574	(5,292)
Realized gain on financial assets measured at FVTPL		(91)	(253)
Commission income from financial assets measured at amortised cost		(2,034)	(1,724)
Provision for employees benefit obligations	14	2,065	2,161
		36,705	57,938
<u>Changes in operating assets and liabilities:</u>			
Prepaid expenses and other assets		16,104	(6,521)
Reinsurance contract assets		(101,802)	12,698
Insurance contract liabilities		(97,375)	(16,302)
Reinsurance contract liabilities		(3,185)	3,185
Accrued expenses and other liabilities		(3,060)	4,805
Cash (used in) / generated from operations		(152,613)	55,803
Employee benefit obligations paid	14	(1,390)	(853)
Zakat paid	21	(1,572)	(1,187)
Net cash (used in) / generated from operating activities		(155,575)	53,763
CASH FLOWS FROM INVESTING ACTIVITIES			
Term deposits		28,160	149,871
Payments for purchases of financial assets at FVTPL	7	(10,090)	(40,091)
Proceeds from sale of investments held at FVTPL	7	3,205	21,304
Payments for purchases of financial assets at amortised cost		(39,965)	-
Proceeds from maturity of financial assets held at amortised cost		-	10,000
Commission income received from financial assets at amortised cost		1,374	2,845
Payments for purchases of property and equipment	11	(2,434)	(2,275)
Payments for purchases of intangible assets		(2,060)	(190)
Net cash (used in) / generated from investing activities		(21,810)	141,464
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	10	(3,970)	(3,706)
Finance costs paid on lease liabilities	10	(927)	(955)
Issue of right shares		-	100,000
Transaction costs on the issue of right shares		-	(10,246)
Net cash (used in) / generated from financing activities		(4,897)	85,093
Net changes in cash and cash equivalents		(182,282)	280,320
Cash and cash equivalents at the beginning of the year	5	415,085	134,765
Cash and cash equivalents at end of the year	5	232,803	415,085

Chief Financial Officer

Chief Executive Officer

Chairman

SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS (continued)**FOR THE YEAR ENDED 31 DECEMBER 2024**


(All amounts expressed in Saudi Riyals unless '000 otherwise stated)

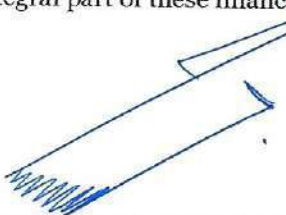
Note	31 December 2024	31 December 2023
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Supplemental schedule of non-cash information

Net changes in fair value of investment measured a FVOCI	7	17,661	3,760
Additions to right-of-use assets and lease liabilities	10	2,675	4,984

The accompanying notes from 1 to 34 form an integral part of these financial statements.



Chief Financial Officer

Chief Executive Officer

Chairman

SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

1. General information - legal status and principal activities

(a) General information

Salama Cooperative Insurance Company ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 1121K dated 29 Rabi Al-Thani 1428H (corresponding to 16 May 2007). The Company is registered in Jeddah under Commercial Registration No. 4030169661 dated 6 Jamad Al-Awwal 1428H (corresponding to 23 May 2007).

The registered office address of the Company is:

Salama Tower;
Al Madinah Road
P.O. Box 4020
Jeddah 21491
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia and its implementing regulations. From 23 November 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. The Company was listed on the Saudi Stock Exchange on 23 May 2007. The Company started its operations on 1 January 2008. The Company is fully owned by the general public and Saudi shareholders.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to 19 January 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. In this regard, the Company after assessing the impact of the New Law, convened an Extraordinary General Assembly meeting on 10/06/1446H (corresponding to 11 December 2024), which has approved the amendment of certain provisions of the Company's By-laws to ensure compliance with the requirements of the new Companies' Law and the amended CMA implementing regulations. The Company is currently in the process of completing the necessary legal formalities associated with the Company's amended Commercial Registration.

During December 2023, the Company successfully completed the rights issue after obtaining the required approvals from the regulators and its shareholders.

During the year, the Board of Directors, in its meeting held on 18 March 2024, recommended to further increase the share capital by offering rights issue amounting to Saudi Riyals 100 million, for which approvals from the Insurance Authority, were obtained on 2 June 2024. The Company received approvals from the Capital Market Authority on 25 September 2024 and further, the Company's shareholders, in an extraordinary general assembly meeting ("EOGM") held on 11 December 2024, approved the proposed increase in the share capital through a rights issue. The subscription period for the rights issue has ended on 29 December 2024. The legal and regulatory formalities relating to issuance of new shares are in progress and expected to be completed during March 2025.

2. Basis of preparation

a) Statement of Compliance

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

As required by the Saudi Arabian Insurance Regulations (herein referred to as "Insurance Regulations"), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Insurance 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 33 have been provided as supplementary information to comply with requirements of the Insurance Regulations and is not required by International Financial Reporting Standards (IFRS).

SALAMA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

2 Basis of preparation (continued)

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.

In accordance with the requirements of the Regulations issued by SAMA and as per by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full.

(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, financial assets at FVTPL, prepaid expenses and other assets, accrued income on statutory deposit, accrued expenses and other liabilities, provision for zakat and accrued income payable to Insurance Authority. The following balances would generally be classified as non-current: financial assets at FVOCI, financial assets at amortised cost, property and equipment, right-of-use assets, intangible assets and 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, employee benefit obligations and lease liabilities.

(d) Functional and presentation currency

The financial statements are expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation 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 insurance operations of the Company.

(f) Changes in products and services

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

3. Material accounting policies

The material accounting policies used in the preparation of these financial statements are consistently applied for all years presented.

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3. Material accounting policies (continued)**3.1 New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company**

A number of new amendments became applicable for the current reporting period i.e. for reporting periods beginning on or after 1 January 2024 and the Company had to change its accounting policies as a result of adopting the following amendments:

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 1 January 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 1 January 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 1 January 2024

The Company did not identify any impact as a result of these amendments.

3.2 New standards, amendments and interpretations not yet applied by the Company

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

Interpretation	Description	Effective date
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 1 January 2025.
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	These amendments address the classification and measurement of financial instruments and related disclosures. The key changes include adjustments to the treatment of financial instruments, particularly in relation to the measurement of certain hybrid contracts, and more detailed disclosures related to financial instruments under IFRS 7. These amendments are designed to provide more transparency in how financial instruments are classified and measured.	Annual periods beginning on or after 1 January 2026.
New standard "IFRS 18"	IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027.
New standard "IFRS 19"	IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	Annual periods beginning on or after 1 January 2027.

Impact assessment

The management is in the process of assessing the impact of the amendments on its financial statements, however, no material impact is expected.

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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 medical, motor, liability, engineering, general accident, fire and marine. 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.

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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.

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

v. Measurement

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

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

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

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

- Insurance contracts:

The coverage period of medical, motor, property, fire, marine and general accident contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA.

PAA eligibility testing has been performed for the engineering and liability group of contracts. 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 year 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

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

- a. increased for premiums received in the year, excluding amounts that relate to premium receivables included in the LIC;
- b. decreased for insurance acquisition cash flows paid in the year
- c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the year;
- d. increased for the amortisation of insurance acquisition cash flows in the year 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 year; and
- b. decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the year.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

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.

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.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

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 31 December 2024.

vii. Acquisition & Attributable Cost

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

viii. Risk adjustments for non-financial risk

The Company has decided to adopt the Value at risk method on incurred claims for 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 net income / (expenses) from reinsurance contract, and (b) insurance finance income or expenses.

Insurance revenue:

The insurance revenue for each year 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.

Insurance service expenses:

Insurance service expenses include the following:

- a. incurred claims for the year.
- 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 liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

ix. Presentation (continued)

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 liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

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

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

Umrah and Hajj insurance pool:

The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Hajj / Umrah product is offered by the ministry and approved by IA 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 1 January 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.

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

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 year in profit or loss.

3.3.1 Classification, recognition and measurement

- **Deferral of acquisition costs** – 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 liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

- **Discount rate** – 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. 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.

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3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

3.3.1 Classification, recognition and measurement (continued)

- **Risk Adjustment** – The liability for incurred claims includes an explicit risk adjustment for non-financial risk (“risk adjustment”). Risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk.
- **Onerous contracts** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income.

3.3.2 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.

Statement of income

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

Insurance service expense 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 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 pool (Umrah & Hajj scheme) is presented on a net basis within the total insurance service results after the insurance service result from the Company's directly written business.

Underwriting expenses, claims handling expenses, policy acquisition costs and general and administrative 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.

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.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

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.

Commission 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, commission income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. Classification and subsequent measurement of financial assets

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

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI)
- Held at amortised cost.

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.

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.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

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

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 'Commission 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 commission 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 'Commission 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 year 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 during the year ended 31 December 2024.

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(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

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

Equity instruments:

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

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

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

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

iii. Impairment of financial assets

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

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

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

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

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

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

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(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

iii. Impairment of financial assets (continued)

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

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

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

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

iv. Derecognition of financial assets

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

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

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

v. Classification and subsequent measurement of financial liabilities

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

vi. Derecognition of financial liabilities

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

3.4.1 Classification and measurement

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

- 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; and
- Debt instruments at amortised cost.

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3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

3.4.1 Classification and measurement (continued)

All fair value changes of financial liabilities designated as at FVTPL will generally be presented as follows:

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

3.4.2 Impairment calculation

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.

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 and cash and cash equivalents.

3.5 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.

3.6 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.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with less than three months maturity from the date of acquisition.

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3. Material accounting policies (continued)

3.8 Term deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement.

Long-term deposit represents deposit with maturity of more than one year from the date of placement and is placed with a financial institution carrying commission income.

3.9 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:

- Medical provides compensation to policyholders for expenses incurred in treatment of a disease, illness or injury.
- Motor provides coverage against losses and liability related to motor vehicles.
- Other includes property, marine, engineering, accident and liability.

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.

3.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. 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:

	<u>Years</u>
Furniture and fixtures	4 – 5
Computer & equipment	4 – 5
Motor vehicles	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 the statement of income.

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3. Material accounting policies (continued)

3.10 Property and equipment (continued)

Capital work-in-progress

Assets in the course of construction or development are capitalised in the capital work-in-progress within property and equipment. The asset under construction or development is transferred to the appropriate category in property and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work-in-progress comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item intended by management.

Capital work-in-progress is measured at cost less any recognised impairment. Capital work-in-progress is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

3.11 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:

Software	5 years
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Any impairment loss is recognised immediately in the statement of income.

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

3.12 Lease liabilities and right-of-use-assets

Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the RoU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

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3. Material accounting policies (continued)

3.12 Lease liabilities and right-of-use-assets (continued)

Lease liabilities (continued)

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

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets.

3.13 Provisions 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.

3.14 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.

NOTES TO THE FINANCIAL STATEMENTS
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3. Material accounting policies (continued)

3.14 Employee benefit obligations (continued)

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.

3.15 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

On 22 March 2024, the Zakat, Tax and Customs Authority ("ZATCA") announced the issuance of a new Zakat Implementing Regulation, through the Ministerial Resolution (MR) No.1007 dated 29 February 2024, which was electronically published in the Official Gazette (Umm Al-Qura) on 21 March 2024. The new Zakat regulation is replacing the current regulation issued through MR No. 2216 dated 14 March 2019.

3.16 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).

3.17 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.

3.18 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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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.

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 were used as a starting point for preparing the yield curve given that SAR is pegged with USD. The Company then further added a KSA country risk premium to make the yield curve appropriate for application. The Company has used the USD volatility adjustment for Solvency II as a proxy for illiquidity premium. The Company is currently discounting liability for incurred claims for all groups of insurance contracts.

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

ii. *Discounting methodology (continued)*

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:

2024

**Insurance contracts issued
and reinsurance contracts
held**

	Currency	1 year	2 years	3 years	4 years	5 years
Medical	SAR	5.37%	5.55%	5.52%	5.72%	5.84%
Motor – Comprehensive	SAR	5.37%	5.55%	5.52%	5.72%	5.84%
Motor – TPL	SAR	5.37%	5.55%	5.52%	5.72%	5.84%
Accident & liability	SAR	5.37%	5.55%	5.52%	5.72%	5.84%
Engineering	SAR	5.37%	5.55%	5.52%	5.72%	5.84%
Property	SAR	5.37%	5.55%	5.52%	5.72%	5.84%
Marine	SAR	5.37%	5.55%	5.52%	5.72%	5.84%

2023

**Insurance contracts issued
and reinsurance contracts
held**

	Currency	1 year	2 years	3 years	4 years	5 years
Medical	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Motor – Comprehensive	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Motor – TPL	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Accident & liability	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Engineering	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Property	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Marine	SAR	6.23%	5.09%	4.99%	5.09%	4.91%

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.

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.

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

iv. Onerosity determination (continued)

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.

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 24 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

vi. Estimates for expected premium receipts

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

vii. 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 note 3.3 ix). The Company analysed the contractual terms of the arrangement policy and concluded that given the nature and substance of the arrangement, it is appropriate to present the results within net insurance results as a separate line item in the statement of comprehensive income, with details provided in the notes. The Company believes this is appropriate as management has no ability to change the pricing or control the expenditure and as such do not think it is appropriate to include the results within revenue and expenses that are controllable by the Company. The current presentation of the arrangement is similar where an entity is acting as an agent, where the principle is as there is no control net presentation is more appropriate and disclosure is provided in the notes. Management believes the presentation and disclosure reflects the substance of the arrangement.

5. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 December 2024	31 December 2023
Bank balances	142,695	199,925
Deposits with original maturity of less than 3 months	90,257	215,276
Cash in hand	1	4
Expected credit loss	(150)	(120)
	232,803	415,085

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5. Cash and cash equivalents (continued)

Cash at banks is placed with counterparties with sound credit ratings. As at 31 December 2024, deposits were placed with the local bank with original maturity of less than three months from the date of placement and earned commission income ranges from 6.0% to 6.5%.

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 Fitch's rating of A+ to A-. 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:

	31 December 2024	31 December 2023
Balance at beginning of the year	120	-
ECL allowance recognised in statement of income during the year	30	120
Balance at end of the year	150	120

6. Term deposits

	31 December 2024	31 December 2023
Term deposits	60,000	88,700
Accrued commission income	896	386
Expected credit loss	(99)	(79)
Balance at end of the year	60,797	89,007

The term deposits represent deposits held with the local commercial banks and earn commission at market rates. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of more than three-months and less than twelve-months. As of 31 December 2024, the deposit yield commission rate of 6.3% (31 December 2023: rate of 6.5%).

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 Fitch's rating of A+ to A-. The Company's exposures to credit risk are not collateralized.

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

	31 December 2024	31 December 2023
Balance at beginning of the year	79	33
ECL allowance recognised in statement of income during the year	20	46
Balance at end of the year	99	79

7. Investments

(a) *Investments are classified as follows:*

	Note	31 December 2024	31 December 2023
Financial assets at FVTPL	7.1	51,489	45,087
Financial assets at FVOCI	7.2	61,124	43,463
Financial assets at amortised cost	7.3	90,968	50,343
		203,581	138,893

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7. Investments (continued)

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

FVTPL includes investments managed by a fund manager under the discretionary portfolio of investments where all such investments are carried at fair value as provided by the Fund managers. The fund manager keep such investments in various equity and real estate funds.

Movement in investment in discretionary portfolio is as follows:

	31 December 2024	31 December 2023
Balance at beginning of the year	45,087	20,755
Additions during the year	10,090	40,091
Disposal during the year	(3,205)	(21,304)
Changes in fair value of investments	(483)	5,545
Balance at end of the year	51,489	45,087

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

	31 December 2024	31 December 2023
Balance at beginning of the year	43,463	39,703
Changes in fair value of investments	17,661	3,760
Balance at end of the year	61,124	43,463

This above represents the Company's 3.45% (31 December 2023: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value. Refer to Note 24 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

7.3 Financial assets at amortised cost

	Note	31 December 2024	31 December 2023
Saudi Government Sukuk	7.3.1	79,991	50,000
SNB Capital Company Sukuk	7.3.2	10,000	-
Commission accrued		984	350
Gross amount - total		90,975	50,350
Expected credit loss		(7)	(7)
Net amount – total		90,968	50,343

7.3.1 These represent 825,500 Sukuks at a face value of Saudi Riyals 100 per Sukuk with coupon rates ranging from 2.7% to 4.6% per annum. These Sukuks have maturity durations ranging from 7 years to 10 years.

7.3.2 These represent 100,000 Sukuks at a face value of Saudi Riyals 100 per Sukuk and will mature at a premium value of Saudi Riyals 106. These Sukuks have a maturity duration 352 days commencing from 30 January 2024.

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7. Investments (continued)

7.3 Financial assets at amortised cost (continued)

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 Fitch's rating of A+ to A-, 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:

	31 December 2024	31 December 2023
Balance at beginning of the year	7	8
ECL allowance reversal recognised in statement of income during the year	-	(1)
Balance at end of the year	<u>7</u>	<u>7</u>

8. Prepaid expenses and other assets

	31 December 2024	31 December 2023
Advance to suppliers	10,414	12,769
Co-insurance income receivable	2,470	12,997
Prepayments	2,325	2,189
Advance to staff	1,899	1,616
Deposits	300	1,894
Other receivables	3,018	5,065
	<u>20,426</u>	<u>36,530</u>

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9. Insurance and reinsurance contracts**9.1 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:

31 December 2024	Medical	Motor- Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	(33,763)	(47,862)	(162,874)	(21,293)	(14,524)	(106,549)	(23,876)	(410,741)
	(33,763)	(47,862)	(162,874)	(21,293)	(14,524)	(106,549)	(23,876)	(410,741)
Reinsurance contracts								
Reinsurance contract assets	278	4,542	18,329	6,123	10,819	102,601	21,441	164,133
Reinsurance contract liabilities	-	-	-	-	-	-	-	-
	278	4,542	18,329	6,123	10,819	102,601	21,441	164,133
31 December 2023 – (Restated)								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	(71,859)	(37,475)	(352,845)	(13,382)	(7,434)	(7,413)	(17,708)	(508,116)
	(71,859)	(37,475)	(352,845)	(13,382)	(7,434)	(7,413)	(17,708)	(508,116)
Reinsurance contracts								
Reinsurance contract assets	-	2,706	31,639	1,542	5,002	5,235	16,207	62,331
Reinsurance contract liabilities	(3,185)	-	-	-	-	-	-	(3,185)
	(3,185)	2,706	31,639	1,542	5,002	5,235	16,207	59,146

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims****9.2.1 Insurance contracts (all portfolios)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	326,629	2,913	174,311	4,263	508,116
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	326,629	2,913	174,311	4,263	508,116
Insurance revenue	(678,479)	-	-	-	(678,479)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses*	-	-	623,372	5,967	629,339
Losses on onerous contracts	-	3,586	-	-	3,586
Changes that relate to past service	-	-	(39,649)	(1,235)	(40,884)
Insurance acquisition cashflows amortisation	105,985	-	-	-	105,985
Insurance service expenses	105,985	3,586	583,723	4,732	698,026
Finance cost from insurance contracts	-	-	3,309	264	3,573
Total changes in the statement of income	(572,494)	3,586	587,032	4,996	23,120
Transfer from LRC to LIC	(3,215)	-	3,215	-	-
Cashflows					
Premiums received	520,685	-	-	-	520,685
Claims and other incurred insurance service expenses	-	-	(541,958)	-	(541,958)
Insurance acquisition cashflows paid	(99,222)	-	-	-	(99,222)
Total cash inflows / (outflows)	421,463	-	(541,958)	-	(120,495)
Insurance contracts					
Insurance contract liabilities – closing	172,383	6,499	222,600	9,259	410,741
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	172,383	6,499	222,600	9,259	410,741

*This includes surplus distribution of Saudi Riyals 2.7 million for the year ended 31 December 2024.

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9. Insurance and reinsurance contracts (continued)
9.2 Analysis by remaining coverage and incurred claims (continued)
9.2.1 Insurance contracts (all portfolios) (continued)

	As at 31 December 2023				
	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	
Insurance contracts					
Insurance contract liabilities – opening	347,074	21,624	149,818	5,902	524,418
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	347,074	21,624	149,818	5,902	524,418
Insurance revenue	(802,288)	-	-	-	(802,288)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses*	-	-	622,575	1,010	623,585
Reversal of losses on onerous contracts	-	(18,711)	-	-	(18,711)
Changes that relate to past service	-	-	(8,092)	(2,995)	(11,087)
Insurance acquisition cashflows amortisation	130,179	-	-	-	130,179
Insurance service expenses	130,179	(18,711)	614,483	(1,985)	723,966
Finance cost from insurance contracts	-	-	2,382	346	2,728
Total changes in the statement of income	(672,109)	(18,711)	616,865	(1,639)	(75,594)
Transfer from LRC to LIC	(22,545)	-	22,545	-	-
Cashflows					
Premiums received	792,194	-	-	-	792,194
Claims and other incurred insurance service expenses	-	-	(614,917)	-	(614,917)
Insurance acquisition cashflows paid	(117,985)	-	-	-	(117,985)
Total cash inflows	674,209	-	(614,917)	-	59,292
Insurance contracts					
Insurance contract liabilities – closing	326,629	2,913	174,311	4,263	508,116
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	326,629	2,913	174,311	4,263	508,116

* This includes surplus distribution of Saudi Riyals 3.9 million for the year ended 31 December 2023.

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Medical)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	48,617	892	22,321	29	71,859
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	48,617	892	22,321	29	71,859
Insurance revenue	(118,393)	-	-	-	(118,393)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	76,537	272	76,809
Changes that relate to past service	-	-	(3,425)	10	(3,415)
Insurance acquisition cashflows amortisation	25,456	-	-	-	25,456
Insurance service expenses	25,456	-	73,112	282	98,850
Finance costs from insurance contracts	-	-	287	2	289
Total changes in the statement of income	(92,937)	-	73,399	284	(19,254)
Cashflows					
Premiums received	93,541	-	-	-	93,541
Claims and other incurred insurance service expenses	-	-	(89,385)	-	(89,385)
Insurance acquisition cashflows paid	(22,998)	-	-	-	(22,998)
Total cash inflows / (outflows)	70,543	-	(89,385)	-	(18,842)
Insurance contracts					
Insurance contract liabilities – closing	26,223	892	6,335	313	33,763
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	26,223	892	6,335	313	33,763

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Medical) (continued)**

	As at 31 December 2023				
	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	
Insurance contracts					
Insurance contract liabilities – opening	55,149	374	17,640	61	73,224
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	55,149	374	17,640	61	73,224
Insurance revenue	(149,084)	-	-	-	(149,084)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	85,336	14	85,350
Onerous contracts recognized	-	518	-	-	518
Changes that relate to past service	-	-	(3,808)	(49)	(3,857)
Insurance acquisition cashflows amortisation	31,170	-	-	-	31,170
Insurance service expenses	31,170	518	81,528	(35)	113,181
Finance costs from insurance contracts	-	-	266	3	269
Total changes in the statement of income	(117,914)	518	81,794	(32)	(35,634)
Transfer from LRC to LIC	(4,013)	-	4,013	-	-
Cashflows					
Premiums received	142,308	-	-	-	142,308
Claims and other incurred insurance service expenses	-	-	(81,126)	-	(81,126)
Insurance acquisition cashflows paid	(26,913)	-	-	-	(26,913)
Total cash inflows / (outflows)	115,395	-	(81,126)	-	34,269
Insurance contracts					
Insurance contract liabilities – closing	48,617	892	22,321	29	71,859
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	48,617	892	22,321	29	71,859

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Motor-Comprehensive)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	21,730	1,949	13,520	276	37,475
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	21,730	1,949	13,520	276	37,475
Insurance revenue	(53,955)	-	-	-	(53,955)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	67,927	308	68,235
Losses on onerous contracts	-	2,745	-	-	2,745
Changes that relate to past service	-	-	2,058	23	2,081
Insurance acquisition cashflows amortisation	14,314	-	-	-	14,314
Insurance service expenses	14,314	2,745	69,985	331	87,375
Finance costs from insurance contracts	-	-	234	17	251
Total changes in the statement of income	(39,641)	2,745	70,219	348	33,671
Transfer from LRC to LIC	(3,153)	-	3,153	-	-
Cashflows					
Premiums received	60,885	-	-	-	60,885
Claims and other incurred insurance service expenses	-	-	(68,891)	-	(68,891)
Insurance acquisition cashflows paid	(15,278)	-	-	-	(15,278)
Total cash inflows / (outflows)	45,607	-	(68,891)	-	(23,284)
Insurance contracts					
Insurance contract liabilities – closing	24,543	4,694	18,001	624	47,862
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	24,543	4,694	18,001	624	47,862

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Motor- Comprehensive) (continued)**

	As at 31 December 2023				
	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	
Insurance contracts					
Insurance contract liabilities – opening	36,088	7,261	24,312	1,049	68,710
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	36,088	7,261	24,312	1,049	68,710
Insurance revenue	(70,972)	-	-	-	(70,972)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	79,263	40	79,303
Reversal of losses on onerous contracts	-	(5,312)	-	-	(5,312)
Changes that relate to past service	-	-	(2,280)	(875)	(3,155)
Insurance acquisition cashflows amortisation	15,133	-	-	-	15,133
Insurance service expenses	15,133	(5,312)	76,983	(835)	85,969
Finance costs from insurance contracts	-	-	264	62	326
Total changes in the statement of income	(55,839)	(5,312)	77,247	(773)	15323
Transfer from LRC to LIC	887	-	(887)	-	-
Cashflows					
Premiums received	52,050	-	-	-	52,050
Claims and other incurred insurance service expenses	-	-	(87,152)	-	(87,152)
Insurance acquisition cashflows paid	(11,456)	-	-	-	(11,456)
Total cash inflows / (outflows)	40,594	-	(87,152)	-	(46,558)
Insurance contracts					
Insurance contract liabilities – closing	21,730	1,949	13,520	276	37,475
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	21,730	1,949	13,520	276	37,475

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Motor-TPL)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	234,251	72	114,976	3,546	352,845
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	234,251	72	114,976	3,546	352,845
Insurance revenue	(446,443)	-	-	-	(446,443)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	365,382	663	366,045
Losses on onerous contracts	-	841	-	-	841
Changes that relate to past service	-	-	(35,893)	(1,863)	(37,756)
Insurance acquisition cashflows amortisation	51,914	-	-	-	51,914
Insurance service expenses	51,914	841	329,489	(1,200)	381,044
Finance costs from insurance contracts	-	-	2,637	221	2,858
Total changes in the statement of income	(394,529)	841	332,126	(979)	(62,541)
Cashflows					
Premiums received	294,058	-	-	-	294,058
Claims and other incurred insurance service expenses	-	-	(376,121)	-	(376,121)
Insurance acquisition cashflows paid	(45,367)	-	-	-	(45,367)
Total cash inflows / (outflows)	248,691	-	(376,121)	-	(127,430)
Insurance contracts					
Insurance contract liabilities – closing	88,413	913	70,981	2,567	162,874
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	88,413	913	70,981	2,567	162,874

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Motor-TPL) (continued)**

	As at 31 December 2023				
	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	
Insurance contracts					
Insurance contract liabilities – opening	243,891	13,989	71,725	3,603	333,208
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	243,891	13,989	71,725	3,603	333,208
Insurance revenue	(546,452)	-	-	-	(546,452)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	451,698	941	452,639
Reversal of losses on onerous contracts	-	(13,917)	-	-	(13,917)
Changes that relate to past service	-	-	(2,636)	(1,210)	(3,846)
Insurance acquisition cashflows amortisation	75,212	-	-	-	75,212
Insurance service expenses	75,212	(13,917)	449,062	(269)	510,088
Finance costs from insurance contracts	-	-	1,288	212	1,500
Total changes in the statement of income	(471,240)	(13,917)	450,350	(57)	(34,864)
Transfer from LRC to LIC	(19,434)	-	19,434	-	-
Cashflows					
Premiums received	550,760	-	-	-	550,760
Claims and other incurred insurance service expenses	-	-	(426,533)	-	(426,533)
Insurance acquisition cashflows paid	(69,726)	-	-	-	(69,726)
Total cash inflows / (outflows)	481,034	-	(426,533)	-	54,501
Insurance contracts					
Insurance contract liabilities – closing	234,251	72	114,976	3,546	352,845
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	234,251	72	114,976	3,546	352,845

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Accident & liability)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	9,671	-	3,654	57	13,382
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	9,671	-	3,654	57	13,382
Insurance revenue	(22,572)	-	-	-	(22,572)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	5,990	156	6,146
Changes that relate to past service	-	-	(49)	46	(3)
Insurance acquisition cashflows amortisation	5,671	-	-	-	5,671
Insurance service expenses	5,671	-	5,941	202	11,814
Finance costs from insurance contracts	-	-	146	3	149
Total changes in the statement of income	(16,901)	-	6,087	205	(10,609)
Cashflows					
Premiums received	29,261	-	-	-	29,261
Claims and other incurred insurance service expenses	-	-	(4,307)	-	(4,307)
Insurance acquisition cashflows paid	(6,434)	-	-	-	(6,434)
Total cash inflows / (outflows)	22,827	-	(4,307)	-	18,520
Insurance contracts					
Insurance contract liabilities – closing	15,597	-	5,434	262	21,293
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	15,597	-	5,434	262	21,293

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Accident & liability) (continued)**

	As at 31 December 2023				
	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	
Insurance contracts					
Insurance contract liabilities – opening	4,760	-	2,307	63	7,130
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	4,760	-	2,307	63	7,130
Insurance revenue	(12,998)	-	-	-	(12,998)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	2,577	6	2,583
Changes that relate to past service	-	-	1,105	(14)	1,091
Insurance acquisition cashflows amortisation	3,289	-	-	-	3,289
Insurance service expenses	3,289	-	3,682	(8)	6,963
Finance costs from insurance contracts	-	-	83	2	85
Total changes in the statement of income	(9,709)	-	3,765	(6)	(5,950)
Cashflows					
Premiums received	18,541	-	-	-	18,541
Claims and other incurred insurance service expenses	-	-	(2,418)	-	(2,418)
Insurance acquisition cashflows paid	(3,921)	-	-	-	(3,921)
Total cash inflows / (outflows)	14,620	-	(2,418)	-	12,202
Insurance contracts					
Insurance contract liabilities – closing	9,671	-	3,654	57	13,382
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	9,671	-	3,654	57	13,382

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Engineering)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	5,895	-	1,517	22	7,434
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	5,895	-	1,517	22	7,434
Insurance revenue	(10,311)	-	-	-	(10,311)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	6,469	251	6,720
Changes that relate to past service	-	-	(903)	37	(866)
Insurance acquisition cashflows amortisation	2,739	-	-	-	2,739
Insurance service expenses	2,739	-	5,566	288	8,593
Finance costs from insurance contracts	-	-	(22)	1	(21)
Total changes in the statement of income	(7,572)	-	5,544	289	(1,739)
Cashflows					
Premiums received	12,541	-	-	-	12,541
Claims and other incurred insurance service expenses	-	-	(722)	-	(722)
Insurance acquisition cashflows paid	(2,990)	-	-	-	(2,990)
Total cash inflows / (outflows)	9,551	-	(722)	-	8,829
Insurance contracts					
Insurance contract liabilities – closing	7,874	-	6,339	311	14,524
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	7,874	-	6,339	311	14,524

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Engineering) (continued)**

	As at 31 December 2023				
	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	
Insurance contracts					
Insurance contract liabilities – opening	1,835	-	1,154	37	3,026
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	1,835	-	1,154	37	3,026
Insurance revenue	(5,513)	-	-	-	(5,513)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	1,139	10	1,149
Changes that relate to past service	-	-	(314)	(27)	(341)
Insurance acquisition cashflows amortisation	1,456	-	-	-	1,456
Insurance service expenses	1,456	-	825	(17)	2,264
Finance costs from insurance contracts	-	-	23	2	25
Total changes in the statement of income	(4,057)	-	848	(15)	(3,224)
Cashflows					
Premiums received	10,001	-	-	-	10,001
Claims and other incurred insurance service expenses	-	-	(485)	-	(485)
Insurance acquisition cashflows paid	(1,884)	-	-	-	(1,884)
Total cash inflows / (outflows)	8,117	-	(485)	-	7,632
Insurance contracts					
Insurance contract liabilities – closing	5,895	-	1,517	22	7,434
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	5,895	-	1,517	22	7,434

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Property)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	5,557	-	1,835	21	7,413
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	5,557	-	1,835	21	7,413
Insurance revenue	(21,071)	-	-	-	(21,071)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	96,243	4,216	100,459
Changes that relate to past service	-	-	(1,422)	54	(1,368)
Insurance acquisition cashflows amortisation	4,697	-	-	-	4,697
Insurance service expenses	4,697	-	94,821	4,270	103,788
Finance costs from insurance contracts	-	-	(140)	1	(139)
Total changes in the statement of income	(16,374)	-	94,681	4,271	82,578
Cashflows					
Premiums received	23,252	-	-	-	23,252
Claims and other incurred insurance service expenses	-	-	(1,812)	-	(1,812)
Insurance acquisition cashflows paid	(4,882)	-	-	-	(4,882)
Total cash inflows / (outflows)	18,370	-	(1,812)	-	16,558
Insurance contracts					
Insurance contract liabilities – closing	7,553	-	94,704	4,292	106,549
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	7,553	-	94,704	4,292	106,549

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Property) (continued)**

	As at 31 December 2023				
	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	
Insurance contracts					
Insurance contract liabilities – opening	4,680	-	16,106	473	21,259
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	4,680	-	16,106	473	21,259
Insurance revenue	(14,451)	-	-	-	(14,451)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	1,670	(3)	1,667
Changes that relate to past service	-	-	22	(477)	(455)
Insurance acquisition cashflows amortisation	3,272	-	-	-	3,272
Insurance service expenses	3,272	-	1,692	(480)	4,484
Finance costs from insurance contracts	-	-	300	28	328
Total changes in the statement of income	(11,179)	-	1,992	(452)	(9,639)
Cashflows					
Premiums received	15,429	-	-	-	15,429
Claims and other incurred insurance service expenses	-	-	(16,263)	-	(16,263)
Insurance acquisition cashflows paid	(3,373)	-	-	-	(3,373)
Total cash inflows / (outflows)	12,056	-	(16,263)	-	(4,207)
Insurance contracts					
Insurance contract liabilities – closing	5,557	-	1,835	21	7,413
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	5,557	-	1,835	21	7,413

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Marine)**

	As at 31 December 2024				
	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	
Insurance contracts					
Insurance contract liabilities – opening	908	-	16,488	312	17,708
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	908	-	16,488	312	17,708
Insurance revenue	(5,734)	-	-	-	(5,734)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	4,824	101	4,925
Changes that relate to past service	-	-	(15)	458	443
Insurance acquisition cashflows amortisation	1,194	-	-	-	1,194
Insurance service expenses	1,194	-	4,809	559	6,562
Finance costs from insurance contracts	-	-	167	19	186
Total changes in the statement of income	(4,540)	-	4,976	578	1,014
Transfer from LRC to LIC	(62)	-	62	-	-
Cashflows					
Premiums received	7,147	-	-	-	7,147
Claims and other incurred insurance service expenses	-	-	(720)	-	(720)
Insurance acquisition cashflows paid	(1,273)	-	-	-	(1,273)
Total cash inflows / (outflows)	5,874	-	(720)	-	5,154
Insurance contracts					
Insurance contract liabilities – closing	2,180	-	20,806	890	23,876
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	2,180	-	20,806	890	23,876

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.1 Insurance contracts (Marine) (continued)**

	As at 31 December 2023				Total
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	671	-	16,574	616	17,861
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	671	-	16,574	616	17,861
Insurance revenue	(2,818)	-	-	-	(2,818)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	892	2	894
Changes that relate to past service	-	-	(181)	(343)	(524)
Insurance acquisition cashflows amortisation	648	-	-	-	648
Insurance service expenses	648	-	711	(341)	1,018
Finance costs from insurance contracts	-	-	158	37	195
Total changes in the statement of income	(2,170)	-	869	(304)	(1,605)
Transfer from LRC to LIC	15	-	(15)	-	-
Cashflows					
Premiums received	3,104	-	-	-	3,104
Claims and other incurred insurance service expenses	-	-	(940)	-	(940)
Insurance acquisition cashflows paid	(712)	-	-	-	(712)
Total cash inflows / (outflows)	2,392	-	(940)	-	1,452
Insurance contracts					
Insurance contract liabilities – closing	908	-	16,488	312	17,708
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	908	-	16,488	312	17,708

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (all portfolios)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(29,380)	(202)	(31,813)	(936)	(62,331)
Reinsurance contract liabilities – opening	3,940	-	(755)	-	3,185
Opening balance – net	(25,440)	(202)	(32,568)	(936)	(59,146)
Allocation of reinsurance premium	98,317	-	-	-	98,317
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(149,652)	(4,630)	(154,282)
Loss-recovery on onerous underlying contracts	-	(356)	-	-	(356)
Changes that relate to past service	-	-	3,116	(214)	2,902
Amounts recoverable from reinsurers – net	-	(356)	(146,536)	(4,844)	(151,736)
Finance income from reinsurance contracts	-	-	(296)	(57)	(353)
Total changes in the statement of income	98,317	(356)	(146,832)	(4,901)	(53,772)
Transfer from ARC to AIC	2	-	(2)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(103,821)	-	-	-	(103,821)
Fixed commission received	14,573	-	-	-	14,573
Recoveries from reinsurance	-	-	38,033	-	38,033
Total cash (outflows) / inflows	(89,248)	-	38,033	-	(51,215)
Reinsurance contracts					
Reinsurance contract assets – closing	(16,369)	(558)	(141,369)	(5,837)	(164,133)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(16,369)	(558)	(141,369)	(5,837)	(164,133)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (all portfolios) (continued)**

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(26,636)	(2,125)	(44,356)	(1,912)	(75,029)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(26,636)	(2,125)	(44,356)	(1,912)	(75,029)
Allocation of reinsurance premium	90,827	-	-	-	90,827
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(56,043)	(98)	(56,141)
Loss-recovery on onerous underlying contracts	-	1,923	-	-	1,923
Changes that relate to past service	-	-	2,491	1,185	3,676
Amounts recoverable from reinsurers – net	-	1,923	(53,552)	1,087	(50,542)
Finance income from reinsurance contracts	-	-	(623)	(111)	(734)
Total changes in the statement of income	90,827	1,923	(54,175)	976	39,551
Transfer from ARC to AIC	1,804	-	(1,804)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(104,572)	-	-	-	(104,572)
Fixed commission received	13,137	-	-	-	13,137
Recoveries from reinsurance	-	-	67,767	-	67,767
Total cash (outflows) / inflows	(91,435)	-	67,767	-	(23,668)
Reinsurance contracts					
Reinsurance contract assets – closing	(29,380)	(202)	(31,813)	(936)	(62,331)
Reinsurance contract liabilities – closing	3,940	-	(755)	-	3,185
Closing balance – net	(25,440)	(202)	(32,568)	(936)	(59,146)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Medical)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	-	-	-	-	-
Reinsurance contract liabilities – opening	3,940	-	(755)	-	3,185
Opening balance – net	3,940	-	(755)	-	3,185
Allocation of reinsurance premium	10,716	-	-	-	10,716
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(4,602)	-	(4,602)
Changes that relate to past service	-	-	(4,548)	-	(4,548)
Amounts recoverable from reinsurers – net	-	-	(9,150)	-	(9,150)
Finance income from reinsurance contracts	-	-	(6)	-	(6)
Total changes in the statement of income	10,716	-	(9,156)	-	1,560
Cashflows					
Premiums ceded and acquisition cashflows paid	(14,931)	-	-	-	(14,931)
Recoveries from reinsurance	-	-	9,908	-	9,908
Total cash (outflows) / inflows	(14,931)	-	9,908	-	(5,023)
Reinsurance contracts					
Reinsurance contract assets – closing	(275)	-	(3)	-	(278)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(275)	-	(3)	-	(278)

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9. Insurance and reinsurance contracts (continued)
9.2 Analysis by remaining coverage and incurred claims (continued)
9.2.2 Reinsurance contracts held (Medical) (continued)

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(1,071)	-	(3,516)	-	(4,587)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(1,071)	-	(3,516)	-	(4,587)
Allocation of reinsurance premium	5,728	-	-	-	5,728
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(3,016)	-	(3,016)
Changes that relate to past service	-	-	(145)	-	(145)
Amounts recoverable from reinsurers – net	-	-	(3,161)	-	(3,161)
Finance income from reinsurance contracts	-	-	(25)	-	(25)
Total changes in the statement of income	5,728	-	(3,186)	-	2,542
Transfer from ARC to AIC	136	-	(136)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(853)	-	-	-	(853)
Recoveries from reinsurance	-	-	6,083	-	6,083
Total cash (outflows) / inflows	(853)	-	6,083	-	5,230
Reinsurance contracts					
Reinsurance contract assets – closing	-	-	-	-	-
Reinsurance contract liabilities – closing	3,940	-	(755)	-	3,185
Closing balance – net	3,940	-	(755)	-	3,185

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Motor - Comprehensive)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(628)	(195)	(1,848)	(35)	(2,706)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(628)	(195)	(1,848)	(35)	(2,706)
Allocation of reinsurance premium	7,741	-	-	-	7,741
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(5,147)	(41)	(5,188)
Loss-recovery on onerous underlying contracts	-	(272)	-	-	(272)
Changes that relate to past service	-	-	350	3	353
Amounts recoverable from reinsurers – net	-	(272)	(4,797)	(38)	(5,107)
Finance income from reinsurance contracts	-	-	(28)	(2)	(30)
Total changes in the statement of income	7,741	(272)	(4,825)	(40)	2,604
Cashflows					
Premiums ceded and acquisition cashflows paid	(7,404)	-	-	-	(7,404)
Fixed commission received	374	-	-	-	374
Recoveries from reinsurance	-	-	2,590	-	2,590
Total cash outflows / (inflows)	(7,030)	-	2,590	-	(4,440)
Reinsurance contracts					
Reinsurance contract assets – closing	83	(467)	(4,083)	(75)	(4,542)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	83	(467)	(4,083)	(75)	(4,542)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Motor- Comprehensive) (continued)**

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(3,101)	(726)	(2,362)	(90)	(6,279)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(3,101)	(726)	(2,362)	(90)	(6,279)
Allocation of reinsurance premium	9,890	-	-	-	9,890
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(6,002)	(9)	(6,011)
Loss-recovery on onerous underlying contracts	-	531	-	-	531
Changes that relate to past service	-	-	396	69	465
Amounts recoverable from reinsurers – net	-	531	(5,606)	60	(5,015)
Finance income from reinsurance contracts	-	-	(27)	(5)	(32)
Total changes in the statement of income	9,890	531	(5,633)	55	4,843
Transfer from ARC to AIC	398	-	(398)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(8,196)	-	-	-	(8,196)
Fixed commission received	381	-	-	-	381
Recoveries from reinsurance	-	-	6,545	-	6,545
Total cash (outflows) / inflows	(7,815)	-	6,545	-	(1,270)
Reinsurance contracts					
Reinsurance contract assets – closing	(628)	(195)	(1,848)	(35)	(2,706)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(628)	(195)	(1,848)	(35)	(2,706)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Motor-TPL)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(18,921)	(7)	(12,454)	(257)	(31,639)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(18,921)	(7)	(12,454)	(257)	(31,639)
Allocation of reinsurance premium	45,854	-	-	-	45,854
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(38,573)	(85)	(38,658)
Loss-recovery on onerous underlying contracts	-	(84)	-	-	(84)
Changes that relate to past service	-	-	5,717	72	5,789
Amounts recoverable from reinsurers – net	-	(84)	(32,856)	(13)	(32,953)
Finance income from reinsurance contracts	-	-	(277)	(16)	(293)
Total changes in the statement of income	45,854	(84)	(33,133)	(29)	12,608
Cashflows					
Premiums ceded and acquisition cashflows paid	(26,095)	-	-	-	(26,095)
Fixed commission received	1,476	-	-	-	1,476
Recoveries from reinsurance	-	-	25,321	-	25,321
Total cash (outflows) / inflows	(24,619)	-	25,321	-	702
Reinsurance contracts					
Reinsurance contract assets – closing	2,314	(91)	(20,266)	(286)	(18,329)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	2,314	(91)	(20,266)	(286)	(18,329)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Motor-TPL) (continued)**

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(17,221)	(1,399)	(7,247)	(226)	(26,093)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(17,221)	(1,399)	(7,247)	(226)	(26,093)
Allocation of reinsurance premium	57,732	-	-	-	57,732
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(45,052)	(65)	(45,117)
Loss-recovery on onerous underlying contracts	-	1,392	-	-	1,392
Changes that relate to past service	-	-	1,363	47	1,410
Amounts recoverable from reinsurers – net	-	1,392	(43,689)	(18)	(42,315)
Finance income from reinsurance contracts	-	-	(138)	(13)	(151)
Total changes in the statement of income	57,732	1,392	(43,827)	(31)	15,266
Transfer from ARC to AIC	1,261	-	(1,261)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(65,897)	-	-	-	(65,897)
Fixed commission received	5,204	-	-	-	5,204
Recoveries from reinsurance	-	-	39,881	-	39,881
Total cash (outflows) / inflows	(60,693)	-	39,881	-	(20,812)
Reinsurance contracts					
Reinsurance contract assets – closing	(18,921)	(7)	(12,454)	(257)	(31,639)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(18,921)	(7)	(12,454)	(257)	(31,639)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Accident & liability)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(1,468)	-	(73)	(1)	(1,542)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(1,468)	-	(73)	(1)	(1,542)
Allocation of reinsurance premium	8,073	-	-	-	8,073
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(213)	(6)	(219)
Changes that relate to past service	-	-	(104)	(6)	(110)
Amounts recoverable from reinsurers – net	-	-	(317)	(12)	(329)
Finance income from reinsurance contracts	-	-	1	-	1
Total changes in the statement of income	8,073	-	(316)	(12)	7,745
Cashflows					
Premiums ceded and acquisition cashflows paid	(14,944)	-	-	-	(14,944)
Fixed commission received	2,838	-	-	-	2,838
Recoveries from reinsurance	-	-	(220)	-	(220)
Total cash outflows	(12,106)	-	(220)	-	(12,326)
Reinsurance contracts					
Reinsurance contract assets – closing	(5,501)	-	(609)	(13)	(6,123)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(5,501)	-	(609)	(13)	(6,123)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Accident & liability) (continued)**

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	71	-	(375)	(10)	(314)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	71	-	(375)	(10)	(314)
Allocation of reinsurance premium	2,930	-	-	-	2,930
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(75)	(1)	(76)
Changes that relate to past service	-	-	368	10	378
Amounts recoverable from reinsurers – net	-	-	293	9	302
Finance income from reinsurance contracts	-	-	(14)	-	(14)
Total changes in the statement of income	2,930	-	279	9	3,218
Cashflows					
Premiums ceded and acquisition cashflows paid	(5,571)	-	-	-	(5,571)
Fixed commission received	1,102	-	-	-	1,102
Recoveries from reinsurance	-	-	23	-	23
Total cash (outflows) / inflows	(4,469)	-	23	-	(4,446)
Reinsurance contracts					
Reinsurance contract assets – closing	(1,468)	-	(73)	(1)	(1,542)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(1,468)	-	(73)	(1)	(1,542)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Engineering)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(3,916)	-	(1,065)	(21)	(5,002)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(3,916)	-	(1,065)	(21)	(5,002)
Allocation of reinsurance premium	7,227	-	-	-	7,227
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(4,789)	(237)	(5,026)
Changes that relate to past service	-	-	628	(32)	596
Amounts recoverable from reinsurers – net	-	-	(4,161)	(269)	(4,430)
Finance income from reinsurance contracts	-	-	19	(1)	18
Total changes in the statement of income	7,227	-	(4,142)	(270)	2,815
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(11,810)	-	-	-	(11,810)
Fixed commission received	3,174	-	-	-	3,174
Recoveries from reinsurance	-	-	4	-	4
Total cash (outflows) / inflows	(8,636)	-	4	-	(8,632)
Reinsurance contracts					
Reinsurance contract assets – closing	(5,325)	-	(5,203)	(291)	(10,819)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(5,325)	-	(5,203)	(291)	(10,819)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Engineering) (continued)**

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(1,304)	-	(807)	(44)	(2,155)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(1,304)	-	(807)	(44)	(2,155)
Allocation of reinsurance premium	2,974	-	-	-	2,974
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(530)	(10)	(540)
Changes that relate to past service	-	-	287	35	322
Amounts recoverable from reinsurers – net	-	-	(243)	25	(218)
Finance income from reinsurance contracts	-	-	(16)	(2)	(18)
Total changes in the statement of income	2,974	-	(259)	23	2,738
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(7,896)	-	-	-	(7,896)
Fixed commission received	2,310	-	-	-	2,310
Recoveries from reinsurance	-	-	1	-	1
Total cash (outflows) / inflows	(5,586)	-	1	-	(5,585)
Reinsurance contracts					
Reinsurance contract assets – closing	(3,916)	-	(1,065)	(21)	(5,002)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(3,916)	-	(1,065)	(21)	(5,002)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Property)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(4,014)	-	(1,197)	(24)	(5,235)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(4,014)	-	(1,197)	(24)	(5,235)
Allocation of reinsurance premium	15,072	-	-	-	15,072
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(92,374)	(4,212)	(96,586)
Changes that relate to past service	-	-	973	(54)	919
Amounts recoverable from reinsurers – net	-	-	(91,401)	(4,266)	(95,667)
Finance income from reinsurance contracts	-	-	149	(1)	148
Total changes in the statement of income	15,072	-	(91,252)	(4,267)	(80,447)
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(21,862)	-	-	-	(21,862)
Fixed commission received	4,849	-	-	-	4,849
Recoveries from reinsurance	-	-	94	-	94
Total cash (outflows) / inflows	(17,013)	-	94	-	(16,919)
Reinsurance contracts					
Reinsurance contract assets – closing	(5,955)	-	(92,355)	(4,291)	(102,601)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(5,955)	-	(92,355)	(4,291)	(102,601)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Property) (continued)**

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(3,604)	-	(14,561)	(688)	(18,853)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(3,604)	-	(14,561)	(688)	(18,853)
Allocation of reinsurance premium	10,157	-	-	-	10,157
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(811)	(7)	(818)
Changes that relate to past service	-	-	(158)	712	554
Amounts recoverable from reinsurers – net	-	-	(969)	705	(264)
Finance income from reinsurance contracts	-	-	(271)	(41)	(312)
Total changes in the statement of income	10,157	-	(1,240)	664	9,581
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(14,015)	-	-	-	(14,015)
Fixed commission received	3,448	-	-	-	3,448
Recoveries from reinsurance	-	-	14,604	-	14,604
Total cash (outflows) / inflows	(10,567)	-	14,604	-	4,037
Reinsurance contracts					
Reinsurance contract assets – closing	(4,014)	-	(1,197)	(24)	(5,235)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(4,014)	-	(1,197)	(24)	(5,235)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Marine)**

	As at 31 December 2024				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(433)	-	(15,176)	(598)	(16,207)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(433)	-	(15,176)	(598)	(16,207)
Allocation of reinsurance premium	3,634	-	-	-	3,634
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(3,954)	(49)	(4,003)
Changes that relate to past service	-	-	100	(197)	(97)
Amounts recoverable from reinsurers – net	-	-	(3,854)	(246)	(4,100)
Finance income from reinsurance contracts	-	-	(154)	(37)	(191)
Total changes in the statement of income	3,634	-	(4,008)	(283)	(657)
Transfer from ARC to AIC	2	-	(2)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(6,775)	-	-	-	(6,775)
Fixed commission received	1,862	-	-	-	1,862
Recoveries from reinsurance	-	-	336	-	336
Total cash (outflows) / inflows	(4,913)	-	336	-	(4,577)
Reinsurance contracts					
Reinsurance contract assets – closing	(1,710)	-	(18,850)	(881)	(21,441)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(1,710)	-	(18,850)	(881)	(21,441)

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9. Insurance and reinsurance contracts (continued)**9.2 Analysis by remaining coverage and incurred claims (continued)****9.2.2 Reinsurance contracts held (Marine) (continued)**

	As at 31 December 2023				
	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	
Reinsurance contracts					
Reinsurance contract assets – opening	(405)	-	(15,488)	(854)	(16,747)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(405)	-	(15,488)	(854)	(16,747)
Allocation of reinsurance premium	1,416	-	-	-	1,416
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(557)	(6)	(563)
Changes that relate to past service	-	-	380	312	692
Amounts recoverable from reinsurers – net	-	-	(177)	306	129
Finance income from reinsurance contracts	-	-	(132)	(50)	(182)
Total changes in the statement of income	1,416	-	(309)	256	1,363
Transfer from ARC to AIC	9	-	(9)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(2,145)	-	-	-	(2,145)
Fixed commission received	692	-	-	-	692
Recoveries from reinsurance	-	-	630	-	630
Total cash (outflows) / inflows	(1,453)	-	630	-	(823)
Reinsurance contracts					
Reinsurance contract assets – closing	(433)	-	(15,176)	(598)	(16,207)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(433)	-	(15,176)	(598)	(16,207)

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10. Right-of- use assets and lease liabilities*a) Amounts recognised in the statement of financial position*

The statement of financial position shows the following amounts relating to leases:

Right-of-use assets – net

	31 December 2024	31 December 2023
1 January	18,120	17,454
Additions during the year	2,675	4,984
Depreciation during the year	(4,692)	(4,318)
31 December	16,103	18,120

Lease liabilities

Commitments in relation to lease obligations are payable as follows:

	31 December 2024	31 December 2023
Within one year	4,764	4,479
Later than one year but not later than five years	14,977	15,671
Later than five years	-	2,045
	19,741	22,195
Future finance costs	(1,265)	(2,424)
Lease liabilities	18,476	19,771

Movement in lease liabilities is as follows:

	31 December 2024	31 December 2023
January 1	19,771	18,493
Addition during the year	2,675	4,984
Finance costs	927	955
Payment during the year	(4,897)	(4,661)
31 December	18,476	19,771

b) Amounts recognised in the statement of income

Total finance costs recognised in the statement of income pertaining to lease liabilities amounted to Saudi Riyals 0.93 million for the year ended 31 December 2024.

c) Details for leasing activities of the Company

The Company leases office premises and various point-of-sale stores across the Kingdom of Saudi Arabia. Rental contracts are typically made for a period of 12 months, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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11. Property and equipment

	Furniture and fixtures	Computers & equipment	Motor Vehicles	Capital work in progress	Total
Cost:					
1 January 2024	20,143	20,227	96	669	41,135
Additions	60	941	-	1,433	2,434
Transfer	915	909	-	(1,824)	-
At 31 December 2024	21,118	22,077	96	278	43,569
Accumulated depreciation:					
1 January 2024	18,808	16,760	96	-	35,664
Charge for the year	656	915	-	-	1,571
31 December 2024	19,464	17,675	96	-	37,235
Net book value:					
31 December 2024	1,654	4,402	-	278	6,334

	Furniture and fixtures	Computer & equipment	Motor Vehicles	Capital work in progress	Total
Cost:					
1 January 2023	19,334	17,316	96	2,114	38,860
Additions	809	1,466	-	-	2,275
Transfer	-	1,445	-	(1,445)	-
At 31 December 2023	20,143	20,227	96	669	41,135
Accumulated depreciation:					
1 January 2023	17,320	16,290	96	-	33,706
Charge for the year	1,488	470	-	-	1,958
31 December 2023	18,808	16,760	96	-	35,664
Net book value:					
31 December 2023	1,335	3,467	-	669	5,471

12. Statutory deposit

As required by Insurance Regulations, the Company has deposited an amount equivalent to 10% of its paid-up share capital, amounting to Saudi Riyals 37.5 million as at 31 December 2024 (31 December 2023: Saudi Riyals 37.5 million), in a bank designated by Insurance Authority (IA). Accrued income on this deposit is payable to IA amounting to Saudi Riyals 1.2 million (31 December 2023: Saudi Riyals 2.4 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 31 October 2024 amounting to Saudi Riyals 3.7 million. The statutory deposit is shown on the statement of financial position net of impairment allowance.

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13. Accrued and other liabilities

	31 December 2024	31 December 2023
Due to government entities	12,419	11,938
Suppliers and other creditors	4,614	9,356
Accrued expenses	3,238	1,537
Other payables	2,259	2,759
	22,530	25,590

14. Employee benefit obligations**14.1 General description of the plan**

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. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

14.2 Movement of defined benefit obligations is as follows:

	31 December 2024	31 December 2023
1 January	8,717	6,716
Current service cost	1,672	1,829
Finance costs	393	332
Payments	(1,390)	(853)
Remeasurement	(1,563)	693
31 December	7,829	8,717

a. Amounts recognised in the statements of income and comprehensive income

The amounts recognised in the statements of income and comprehensive income related to employee benefit obligations are as follows:

	2024	2023
Current service result	1,672	1,829
Interest expense	393	332
Total amount recognised in the statement of income	2,065	2,161
Remeasurement	(1,563)	693
Total amount recognised in the statement of comprehensive income	502	2,854

14.3 Principal actuarial assumptions

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

	2024	2023
Discount rate	5.2%	5.0%
Salary growth rate	3.0%	5.0%

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14. Employee benefit obligations (continued)**14.4 Sensitivity analysis for actuarial assumptions**

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

	2024	2023
Discount rate		
- Increase by 1%	(467)	(732)
- Decrease by 1%	521	844
Salary growth rate		
- Increase by 1%	528	835
- Decrease by 1%	(480)	(739)

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 obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the benefit obligations.

The weighted average duration of the defined benefit obligation is 7.5 years (2023: 10.8 years). The expected maturity analysis of undiscounted employee benefit obligations is as follows:

14.5 Expected maturity analysis

	Less than a year	Between 1 - 2 Years	Between 2 - 5 years	Over 5 years	Total
31 December 2024	1,314	1,354	4,420	16,785	23,873
31 December 2023	887	985	3,733	32,773	38,378

15. Share capital

The authorized, issued and paid-up capital of the Company was Saudi Riyals 200 million at 31 December 2024 (31 December 2023: Saudi Riyals 200 million) consisting of 20 million shares (31 December 2023: 20 million shares) of Saudi Riyals 10 each. Also see Note 1.

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16. Insurance service results

An analysis of insurance revenue, insurance expenses and net income / (expenses) from reinsurance contracts held by portfolio of contracts for the years ended 31 December 2024 and 31 December 2023 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance and reinsurance contract balances reconciliation.

For the year ended 31 December 2024:

	Medical	Motor- Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Insurance revenue from contracts measured under PAA	118,393	53,955	446,443	22,572	10,311	21,071	5,734	678,479
Insurance revenue	118,393	53,955	446,443	22,572	10,311	21,071	5,734	678,479
Incurred claims and other incurred insurance service expenses*	(76,809)	(68,235)	(366,045)	(6,146)	(6,720)	(100,459)	(4,925)	(629,339)
Changes that relate to past service - adjustments to the LIC	3,415	(2,081)	37,756	3	866	1,368	(443)	40,884
Reversal of losses on onerous contracts	-	(2,745)	(841)	-	-	-	-	(3,586)
Insurance acquisition cash flows amortisation	(25,456)	(14,314)	(51,914)	(5,671)	(2,739)	(4,697)	(1,194)	(105,985)
Total insurance service expenses	(98,850)	(87,375)	(381,044)	(11,814)	(8,593)	(103,788)	(6,562)	(698,026)

*This includes surplus distribution of Saudi Riyals 2.7 million for the year ended 31 December 2024.

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16. Insurance service results (continued)**For the year ended 31 December 2024:** (continued)

	Medical	Motor- Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Allocation of reinsurance premium paid - contracts measured under the PAA								
Premium ceded on reinsurance contracts held	(10,716)	(8,280)	(50,420)	(9,984)	(10,001)	(19,515)	(5,139)	(114,055)
Commission earned on reinsurance contracts held	-	539	4,566	1,911	2,774	4,443	1,505	15,738
	(10,716)	(7,741)	(45,854)	(8,073)	(7,227)	(15,072)	(3,634)	(98,317)
Amounts recoverable from reinsurers								
Claims recovered	4,602	5,188	38,658	219	5,026	96,586	4,003	154,282
Losses on onerous contracts	-	272	84	-	-	-	-	356
Changes to amounts recoverable for incurred claims	4,548	(353)	(5,789)	110	(596)	(919)	97	(2,902)
Amounts recoverable from reinsurers – net	9,150	5,107	32,953	329	4,430	95,667	4,100	151,736
Net expenses from reinsurance contracts	(1,566)	(2,634)	(12,901)	(7,744)	(2,797)	80,595	466	53,419
Insurance service result from Company's directly written business	17,977	(36,054)	52,498	3,014	(1,079)	(2,122)	(362)	33,872
Share of surplus from insurance pools	-	-	-	-	-	-	-	2,281
Total insurance service result	17,977	(36,054)	52,498	3,014	(1,079)	(2,122)	(362)	36,153

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16. Insurance service results (continued)**For the year ended 31 December 2023:**

	Medical	Motor- Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Insurance revenue from contracts measured under PAA	149,084	70,972	546,452	12,998	5,513	14,451	2,818	802,288
Insurance revenue	149,084	70,972	546,452	12,998	5,513	14,451	2,818	802,288
Incurred claims and other incurred insurance service expenses*	(85,350)	(79,303)	(452,639)	(2,583)	(1,149)	(1,667)	(894)	(623,585)
Changes that relate to past service - adjustments to the LIC	3,857	3,155	3,846	-	-	-	-	10,858
(Losses) / reversal of losses on onerous contracts	(518)	5,312	13,917	(1,091)	341	455	524	18,940
Insurance acquisition cash flows amortisation	(31,170)	(15,132)	(75,212)	(3,289)	(1,456)	(3,272)	(648)	(130,179)
Total insurance service expenses	(113,181)	(85,968)	(510,088)	(6,963)	(2,264)	(4,484)	(1,018)	(723,966)

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16. Insurance service results (continued)

For the year ended 31 December 2023: (continued)

	Medical	Motor- Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Allocation of reinsurance premium paid - contracts measured under the PAA								
Premium ceded on reinsurance contracts held	(5,728)	(10,280)	(61,031)	(3,555)	(4,174)	(13,231)	(2,033)	(100,032)
Commission earned on reinsurance contracts held	-	391	3,298	625	1,200	3,074	617	9,205
	(5,728)	(9,889)	(57,733)	(2,930)	(2,974)	(10,157)	(1,416)	(90,827)
Amounts recoverable from reinsurers								
Claims recovered	3,016	6,011	45,117	76	540	818	563	56,141
Losses on onerous contracts	-	(531)	(1,392)	-	-	-	-	(1,923)
Changes to amounts recoverable for incurred claims	145	(465)	(1,410)	(378)	(322)	(554)	(692)	(3,676)
Amounts recoverable from reinsurers – net	3,161	5,015	42,315	(302)	218	264	(129)	50,542
Net expenses from reinsurance contracts	(2,567)	(4,874)	(15,418)	(3,232)	(2,756)	(9,893)	(1,545)	(40,285)
Insurance service result from Company's directly written business	33,336	(19,870)	20,946	2,803	493	74	255	38,037
Share of surplus from insurance pools	-	-	-	-	-	-	-	13,166
Total insurance service result	33,336	(19,870)	20,946	2,803	493	74	255	51,203

*This includes surplus distribution of Saudi Riyals 3.9 million for the year ended 31 December 2023.

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17. Investment income

	31 December 2024	31 December 2023
<u>Commission income from financial assets not measured at FVTPL</u>		
Term deposits	24,628	20,406
Sukuks	2,060	1,724
Total Commission income from financial assets not measured at FVTPL	26,688	22,130
Net (losses) / gains on investments measured at FVTPL	(483)	5,545
Net impairment losses on financial assets	(50)	(165)
Net investment income	26,155	27,510

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18. Insurance finance costs - net

An analysis of the net insurance finance income / (costs) by portfolio of contracts for years ended 31 December 2024 and 31 December 2023 respectively is presented below:

For the year ended 31 December 2024:

	Medical	Motor- Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
31 December 2024								
Finance costs from insurance contracts issued								
Interest accreted	(289)	(251)	(2,858)	(149)	21	139	(186)	(3,573)
Finance costs from insurance contracts issued	(289)	(251)	(2,858)	(149)	21	139	(186)	(3,573)
Finance income from reinsurance contracts held								
Interest accreted	6	30	293	(1)	(18)	(148)	191	353
Finance income from reinsurance contracts held	6	30	293	(1)	(18)	(148)	191	353
Finance costs – net	(283)	(221)	(2,565)	(150)	3	(9)	5	(3,220)

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18. Insurance finance costs – net (continued)

For the year ended 31 December 2023:

	Medical	Motor- Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
31 December 2023								
Finance costs from insurance contracts issued								
Interest accreted	(269)	(326)	(1,500)	(85)	(25)	(328)	(195)	(2,728)
Finance costs from insurance contracts issued	(269)	(326)	(1,500)	(85)	(25)	(328)	(195)	(2,728)
Finance income from reinsurance contracts held								
Interest accreted	25	32	151	14	18	312	182	734
Finance income from reinsurance contracts held	25	32	151	14	18	312	182	734
Finance costs – net	(244)	(294)	(1,349)	(71)	(7)	(16)	(13)	(1,994)

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19. Share of surplus from insurance pools

	31 December 2024	31 December 2023
Share of surplus from Umrah and Hajj scheme (Note 19.1)	1,533	13,166
Share of surplus from Inherent defects insurance (Note 19.2)	748	-
	2,281	13,166

19.1 Share of surplus from Umrah and Hajj scheme

This represents the Company's share in the surplus for general accident product arising from the Umrah & Hajj scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 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 1 January 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 Saudi Riyals 5.3 (2023: Saudi Riyals 34.9 million) and net expenses of Saudi Riyals 3.8 (2023: Saudi Riyals 21.7 million).

19.2 Share of surplus from Inherent defects insurance

This represents the Company's share of surplus 1.28% (2023: 1.28%) 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).

20. Operating expenses

	Note	31 December 2024	31 December 2023
Salaries and benefits		47,614	43,199
Commission incurred		35,714	43,997
Najm fees		27,413	34,726
Audit and professional fee	20.1	8,482	8,242
Elm fees		7,469	11,848
Information technology		6,208	4,964
Bank charges		6,186	11,311
Depreciation on right-of-use assets		4,740	4,318
TPA fees		5,806	6,125
Incentives and discounts		3,988	3,647
IA supervision costs		3,507	5,280
Communication expenses		2,192	2,132
Depreciation and amortisation		1,901	2,305
Repair and maintenance		1,535	2,067
Others		12,021	8,192
		174,776	192,353

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20. Operating expenses (continued)

- 20.1** Auditors' remuneration for the statutory audit and review of the Company's financial statements for the year ended 31 December 2024 amounts to Saudi Riyals 1.9 million (2023: Saudi Riyals 2.4 million). Fee for other statutory and related services provided by the auditors to the Company amounts to Nil (2023: Saudi Riyals 0.7 million).

Allocation of expenses is as follows:

	Note	31 December 2024	31 December 2023
Insurance acquisition cashflows amortisation	20.2	105,985	130,179
Other incurred insurance service expenses	20.2	38,174	39,535
Other operating expenses	20.3	30,617	22,639
		174,776	192,353

- 20.2** Reported as part of insurance service expenses.

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

21. Zakat

Components of zakat base

On 22 March 2024, the Zakat, Tax and Customs Authority (ZATCA) announced the issuance of a new Zakat Implementing Regulation, through the Ministerial Resolution (MR) No.1007 dated 29 February 2024, which was electronically published in the Official Gazette (Umm Al-Qura) on 21 March 2024. The new Zakat regulation is replacing the current regulation issued through MR No. 2216 dated 14 March 2019.

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 end of the year 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.

Following are the components of the zakat base as at 31 December 2024 under the new regulations:

	31 December 2024
Equity, at end of the year	253,597
Provisions, at end of the year	30,367
Employee benefits obligations	8,558
Non-current liabilities exclusion	(5,786)
Non-current portion of lease liabilities	18,476
Debts classified as non-current	1,237
Property and equipment and intangible assets, as adjusted	(8,926)
Right of use assets	(16,103)
Investments	(140,057)
Statutory deposit	(37,500)
Zakat base	103,863

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21. Zakat (continued)

Components of zakat base (continued)

Following were the components of the zakat base as at 31 December 2023 under the superseded regulations:

	31 December 2023
Equity at beginning of year	60,997
Provisions and adjustments, at beginning of year	102,181
Net book value of long-term assets	(129,862)
	33,316
Adjusted net profit for the year	62,893
Zakat base	96,209

a. Movement in zakat provision is as follows:

	31 December 2024	31 December 2023
Opening balance	33,442	30,629
Provided during the year	4,000	4,000
Prior year reversal	(5,503)	-
Payments during the year	(1,572)	(1,187)
Closing balance	30,367	33,442

b. Status of zakat assessments

The Company submitted the Zakat declarations up to the year ended 31 December 2023 and obtained the necessary Zakat certificate.

The ZATCA had raised an assessment for the years from 2015 to 2020 with an additional Zakat liability amounting to Saudi Riyals 19.4 million. The assessment was objected and later the case was escalated to Tax Violation and Dispute resolution Committee (TVDR) and to Tax Violation and Dispute Appeal Committee (TVDAC) subsequently. TVDAC issued the decision against the Company. The Company has agreed to an instalment plan with ZATCA and to settle its outstanding liabilities.

ZATCA had raised initial assessment for the years 2021 and 2022 amounting to SAR 1.6 million and SAR 1.8 million respectively. The Company has filed their response accepting the result of the study and are currently awaiting the issuance of the final assessment to settle the outstanding liabilities. Management believes that the level of the existing provision for zakat maintained by the Company is presently sufficient to cover any uncertain zakat positions.

22. Basic and diluted earnings / (losses) per share

Basic and diluted earnings / (losses) per share for the year ended 31 December 2024 and 2023 are calculated by dividing net profit / loss for the year attributable to the shareholders by the weighted average number of outstanding shares at the reporting date.

The weighted average number of shares has been retrospectively adjusted for the prior period to reflect the bonus element of the right issue as required by IAS 33, 'Earnings per share' as follows:

	31 December 2024	31 December 2023 (Restated)
Issued ordinary shares at 1 January	20,000	10,000
Rights issue adjustment	4,567	9,142
Weighted average number of ordinary shares	24,567	19,142
Net profit for the year attributable to the shareholders	30,123	51,302
Weighted average number of ordinary shares for basic and diluted income per share	24,567	19,142
Basic and diluted earnings per share	1.23	2.68

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23. Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them (affiliated entities). 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 year and the related balances:

	Nature of transactions	Transactions for the year ended	
		31 December 2024	31 December 2023
Entities controlled, jointly controlled, or significantly influenced by member of board of directors			
Al Mamoon Insurance Brokers	Commissions incurred	1,261	311
Ittihad Insurance Brokers	Commissions incurred	-	375
Najm for Insurance Services*	Najm fees	28,292	34,934

*During the year, Najm for Insurance Services ("Najm") ceased to be a related party of the Company following the resignation of the related director from the Board of Najm.

Related parties' balances

	31 December 2024	31 December 2023
Payable to the related parties		
Al Mamoon Insurance Brokers	631	441
Najm for Insurance Services	-	3,510
	631	3,951

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is based on employment terms and as per the by-laws of the Company.

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

	31 December 2024	31 December 2023
Salaries and benefits	6,893	4,423
Employee benefit obligations	268	266
	7,161	4,689
Remuneration to those charged with governance – Board of Directors	1,732	1,032
Remuneration to those charged with governance – Board Committees	396	242

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24. Fair value of financial instruments

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

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

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

a) Determination of fair value and fair value hierarchy

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

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

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

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

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.

	31 December 2024			Total
	Level 1	Level 2	Level 3	
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	61,124	61,124
Financial assets measured at fair value				
Discretionary portfolio	25,219		26,270	51,489
Total investments	25,219	-	87,394	112,613

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24. Fair value of financial instruments (continued)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	43,463	43,463
Financial assets measured at fair value				
Discretionary portfolio	24,392	-	20,695	45,087
Total investments	24,392	-	64,158	88,550

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 equity valuation of Najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. 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

	31 December 2024	31 December 2023
Balance at the beginning of the year	64,158	39,703
Additions during the year	10,000	-
Disposals during the year	(3,114)	(1,051)
Fair value gain	16,350	4,751
Balance at the end of the year	87,394	64,158

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24. Fair value 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
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	
Unquoted equity investment in Najm	61,124	43,463	Earnings growth factor	Earnings growth factor	13.2%	6.9%	Reducing the Earnings growth factor to 10%, would decrease the fair value by SAR 1.61 million. (2023: Reducing the Earnings growth factor to 5%, would decrease the fair value by SAR 0.80 million)
			Revenue growth rate	Revenue growth rate	9.9%	9.0%	Reducing the revenue growth rate by 100 basis points, would decrease the fair value by SAR 0.61 million. (2023: SAR 0.33 million)
			WACC	WACC	16.5%	16.5%	Increasing the WACC by 100 basis points, would decrease the fair value by SAR 1.71 million. (2023: SAR 1.20 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 1.10 million. (2023: SAR 0.70 million)
			EV/EBITDA multiple	EV/EBITDA multiple	7	7	Reducing the EV/EBITDA multiple to 6.3, would decrease the fair value by SAR 1.44 million (2023: SAR 0.96 million).

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

e) *Valuation process*

The finance department of the Company performs the valuations of level 3 fair values 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:

- The 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.
- The 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.
- Revenue growth rate is estimated based on Company's own historical results and future projections.
- EV/EBITDA multiple is based on private precedent transactions.

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25. Risk management

Risk governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which use 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.

The 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 the 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:

25.1 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.

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25. Risk management (continued)

25.1 Insurance risk (continued)

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

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

(a) Frequency and severity of claims

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

(b) Concentration of insurance risk

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

The Company also monitors the 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 primarily in Saudi Arabia, hence, all the insurance risks relate to policies written in Saudi Arabia.

(c) 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. The criteria may be summarized as follows:

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25. Risk management (continued)

25.1 Insurance risk (continued)

(c) *Reinsurance Risk* (continued)

- Minimum acceptable credit rating by recognized rating agencies (e.g. Fitch) that is not lower than BBB or equivalent;
- Reputation of particular reinsurance companies; and
- 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 reinsurance business. As at 31 December 2024 and 31 December 2023 there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of insurance contract liabilities 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 year.

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

	31 December 2024			31 December 2023		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
Medical	33,763	278	33,485	71,859	(3,185)	75,044
Motor-						
Comprehensive	47,862	4,542	43,320	37,475	2,706	34,769
Motor-TPL	162,874	18,329	144,545	352,845	31,639	321,206
Accident & liability	21,293	6,123	15,170	13,382	1,542	11,840
Engineering	14,524	10,819	3,705	7,434	5,002	2,432
Property	106,549	102,601	3,948	7,413	5,235	2,178
Marine	23,876	21,441	2,435	17,708	16,207	1,501
Total	410,741	164,133	246,608	508,116	59,146	448,970

(d) *Sensitivities analysis on major assumptions used*

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before zakat 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 did not change from the previous year. 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 variables such as legislative changes or uncertainties in the estimation process.

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25. Risk management (continued)

25.1 Insurance risk (continued)

(d) *Sensitivities analysis on major assumptions used* (continued)

	31 December 2024	31 December 2023
Liability for incurred claims		
Estimates of present value of FCF	222,600	174,311
Risk adjustment for non-financial risk	9,259	4,263
Asset for incurred claims		
Estimates of present value of FCF	(141,369)	(32,568)
Risk adjustment for non-financial risk	(5,837)	(936)

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

	31 December 2024	31 December 2023
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	(11,574)	(8,715)
Unpaid claims and expenses decrease by 5%	11,574	8,715
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	(617)	(284)
5 percentiles decrease in the confidence level	617	284

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

	31 December 2024	31 December 2023
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	7,068	1,628
Unpaid claims and expenses decrease by 5%	(7,068)	(1,628)
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	389	62
5 percentiles decrease in the confidence level	(389)	(62)

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

	31 December 2024	31 December 2023
Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component*		
Increase by 2%	(3,600)	(700)
Decrease by 2%	1,600	700

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

(e) *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. 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.

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25. Risk management (continued)

25.1 Insurance risk (continued)

(e) Claims development table (continued)

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

2024 Accident year	2019 & earlier	2020	2021	2022	2023	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	329,956	402,855	542,183	547,471	577,378	2,399,843
1 year later	310,956	379,739	537,198	515,464	-	1,743,357
2 years later	300,133	382,379	538,386	-	-	1,220,898
3 years later	304,718	385,943	-	-	-	690,661
4 years later	2,556,977	-	-	-	-	2,556,977
Gross estimates of the undiscounted amount of the claims	2,556,977	385,943	538,386	515,464	577,378	4,574,148
Cumulative gross claims and other incurred insurance service expenses paid	2,540,220	384,465	532,086	495,779	401,933	4,354,483
Gross undiscounted liabilities for incurred claims	16,757	1,478	6,300	19,685	175,445	219,665
Gross undiscounted liabilities for other incurred insurance service expenses						5,235
Effect of surplus distribution payable						6,546
Total Gross undiscounted liabilities for other incurred insurance service expenses						231,446
Effect of discounting						(8,846)
Gross discounted liabilities for incurred claims excluding risk adjustment (Note 9.2.1)						222,600
Effect of the risk adjustment margin for non-financial risk (Note 9.2.1)						9,262
Gross liabilities for incurred claims						231,862
Undiscounted liabilities for incurred claims, net of reinsurance:						
At end of accident year	293,858	366,040	479,683	498,123	431,471	2,069,175
1 year later	283,762	347,120	473,278	469,502	-	1,573,662
2 years later	277,996	347,841	475,348	-	-	1,101,185
3 years later	281,346	351,531	-	-	-	632,877
4 years later	2,473,031	-	-	-	-	2,473,031
Net estimates of the undiscounted amount of the claims	2,473,031	351,531	475,348	469,502	431,471	4,200,883
Cumulative net claims and other directly attributable expenses paid	2,471,805	350,220	469,900	451,979	365,360	4,109,264
Net undiscounted liabilities for incurred claims	1,226	1,311	5,448	17,523	66,111	91,619
Net undiscounted liabilities for other incurred insurance service expenses						(13,046)
Effect of surplus distribution payable						6,546
Effect of discounting						(3,888)
Net discounted liabilities for incurred claims excluding risk adjustment						81,231
Effect of the risk adjustment margin for non-financial risk						3,422
Net liabilities for incurred claims						84,653

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25. Risk management (continued)

25.1 Insurance risk (continued)

(e) *Claims development table* (continued)

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	222,600	9,259	231,859
Amounts recoverable from reinsurers	(141,369)	(5,837)	(147,206)
Net liabilities for incurred claims	81,231	3,422	84,653

25.2 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 the 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. The Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

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

a) *Currency risk*

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

b) *Commission rate risk*

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

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

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

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25. Risk management (continued)

25.2 Market risk (continued)

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

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

	2024	2023
Insurance contract liabilities, net	410,741	508,116
Reinsurance contract assets, net	164,133	62,331
Debt instruments at amortized cost	241,872	354,506

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

	Changes in commission rate	31 December 2024	31 December 2023
Insurance contract liabilities, net	+/-2%	8,215	10,162
Reinsurance contract assets, net	+/-2%	3,283	1,183
Debt instruments at amortized cost	+/-2%	4,837	7,090

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 Saudi Riyals 51.5 million (31 December 2023: SAR 45.1 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 and by actively monitoring the developments in markets.

	Fair value change	Effect on Company's profit
31 December 2024	+/-10%	+/-5,149
31 December 2023	+/-10%	+/-4,509

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

	Fair value change	Effect on Company's comprehensive income
31 December 2024	+/-10%	+/-6,112
31 December 2023	+/-10%	+/-4,364

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2024 and 2023. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

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25. Risk management (continued)

25.3 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 recognized, 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:

	31 December 2024	31 December 2023
Cash and cash equivalents	232,803	415,085
Term deposits	60,797	89,007
Reinsurance contract assets	164,133	62,331
Investments	203,581	138,893
Statutory deposit	37,500	37,500
Accrued commission income on statutory deposit	1,237	2,449
Staff receivables	1,899	1,616
	701,950	746,881

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

	<u>Non-investment grade</u>				
	Investment grade	Satisfactory	Past due but not impaired	Past due and impaired	Total
31 December 2024					
Cash and cash equivalents	232,803	-	-	-	232,803
Term deposits	60,797	-	-	-	60,797
Reinsurance contract assets	-	160,956	837	2,340	164,133
Investments	203,581	-	-	-	203,581
Statutory deposit	37,500	-	-	-	37,500
Accrued commission income on statutory deposit	1,237	-	-	-	1,237
Staff receivables	-	1,899	-	-	1,899
31 December 2024	535,918	162,855	837	2,340	701,950

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25. Risk management (continued)

25.3 Credit risk (continued)

		<u>Non-investment grade</u>			
	Investment grade	Satisfactory	Past due but not impaired	Past due and impaired	Total
31 December 2023					
Cash and cash equivalents	415,085	-	-	-	415,085
Term deposits	89,007	-	-	-	89,007
Reinsurance contract assets	-	59,025	1,284	2,022	62,331
Investments	138,893	-	-	-	138,893
Statutory deposit	37,500	-	-	-	37,500
Accrued commission income on statutory deposit	2,449	-	-	-	2,449
Staff receivables	-	1,616	-	-	1,616
31 December 2023	682,934	60,641	1,284	2,022	746,881

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.

25.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities. 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. Further, the Company manages liquidity risk as follows:

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

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

	Less than 12 months	More than 12 months	Total
Financial assets			
Financial assets at fair value through profit or loss ("FVTPL")	35,739	15,750	51,489
Financial assets at fair value through other comprehensive income ("FVOCI")	-	61,124	61,124
Financial assets at amortised cost	12,035	78,933	90,968
Statutory deposit	-	37,500	37,500
Accrued commission income on statutory deposit	-	1,237	1,237
Term deposits	60,797	-	60,797
Cash and cash equivalents	232,803	-	232,803
31 December 2024	341,374	194,544	535,918

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25. Risk management (continued)

25.4 Liquidity risk (continued)

Financial liabilities	Less than 12 months	More than 12 months	Total
Accrued expenses and other liabilities	22,530	-	22,530
Accrued commission income on statutory deposit	1,237	-	1,237
31 December 2024	23,767	-	23,767

Financial assets	Less than 12 months	More than 12 months	Total
Financial assets at fair value through profit or loss ("FVTPL")	45,087	-	45,087
Financial assets at fair value through other comprehensive income ("FVOCI")	-	43,463	43,463
Financial assets at amortised cost	-	50,343	50,343
Statutory deposit	-	37,500	37,500
Accrued commission income on statutory deposit	2,449	-	2,449
Term deposits	89,007	-	89,007
Cash and cash equivalents	415,085	-	415,085
31 December 2023	551,628	131,306	682,934

Financial liabilities	Less than 12 months	More than 12 months	Total
Accrued expenses and other liabilities	25,590	-	25,590
Accrued commission income on statutory deposit	2,449	-	2,449
31 December 2023	28,039	-	28,039

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Medical	6,396	124	1	-	-	-
Motor Comprehensive	16,900	1,468	158	-	-	-
Motor-TPL	50,110	14,257	7,345	1,990	219	-
Accident & Liability	2,811	1,856	969	147	-	-
Engineering	1,634	840	782	3,881	-	-
Property	72,162	26,419	-	-	-	-
Marine	20,935	42	-	-	-	-
31 December 2024	170,948	45,006	9,255	6,018	219	-

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Medical	1	-	-	-	-	-
Motor Comprehensive	3,673	430	42	-	-	-
Motor-TPL	13,432	4,292	2,222	608	46	-
Accident & Liability	305	201	105	16	-	-
Engineering	1,356	679	614	3,182	-	-
Property	70,258	25,864	-	-	-	-
Marine	18,969	32	-	-	-	-
31 December 2024	107,994	31,498	2,983	3,806	46	-

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25. Risk management (continued)

25.4 Liquidity risk (continued)

Insurance

contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Medical	22,528	558	2	-	-	-
Motor Comprehensive	12,202	799	244	(38)	(9)	-
Motor TPL	91,879	17,673	6,016	2,321	750	-
Accident & Liability	1,208	932	1,024	599	255	-
Engineering	1,429	125	11	-	-	-
Property	1,204	857	95	40	-	-
Marine	16,628	45	-	-	-	-
31 December 2023	147,078	20,989	7,392	2,922	996	-

Reinsurance

contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Medical	755	-	-	-	-	-
Motor Comprehensive	1,713	138	36	(4)	(1)	-
Motor TPL	9,860	1,628	623	447	301	-
Accident & Liability	22	17	19	11	5	-
Engineering	972	113	10	-	-	-
Property	695	514	29	22	-	-
Marine	15,301	34	-	-	-	-
31 December 2023	29,318	2,444	717	476	305	-

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

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

- Fair value through profit or loss investments includes investments in mutual funds and Murabaha placements and are held for cash management purposes and expected to be matured/ settled within 12 months from the balance sheet date.
- Term deposits classified as includes deposits placed with high credit rating financial institutions with maturity of less than twelve 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.

26. Capital management

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

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

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26. Capital management (continued)

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; or
- Claims solvency margin

The equity as at 31 December 2024 consists of paid-up share capital of Saudi Riyals 200 million, accumulated losses of Saudi Riyals 5.6 million, fair value revaluation reserve of Saudi Riyals 59.2 million and remeasurement reserve of employee benefit obligations of Saudi Riyals 0.7 million (31 December 2023: paid-up share capital of SAR 200 million, accumulated losses of SAR 35.7 million, fair value revaluation reserve of Saudi Riyals 37.8 million and remeasurement reserve of employee benefit obligations of Saudi Riyals (0.8) 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 Saudi Riyals 300 million. The Company expects to reach the minimum capital requirement of Saudi Riyals 300 million by end of March 2025 through increasing its share capital through rights issue amounting to Saudi Riyals 100 million (refer Note 1).

The Company's solvency margin has improved to 157.3% as at 31 December 2024 (31 December 2023: 32.8%) which is compliant with the minimum solvency requirements as at 31 December 2024 as mandated by the Insurance Authority ("IA").

27. 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 31 December 2023.

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 commission income on statutory deposit. Accordingly, these are included in unallocated assets.

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27. Operating segments (continued)

Segment liabilities do not include accrued expenses and other liabilities, provision for zakat, lease liabilities, employee benefit obligations and accrued commission income on statutory deposit. 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 31 December 2024 and 31 December 2023, its total revenues, expenses, and net income for the years then ended, are as follows:

For the year ended 31 December 2024

	Medical	Motor	Others	Total
Insurance revenue	118,393	500,398	59,688	678,479
Insurance service expenses	(98,850)	(468,419)	(130,757)	(698,026)
Net expenses from reinsurance contracts	(1,566)	(15,535)	70,520	53,419
Insurance service result from Company's directly written business	17,977	16,444	(549)	33,872
Share of surplus from insurance pools	-	-	-	2,281
Total insurance service result	17,977	16,444	(549)	36,153
Commission income from financial assets not measured at FVTPL				26,688
Net losses on financial assets measured at FVTPL				(483)
Net impairment losses on financial assets				(50)
Net investment income				26,155
Net finance costs from insurance contracts	(289)	(3,109)	(175)	(3,573)
Net finance income from reinsurance contracts	6	323	24	353
Net insurance finance costs	(283)	(2,786)	(151)	(3,220)
Net insurance and investment result	17,694	13,658	(700)	59,088
Other income				149
Other operating expenses				(30,617)
Profit for the year attributable to the shareholders before zakat				28,620
Zakat				1,503
Net profit for the year attributable to the shareholders				30,123

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27. Operating segments (continued)

For the year ended 31 December 2023

	Medical	Motor	Others	Total
Insurance revenue	149,084	617,424	35,780	802,288
Insurance service expenses	(113,181)	(596,056)	(14,729)	(723,966)
Net expenses from reinsurance contracts	(2,567)	(20,291)	(17,427)	(40,285)
Insurance service result from Company's directly written business	33,336	1,077	3,624	38,037
Share of surplus from insurance pools	-	-	-	13,166
Total insurance service result	33,336	1,077	3,624	51,203
Commission income from financial assets not measured at FVTPL				22,130
Net gains on financial assets measured at FVTPL				5,545
Net impairment losses on financial assets				(165)
Net investment income				27,510
Net finance costs from insurance contracts	(269)	(1,826)	(633)	(2,728)
Net finance income from reinsurance contracts	25	183	526	734
Net insurance finance costs	(244)	(1,643)	(107)	(1,994)
Net insurance and investment result	33,092	(566)	3,517	76,719
Other income				1,222
Other operating expenses				(22,639)
Profit for the year attributable to the shareholders before zakat				55,302
Zakat				(4,000)
Net profit for the year attributable to the shareholders				51,302

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27. Operating segments (continued)

As at 31 December 2024	Medical	Motor	Others	Total
<u>Assets</u>				
Reinsurance contract assets	278	22,871	140,984	164,133
Unallocated assets	-	-	-	581,373
Total assets				745,506
<u>Liabilities</u>				
Insurance contract liabilities	33,763	210,736	166,242	410,741
Unallocated liabilities	-	-	-	80,439
Total liabilities				491,180
As at 31 December 2023	Medical	Motor	Others	Total
<u>Assets</u>				
Reinsurance contract assets	-	34,345	27,986	62,331
Unallocated assets	-	-	-	743,918
Total assets				806,249
<u>Liabilities</u>				
Insurance contract liabilities	71,859	390,320	45,937	508,116
Reinsurance contract liabilities	3,185	-	-	3,185
Unallocated liabilities	-	-	-	89,969
Total liabilities				601,270

28. 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 31 December 2024 amounts to Saudi Riyals 6.5 million (2023: Saudi Riyals 19.3 million). This has been allocated as follows:

	31 December 2024	31 December 2023
Medical	1,174	3,683
Motor Comprehensive	519	2,341
Motor TPL	4,524	12,281
Accident & liability	117	362
Engineering	58	105
Property	127	426
Marine	27	66
Total	6,546	19,264

As per Article 35 of SAMA surplus distribution policy, the Company has written back unclaimed surplus distribution payable amounting to Saudi Riyals 10.9 million for the years 2009 to 2018.

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29. Gross written premium

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

For the year ended 31 December 2024

Breakdown of GWP	Medical	Motor	Others	Total
Retail	1,259	280,335	6,278	287,872
Very small	58,472	7,976	3,534	69,982
Small	3,566	22,152	7,531	33,249
Medium	2,628	17,222	18,711	38,561
Corporate	28,659	29,233	39,014	96,906
Total	94,584	356,918	75,068	526,570

For the year ended 31 December 2023

Breakdown of GWP	Medical	Motor	Others	Total
Retail	-	544,912	3,151	548,063
Very small	104,801	3,502	1,922	110,225
Small	7,891	22,181	7,964	38,036
Medium	5,639	23,104	17,600	46,343
Corporate	22,322	7,324	16,657	46,303
Total	140,653	601,023	47,294	788,970

30. Net written premium

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

For the year ended 31 December 2024

Item	Medical	Motor	Others	Total
Gross written premium	94,584	356,918	75,068	526,570
Reinsurance premium ceded – globally (including excess of loss)	(10,897)	(17,310)	(46,076)	(74,283)
Reinsurance premium ceded – locally (including excess of loss)	(96)	(5,555)	(8,789)	(14,440)
Net written premium - total	83,591	334,053	20,203	437,847

For the year ended 31 December 2023

	Medical	Motor	Others	Total
Gross written premium	140,653	601,023	47,294	788,970
Reinsurance premium ceded – globally (including excess of loss)	(5,728)	(67,248)	(26,003)	(98,979)
Reinsurance premium ceded – locally (including excess of loss)	-	(10,032)	(4,184)	(14,216)
Net written premium – total	134,925	523,743	17,107	675,775

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31. Commitments and contingencies

- 1 The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company's financial performance.
- 2 The Company's bankers have given guarantees to non-government customers amounting to Saudi Riyals 2.2 million (2023: Saudi Riyals 2.2 million) in respect of motor insurance. During 2022, the Company had settled the liability with the ZATCA for the years 2008 to 2012. During the year ended 31 December 2024, ZATCA has released the bank guarantee amounting to Saudi Riyals 9.5 million in respect of zakat assessments for years 2008 to 2012.
- 3 See Note 21 for contingencies pertaining to zakat and income tax assessments.
- 4 During the year, the Company underwent a review by ZATCA regarding its 2023 VAT returns, with a revised assessment issued in November 2024, amounting to Saudi Riyals 0.2 million. On 17 December 2024, the Company made the payment of the assessed VAT to ZATCA and requested a waiver of the related penalties under ZATCA's penalty waiver initiative, which was granted by ZATCA.

32. Subsequent events

On 26 Sha'ban 1446H (corresponding to 25 February 2025), the Company signed a non-binding Memorandum of Understanding (MoU) with Saudi Enaya Cooperative Insurance Company ("Enaya"), to evaluate a potential merger between Enaya and the Company. In the event that a binding merger agreement is signed with Enaya, the transaction would be executed through a share exchange offer with Salama as the merging company and Enaya as the merged company. This will involve increasing Salama's capital and issuing new shares to the shareholders of Enaya based on a swap ratio to be agreed between the parties. Both companies have agreed to negotiate definitive agreements that will outline the commercial terms, including the final transaction structure and swap ratio. The completion of the merger will be subject to obtaining the necessary approvals from the regulatory authorities and the shareholders of both Enaya and the Company.

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33. 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

	31 December 2024			31 December 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	142,660	90,143	232,803	324,082	91,003	415,085
Term deposits	60,796	1	60,797	-	89,007	89,007
Investments:						
Financial assets at fair value through profit or loss ("FVTPL")	35,739	15,750	51,489	29,337	15,750	45,087
Financial assets at fair value through other comprehensive income ("FVOCI")	-	61,124	61,124	-	43,463	43,463
Financial assets at amortised cost	10,586	80,382	90,968	-	50,343	50,343
Prepaid expenses and other assets	18,144	2,282	20,426	33,900	2,630	36,530
Reinsurance contract assets	164,133	-	164,133	62,331	-	62,331
Right-of-use assets	16,103	-	16,103	18,120	-	18,120
Property and equipment	6,334	-	6,334	5,471	-	5,471
Intangible assets	2,592	-	2,592	863	-	863
Statutory deposit	-	37,500	37,500	-	37,500	37,500
Accrued commission income on statutory deposit	-	1,237	1,237	-	2,449	2,449
Due from shareholders' operations	1,137	-	1,137	87,861	-	87,861
TOTAL ASSETS	458,224	288,419	746,643	561,965	332,145	894,110
Less: Inter-operations eliminations	(1,137)	-	(1,137)	(87,861)	-	(87,861)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	457,087	288,419	745,506	474,104	332,145	806,249

(continued)

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33. Supplementary information (continued)

a) STATEMENT OF FINANCIAL POSITION (continued)

	31 December 2024			31 December 2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES						
Insurance contract liabilities	410,741	-	410,741	508,116	-	508,116
Reinsurance contract liabilities	-	-	-	3,185	-	3,185
Accrued expenses and other liabilities	20,449	2,081	22,530	23,011	2,579	25,590
Lease liabilities	18,476	-	18,476	19,771	-	19,771
Employee benefit obligations	7,829	-	7,829	8,717	-	8,717
Provision for zakat	-	30,367	30,367	-	33,442	33,442
Accrued commission income on statutory deposit	-	1,237	1,237	-	2,449	2,449
Due to insurance operations	-	1,137	1,137	-	87,861	87,861
TOTAL LIABILITIES	457,495	34,822	492,317	562,800	126,331	689,131
Less: Inter-operations eliminations	-	(1,137)	(1,137)	-	(87,861)	(87,861)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	457,495	33,685	491,180	562,800	38,470	601,270
EQUITY						
Share capital	-	200,000	200,000	-	200,000	200,000
Accumulated losses	-	(5,604)	(5,604)	-	(35,727)	(35,727)
Fair value reserve for investment	-	59,201	59,201	-	41,540	41,540
Remeasurement reserve of employee benefit obligations	729	-	729	(834)	-	(834)
TOTAL EQUITY	729	253,597	254,326	(834)	205,813	204,979
TOTAL LIABILITIES AND EQUITY	458,224	287,282	745,506	561,966	244,283	806,249

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33. Supplementary information (continued)

b) STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER

	2024			2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Insurance revenue	678,479	-	678,479	802,288	-	802,288
Insurance service expense	(698,026)	-	(698,026)	(723,966)	-	(723,966)
Net income / (expenses) from reinsurance contracts	53,419	-	53,419	(40,285)	-	(40,285)
Insurance service result from Company's directly written business	33,872	-	33,872	38,037	-	38,037
Share of surplus from insurance pools	2,281	-	2,281	13,166	-	13,166
Total insurance service result	36,153	-	36,153	51,203	-	51,203
Commission income from financial assets not measured at FVTPL	19,115	7,573	26,688	18,845	3,285	22,130
Net (losses) / gains on financial assets measured at FVTPL	(574)	91	(483)	5,375	170	5,545
Net impairment reversal / (losses) on financial assets	17	(67)	(50)	(83)	(82)	(165)
Net investment income	18,558	7,597	26,155	24,137	3,373	27,510
Net finance costs from insurance contracts issued	(3,573)	-	(3,573)	(2,728)	-	(2,728)
Net finance income from reinsurance contracts held	353	-	353	734	-	734
Net insurance finance costs	(3,220)	-	(3,220)	(1,994)	-	(1,994)
Net insurance and investment result	51,491	7,597	59,088	73,346	3,373	76,719
Other income	149	-	149	1,222	-	1,222
Other operating expenses	(29,746)	(871)	(30,617)	(22,263)	(376)	(22,639)
Net surplus from operations	21,894	6,726	28,620	52,305	2,997	55,302
Surplus transfer to shareholders	(21,894)	21,894	-	(52,305)	52,305	-
Profit for the year attributable to the shareholders before zakat	-	28,620	28,620	-	55,302	55,302
Zakat	-	1,503	1,503	-	(4,000)	(4,000)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	30,123	30,123	-	51,302	51,302
Basic and diluted earnings per share – restated (expressed in Saudi Riyals per share)	-	1.23	-	-	2.68	-

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33. Supplementary information (continued)

c) STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2024			2023		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	30,123	30,123	-	51,302	51,302
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	-	17,661	17,661	-	3,760	3,760
Remeasurement gain / (loss) on employee benefit obligations	-	1,563	1,563	-	(693)	(693)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	49,347	49,347	-	54,369	54,369

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

33. Supplementary information (continued)

d) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

CASH FLOWS FROM OPERATING ACTIVITIES	Insurance operations	2024 Shareholders' operations	Total	Insurance operations	2023 Shareholders' operations	Total
Profit for the year attributable to the shareholders before zakat	21,894	6,726	28,620	52,305	2,997	55,302
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	1,571	-	1,571	1,958	-	1,958
Amortisation of intangible assets	331	-	331	348	-	348
Depreciation for right-of-use assets	4,692	-	4,692	4,318	-	4,318
Finance costs on lease liabilities	927	-	927	955	-	955
Net impairment losses on financial assets	(17)	67	50	83	82	165
Unrealized loss / (gain) on financial assets measured at FVTPL	574	-	574	(5,247)	(45)	(5,292)
Realized gain on financial assets measured at FVTPL	-	(91)	(91)	(128)	(125)	(253)
Commission income from financial assets measured at amortised cost	(586)	(1,448)	(2,034)	(324)	(1,400)	(1,724)
Provision for employees benefit obligations	2,065	-	2,065	2,161		2,161
	31,451	5,254	36,705	56,429	1,509	57,938
Changes in operating assets and liabilities:						
Prepaid expenses and other assets	15,756	348	16,104	(4,363)	(2,158)	(6,521)
Reinsurance contract assets	(101,802)	-	(101,802)	12,698	-	12,698
Accrued expenses and other liabilities	(2,562)	(498)	(3,060)	2,226	2,579	4,805
Insurance contract liabilities	(97,375)		(97,375)	(16,302)	-	(16,302)
Reinsurance contract liabilities	(3,185)	-	(3,185)	3,185	-	3,185
Due to insurance operations	64,831	(64,831)	-	(76,999)	76,999	-
Cash (used in) / generated from operations	(92,886)	(59,727)	(152,613)	(23,126)	78,929	55,803
Employee benefit obligations paid	(1,390)	-	(1,390)	(853)	-	(853)
Zakat paid	-	(1,572)	(1,572)	-	(1,187)	(1,187)
Net cash (used in) / generated from operating activities	(94,276)	(61,299)	(155,575)	(23,979)	77,742	53,763

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

33. Supplementary information (continued)

d) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER (continued)

	Insurance operations	2024 Shareholders' operations	Total	Insurance operations	2023 Shareholders' operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Term deposits	(60,779)	88,939	28,160	239,043	(89,172)	149,871
Payments for purchases of financial assets at FVTPL	(10,090)	-	(10,090)	(40,091)	-	(40,091)
Proceeds from sale of investments held at FVTPL	3,114	91	3,205	21,178	126	21,304
Payments for purchases of financial assets at amortised cost	(10,000)	(29,965)	(39,965)	-	-	-
Proceeds from maturity of financial assets held at amortised cost	-	-	-	-	10,000	10,000
Commission income received from financial assets at amortised cost	-	1,374	1,374	324	2,521	2,845
Payments for purchases of property and equipment	(2,434)	-	(2,434)	(2,275)	-	(2,275)
Payments for purchases of intangible assets	(2,060)	-	(2,060)	(190)	-	(190)
Net cash (used in) / generated from investing activities	(82,249)	60,439	(21,810)	217,989	(76,525)	141,464
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal elements of lease payments	(3,970)	-	(3,970)	(3,706)	-	(3,706)
Finance costs paid on lease liabilities	(927)	-	(927)	(955)	-	(955)
Issue of right shares	-	-	-	-	100,000	100,000
Transaction costs on the issue of right shares	-	-	-	-	(10,246)	(10,246)
Net cash (used in) / generated from financing activities	(4,897)	-	(4,897)	(4,661)	89,754	85,093
Net changes in cash and cash equivalents	(181,422)	(860)	(182,282)	189,349	90,971	280,320
Cash and cash equivalents at the beginning of the year	324,082	91,003	415,085	134,733	32	134,765
Cash and cash equivalents at end of the year	142,660	90,143	232,803	324,082	91,003	415,085

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

34. Approval of the financial statements

These financial statements have been approved by the Board of Directors on 27 February 2025 corresponding to 28 Sha'baan 1446H.

Audit committie report of Salama Cooperative Insurance Company

Introduction:

The Audit Committee at Salama Cooperative Insurance Company is pleased to present to the company's esteemed shareholders its annual report for the financial year ending on December 31, 2024, which includes details of its performance of its powers and stipulated tasks stipulated in the regulations for audit committees in insurance companies issued by the Insurance Authority, and the opinion of the Audit Committee on the adequacy of the control system. Interior

Composition of the committee:

Based on the approval of the General Assembly on 20th of November 2023, the current committee has formed of 4 independent members, including specialists in financial, accounting affairs and internal auditing up to the current period:

- 1- Mr. Mohammed Al-Safi - Chairman of the Committee and an independent member from within the Council.
- 2- Mr. Salah Baraba'a - An independent member from outside the Council.
- 3- Mr. Ghassan Shuaib - An independent member from outside the Council.
- 4- Mrs. Noha Solaimani - An independent member from outside the Council.

The most important work carried out the committee, which ended on 20th November 2023:

1- Study the financial statements for the year 2023 & 2024, discuss it with the executive management, review the external elements and ensure the following:

- A- Appropriateness and proof of followed accounting policies and standards.
- B- Soundness of the foundations of accounting estimates in preparing financial statements and adequacy of allocations.
- C- Adequacy and appropriateness of disclosures in the financial statements.

D- Committed with laws and regulations related to financial statements.

- 2- Study the Internal Audit Department's plan for the year 2024 and ensure that the plan covers all important activities and operations in the company.
- 3- Discussing with the Compliance Department's work plan for the year 2024.
- 4- Discussing the Insurance Authority 's observations and reviewing the corrective plans submitted by the company's management.
- 5- Evaluating the current situation of the Compliance and Internal Audit departments and identifying recommendations to raise the work level for both departments.
- 6- Ensuring the independence of the Audit and Compliance departments.
- 7- Study the offers submitted by the external auditors and recommend the appointment of external auditors for the year 2024.

• **The committee's opinion on the adequacy and effectiveness of the internal control, Financial control, and Risk Management system:**

The Audit Committee has reviewed the internal control and oversight procedures within the scope of the planned and limited tasks and activities approved and tested by the Internal Audit Department. Following discussions with the external auditor and executive management regarding the quarterly and annual performance results, and after studying the observations submitted to it, the Audit Committee can provide reasonable assurance regarding the internal control systems of the company. The Committee has not identified any issues that should be highlighted or any indications of material weakness or deficiency in the internal control systems and policies. It should be noted that it is not possible to provide absolute assurance regarding the effectiveness of any internal control system. The Committee recommends that the company continue updating its systems, policies, and procedures to further enhance the internal control environment.

There are no recommendations from the Audit Committee that contradict the decisions of the Board of Directors, nor have the Board rejected any of the Committee's recommendations during the year 2024.

The Committee has also reviewed the risks which might facing the company through the auditor's report. After reviewing these risks—whether related to liquidity, capital, credit, currency, or market risks—the Committee believes that they do not pose a threat to the company's operations. Nonetheless, the company should seek to diversify its short- and long-term investments as one of the strategic alternatives to address any potential future risks.

In their commitment to studying the risk factors that may face the company in the future, the Audit Committee urges the company's Board of Directors to continuously review risks, explore their causes, and develop scientifically and practically appropriate solutions to mitigate their potential impact on the company (if any).

In Conclusion:

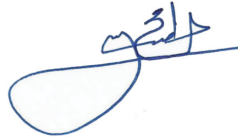
The Audit Committee affirms that it conducts periodic reviews of the company's internal control systems and procedures, and evaluates the effectiveness of these controls over the company's financial, administrative, and operational activities in order to achieve the highest possible level of oversight.

The Committee also confirms that the company's internal control system is well-structured and effectively implemented, and that no material observations were identified by the Committee during its review.

Sincere Greetings

Edited on: 01 of May 2025

**Chairman of Audit Committee
Mohammed Al Safi**



البند الرابع

التصويت على إبراء ذمة أعضاء مجلس الإدارة عن العام المالي المنتهي في
2024/12/31م.

Item 4.

**Voting on the absolving the Board of Directors from their liabilities
pertaining to the management of the company for the fiscal year
ended 31/12/2024.**

البند الخامس

التصويت على صرف مبلغ (1,780,000) ريال مكافأة لأعضاء مجلس الإدارة عن السنة المالية المنتهية في 2024/12/31م.

Item 5.

Voting on paying an amount of (1,780,000) SR as remuneration to the Board members for the Fiscal year ended on 31/12/2024.

البند السادس

التصويت على تعيين مراجعي حسابات الشركة من بين المرشحين بناءً على توصية لجنة المراجعة؛ وذلك لفحص ومراجعة وتدقيق القوائم المالية للربع الثاني والثالث والسنوي من العام المالي 2025م، والربع الأول من العام المالي 2026م، وتحديد أتعابهم.(مرفق)

Item 6.

Voting on appointing the auditor for the company from the selected candidates based on the Audit Committee's recommendation. The appointed auditor shall examine, review, and audit the (second and third) quarters and annual financial statements of the fiscal year 2025, and the first quarters of the fiscal year 2026. In addition to, the determination of the auditor's remuneration.(Attached)

The purpose of Audit Committee's Recommendation Regarding the Appointment of External Auditors

Date: 17/04/2025

Provided by: Audit Committee

Introduction to: Board of Directors

Required Action: Approval of the Appointment of External Auditors

With reference to the above subject, and upon the expiration of the contract period with the current external auditors of the company, the Audit Committee has received three price quotations from three external audit firms to conduct the audit of the annual financial statements for the year 2025, as well as the quarterly financial statements for the fiscal year 2025 and the first quarter of the fiscal year 2026. The offers are as follows:

- **Salama Cooperative Insurance Company "Salama"** requested proposals for the audit services for the periods Q2-2025 , Q3-2025 , financial year ending 2025 and Q1-2026.
- Finance Department received proposals from the following firms :
 - PWC
 - RSM
 - KPMG

We have reviewed these proposals, and a summary is provided below:

Audit Firm	Annual audit fees for the year ending 31 December 2025	Quarters fees (Q2 & Q3 2025 & Q1 2026)	Total fees
PWC	840,000	360,000	1,200,000
RSM	390,000	225,000	615,000
KPMG (*)	740,000	360,000	1,100,000

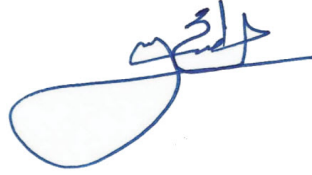
(*) In case of big-4 as joint auditors, the net fees estimate would be SAR 950,000.

Finance department recommendation:

- 1- PWC: a big-4 audit firm, and the main Auditor who has previous audit experience with SALAMA last two years.
- 2- RSM: Competitive audit fees beside the expertise in insurance sector and audit team experience with SALAMA in prior years.

Based on this, the Committee, by majority, recommends the appointment of the following external auditors:

1. Price Waterhouse (PWC).
2. RSM Office.



Chairman of the Audit Committee
Mohamed Taha Al-Safi