

**WALAA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**WALAA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF WALAA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**OPINION**

We have audited the financial statements of Walaa Cooperative Insurance Company – a Saudi Joint Stock Company (“the Company”), which comprise the statement of financial position as at 31 December 2023, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (referred to as “IFRS as endorsed in Kingdom of Saudi Arabia”).

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter is provided in that context:



**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS OF WALAA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**KEY AUDIT MATTERS (CONTINUED)**

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of liabilities for incurred claims (estimates of present value of future cash flows excluding Risk Adjustment) and risk adjustment for non-financial risk - insurance contract liabilities</i></p> <p>As at 31 December 2023, liability for incurred claims (estimate of present value of cash flows excluding risk adjustment) and risk adjustment for non-financial risk under PAA amounts to SR 961.831 million and SR 38.247 million (2022: SR 1,137.265 million and SR 49.017 million) respectively and liability for incurred claims excluding risk adjustment (estimate of present value of cash flows) and risk adjustment for non-financial risk under GMM-VFA amounts to SR 4.137 million and SR 0.24 million (2022: SR 2.021 million and SR 0.158 million) respectively, as reported in Note 15 to the financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested key controls around the claims handling and provision setting processes.</li> <li>• Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications, experience, and assessed their independence.</li> <li>• Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves.</li> <li>• Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cash flows and the risk adjustment for non-financial risk by comparing it to the accounting and other records.</li> <li>• Involved 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 expert, by performing the following:</li> </ul>



**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
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**KEY AUDIT MATTERS (CONTINUED)**

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of liabilities for incurred claims (estimates of present value of future cash flows excluding Risk Adjustment) and risk adjustment for non-financial risk - insurance contract liabilities (continued)</i></p> <p>The present value of future cash flows are based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.</p> <p>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data, which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.</p> <p><i>Refer to notes 2(d) and 3 for the critical accounting judgments, estimates, assumptions and accounting policy adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 15 for the movement in insurance contract liabilities.</i></p>	<ul style="list-style-type: none"> <li>i. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences;</li> <li>ii. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and</li> <li>iii. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed.</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements.</li> </ul>



**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF WALAA COOPERATIVE INSURANCE COMPANY  
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**KEY AUDIT MATTERS (CONTINUED)**

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Adoption of IFRS 17 and IFRS 9</b></p> <p>During the year the Company has adopted IFRS 17 “Insurance Contracts”, as endorsed in the Kingdom of Saudi Arabia (IFRS 17), which replaces IFRS 4 “Insurance Contracts”, as endorsed in the Kingdom of Saudi Arabia (IFRS 4) and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”). The Company has applied full retrospective approach to group of insurance and reinsurance contracts measured under PAA. For contracts not measured under PAA, mixed approaches have been applied.</p> <p>The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to SAR 15.965 million. IFRS 17 introduced new nomenclature for significant insurance-related balances as well as new measurement principles for insurance-related liabilities and insurance revenue recognition.</p> <p>Further, during the year the Company also adopted IFRS 9 “Financial Instruments”, as endorsed in the Kingdom of Saudi Arabia (IFRS 9) which replaces IAS 39 “Financial Instruments: Recognition and Measurement”, as endorsed in the Kingdom of Saudi Arabia (IAS 39). The Company has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Company's accounting policies, systems, processes and controls.</li> <li>• Evaluated and assessed management’s process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA)/ general measurement model (GMM-VFA) under IFRS 17 was appropriate.</li> <li>• Evaluated whether management’s allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses.</li> <li>• Evaluated the risk adjustment for non financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment.</li> <li>• Assessed the adequacy of the transition adjustments impact for IFRS 17 and IFRS 9 on the opening retained earnings as at 1 January 2022.</li> </ul>



**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF WALAA COOPERATIVE INSURANCE COMPANY  
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**KEY AUDIT MATTERS (CONTINUED)**

Key audit matter	How our audit addressed the key audit matter
<p><b>Adoption of IFRS 17 and IFRS 9 (continued)</b></p> <p>For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to SAR 58.272 million. IFRS 9 also required the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Company's financial assets</p> <p>Due to first year adoption which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023, we have considered this as a key audit matter.</p> <p><i>Refer to note 2(d) and 3 for critical accounting judgements, estimates, assumptions and accounting policies adopted by the Company. The impact of transition is explained in note 4 to the financial statements.</i></p>	<ul style="list-style-type: none"> <li>• Evaluated and assessed management's conclusions regarding the Company's business model for different portfolios of investments and the appropriateness of the Company's determination of ECL under IFRS 9.</li> <li>• Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 and IFRS 9 made in the financial statements.</li> <li>• Assessed the Company's methods, assumptions and accounting policies adopted under IFRS 17 and IFRS 9, with the assistance of our actuarial and accounting specialists and experts.</li> </ul>

**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
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**OTHER INFORMATION INCLUDED IN THE COMPANY'S 2023 ANNUAL REPORT**

Management is responsible for the other information. Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 is responsible for overseeing the Company's financial reporting process.



**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
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**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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
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**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS  
(CONTINUED)**

- 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.

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.



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**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS  
(CONTINUED)**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's 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.

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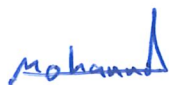
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Corresponding to: 09 Ramadhan 1445H



**WALAA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	Notes	2023	2022 (Restated)	2021 (Restated)
SAR "000"				
<b>Assets</b>				
Cash and cash equivalents	6	512,411	534,210	325,048
Short term deposits	6	420,980	354,999	201,658
Accrued income on investments and deposits		20,717	17,168	7,419
Prepaid expenses and other assets		52,764	123,010	79,482
Insurance contract assets	15	-	8,793	-
Reinsurance contract assets	15	789,878	801,387	670,813
Financial assets for unit linked insurance contracts		543,235	483,741	-
Due from shareholders' / insurance operations		29,876	3,280	28,018
Statutory deposit	20	85,058	85,058	64,640
Accrued income on statutory deposit	20	4,347	17,246	10,764
Investments	7	1,111,620	955,532	831,547
Long term deposits		354,898	49,997	99,993
Property and equipment, net	8	35,484	32,061	30,969
Intangible assets	9	121,566	96,975	37,713
Goodwill	5	24,415	24,415	24,415
<b>Total assets</b>		<b>4,107,249</b>	<b>3,587,872</b>	<b>2,412,479</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Insurance contract liabilities	15	2,554,671	2,120,672	1,290,012
Reinsurance contract liabilities	15	-	3,258	3,470
Accrued expenses and other liabilities	10	170,295	254,801	142,162
Accrued income payable to Insurance Authority	20	4,347	17,246	10,764
Due to insurance / shareholders' operations		29,876	3,280	28,018
Provision for zakat and income tax	17	46,283	45,231	31,208
Provision for end-of-service benefits (EOSB)	11	33,322	26,948	21,982
<b>Total liabilities</b>		<b>2,838,794</b>	<b>2,471,436</b>	<b>1,527,616</b>
<b>Equity</b>				
Share capital	18	850,583	850,583	646,397
Share premium	18	193,119	193,119	103,277
Statutory reserve	19	79,915	63,327	63,327
Retained earnings / (accumulated losses)		66,351	(65,038)	3,042
Fair value reserve for investments measured at FVOCI	7	81,827	74,308	68,967
<b>Total shareholders' equity</b>		<b>1,271,795</b>	<b>1,116,299</b>	<b>885,010</b>
Re-measurement of EOSB related to insurance operations	11	(3,340)	137	(147)
<b>Total equity</b>		<b>1,268,455</b>	<b>1,116,436</b>	<b>884,863</b>
<b>Total liabilities and equity</b>		<b>4,107,249</b>	<b>3,587,872</b>	<b>2,412,479</b>



Chief Financial Officer



Chief Executive Officer



Board Member

The accompanying notes 1 to 29 form an integral part of these financial statements.



**WALAA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

		2023	2022 (Restated)
	Notes	SAR "000"	
Insurance revenue	15	2,887,642	2,572,335
Insurance service expenses	15	(1,679,206)	(1,669,524)
<b>Insurance service results before reinsurance contracts held</b>		<b>1,208,436</b>	<b>902,811</b>
Allocation of reinsurance premiums	15	(1,321,613)	(1,174,833)
Amounts recoverable from reinsurers for incurred claims	15	141,298	152,026
<b>Net expenses from reinsurance contracts held</b>		<b>(1,180,315)</b>	<b>(1,022,807)</b>
<b>Insurance service results</b>		<b>28,121</b>	<b>(119,996)</b>
Commission income on investments and deposits		58,399	23,995
Dividends on investments		16,791	12,308
Realized gain on investments measured at FVTPL	7	9,202	37,442
Unrealized gain / (loss) on investments measured at FVTPL	7	80,696	(44,256)
Expected credit and impairment losses on financial assets		(105)	(800)
Bargain purchase gain	5	-	49,677
<b>Net investment income</b>		<b>164,983</b>	<b>78,366</b>
Finance expenses from insurance contracts issued	15	(6,285)	(20,351)
Finance income from reinsurance contracts held	15	1,932	13,872
<b>Net insurance finance expenses</b>		<b>(4,353)</b>	<b>(6,479)</b>
<b>Net insurance and investment results</b>		<b>188,751</b>	<b>(48,109)</b>
Other income		11,265	12,606
Other operating expenses	22	(37,039)	(20,938)
<b>Net income / (loss) for the year before zakat &amp; tax, attributable to the shareholders</b>		<b>162,977</b>	<b>(56,441)</b>
Zakat & tax charge for the year	17	(15,000)	(11,639)
<b>Net income / (loss) for the year after zakat &amp; tax, attributable to the shareholders</b>		<b>147,977</b>	<b>(68,080)</b>
<b>Earnings / (loss) per share (expressed in SAR per share)</b>	27		
Basic and diluted earnings / (loss) per share		1.74	(0.99)
Weighted average number of ordinary outstanding shares (in thousands)		85,058	68,779



Chief Financial Officer



Chief Executive Officer



Board Member

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**WALAA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

		2023	2022 (Restated)
	Notes	SAR "000"	
Net income / (loss) for the year attributable to the shareholders		147,977	(68,080)
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to the statement of income in subsequent periods</i>			
Actuarial (loss) / gain for end-of-service benefits	11	(3,477)	284
Net changes in fair value of investments measured at FVOCI	7	7,519	5,341
<b>Total comprehensive income / (loss) for the year</b>		<b>152,019</b>	<b>(62,455)</b>



Chief Financial Officer



Chief Executive Officer



Board Member


The accompanying notes 1 to 29 form an integral part of these financial statements.



WALAA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023

Notes	Share capital	Share premium	Statutory reserve	Fair value reserve for investments	Retained earnings/ (accumulated losses)	Remeasurement of EOSB obligations	Total
<b>2023</b>							
<b>Balance as at January 1, 2023 (Restated)</b>							
	850,583	193,119	63,327	74,308	(65,038)	137	1,116,436
<b>Comprehensive income / (loss) for the year:</b>							
Net income for the year attributable to the shareholders	-	-	-	-	147,977	-	147,977
Actuarial loss for end-of-service benefits	-	-	-	-	-	(3,477)	(3,477)
Net changes in fair value of investments measured at FVOCI	-	-	-	7,519	-	-	7,519
<b>Total comprehensive income for the year</b>	-	-	-	7,519	147,977	(3,477)	152,019
Transfer to statutory reserve	-	-	16,588	-	(16,588)	-	-
<b>Balance as at December 31, 2023</b>							
	850,583	193,119	79,915	81,827	66,351	(3,340)	1,268,455



Chief Financial Officer



Chief Executive Officer



Board Member

The accompanying notes 1 to 29 form an integral part of these financial statements.

WALAA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

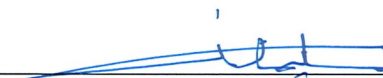
Notes	Share capital	Share premium	Statutory reserve	Fair value reserve for investments	(Accumulated	Remeasurement of EOSB Obligations	Total
					losses) / Retained earnings		
SAR "000"							
<b>Balance as at January 1, 2022 as previously reported</b>	646,397	103,277	63,327	38,522	(40,750)	(147)	810,626
Transition impact IFRS - 17	-	-	-	-	15,965	-	15,965
Transition impact IFRS - 9	-	-	-	30,445	27,827	-	58,272
<b>Balance as at January 1, 2022 (Restated)</b>	646,397	103,277	63,327	68,967	3,042	(147)	884,863
<b>Comprehensive income / (loss) for the year:</b>							
Net loss for the year attributable to the shareholders	-	-	-	-	(68,080)	-	(68,080)
Actuarial gain for end-of-service benefits	-	-	-	-	-	284	284
Net changes in fair value of investments measured at FVOCI	-	-	-	5,341	-	-	5,341
<b>Total comprehensive income / (loss) for the year</b>	-	-	-	5,341	(68,080)	284	(62,455)
Issuance of share capital	204,186	-	-	-	-	-	204,186
Share premium on issuance of share capital	-	89,842	-	-	-	-	89,842
<b>Balance as at December 31, 2022 (Restated)</b>	850,583	193,119	63,327	74,308	(65,038)	137	1,116,436



Chief Financial Officer



Chief Executive Officer



Board Member

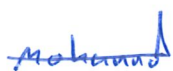
The accompanying notes 1 to 29 form an integral part of these financial statements.



**WALAA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022 (Restated)
	SAR "000"	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the year before zakat and income tax	162,977	(56,441)
<b><u>Adjustments for non-cash and non-operating items:</u></b>		
Depreciation of property and equipment	8,299	6,611
Amortization of intangible assets	16,119	3,010
Amortization of investments measured at amortized costs	(458)	22
Dividends on investments	(16,791)	(12,308)
Expected credit and impairment loss	114	804
Commission income on investments and deposits	(58,399)	(23,995)
Realized gain on investments measured at FVTPL	(9,202)	(37,442)
Unrealized (gain)/ loss on investments measured at FVTPL	(80,696)	44,256
Bargain purchase gain	-	(49,677)
Provision for end-of-service benefits	5,147	4,134
<b><u>Changes in operating assets and liabilities:</u></b>		
Insurance contract assets	8,793	(8,793)
Insurance contract liabilities	433,999	189,295
Reinsurance contract assets	11,509	(22,294)
Reinsurance contract liabilities	(3,258)	(5,178)
Prepaid expenses and other assets	42,899	(32,343)
Accrued expenses and other liabilities	(82,141)	65,518
	<u>438,911</u>	<u>65,179</u>
End-of-service benefits paid	(2,250)	(2,476)
Zakat and income tax paid	(13,733)	(3,338)
<b>Net cash generated from operating activities</b>	<u>422,928</u>	<u>59,365</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments measured at FVTPL, net	(28,452)	79,903
Investments measured at amortized costs, net	(29,761)	(102,318)
Financial assets for unit linked insurance contracts, net	(59,494)	14,899
Additions in intangible assets	(16,788)	(2,491)
Commission income received on investments and deposits	54,850	14,245
Dividends received on investments	16,791	12,308
Cash and cash equivalents acquired through business combination	-	45,372
(Addition) / disposals of short term deposits	(65,996)	32,368
(Addition) / disposals of long term deposits	(305,000)	50,000
Additions in property and equipment	(6,724)	(4,807)
	<u>(440,574)</u>	<u>139,479</u>
<b>Net cash (used in) / generated from investing activities</b>	<u>(440,574)</u>	<u>139,479</u>



Chief Financial Officer



Chief Executive Officer



Board Member

The accompanying notes 1 to 29 form an integral part of these financial statements.

**WALAA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022 (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net change in statutory deposit	-	13,582
Lease liability paid	<u>(4,153)</u>	<u>(3,264)</u>
<b>Net cash (used in) / generated from financing activities</b>	<u>(4,153)</u>	<u>10,318</u>
<b>Net change in cash and cash equivalents</b>	<b>(21,799)</b>	209,162
Cash and cash equivalents, beginning of the year	<u>534,210</u>	<u>325,048</u>
<b>Cash and cash equivalents, end of the year</b>	<u><u>512,411</u></u>	<u><u>534,210</u></u>



Chief Financial Officer



Chief Executive Officer



Board Member

The accompanying notes 1 to 29 form an integral part of these financial statements.



**WALAA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. GENERAL**

Walaa Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. (S/114) dated 02/05/1428H. The Company operates under UNN 7001526578 (formerly Commercial Registration no. 2051034982) dated Jumada II 19, 1428H corresponding to July 4, 2007. The registered address of the Company's head office is as follows:

Walaa Cooperative Insurance Company  
Head Office  
4513, Adh Dhahran Al Khubar Al Janubiyah  
Unit No: 8, Al-Khobar 34621-8615  
Kingdom of Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire and property, engineering, energy, aviation, casualty insurance and protection & savings both linked and non-linked.

On 2 Jumada II, 1424H, corresponding to July 31, 2003, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 28 Jumada II, 1429H corresponding to July 2, 2008, Insurance Authority (IA) previously known as “SAMA”, as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license number (TMN/16/20087) to transact insurance activities in Saudi Arabia.

The Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by Insurance Authority (IA) previously known as “SAMA”, whereby the 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 on insurance operations is transferred to the shareholders’ operations in full.

The share capital of the Company as of December 31, 2023, is amounted to SAR 850.6 million comprising of 85.1 million shares of SAR 10 each (December 31, 2022: SAR 850.6 million comprising of 85.1 million shares of SAR 10 each). Refer note 18.

**Proposed Right Issue**

The Board of Directors in their meeting held on September 17, 2023 (corresponding to 03 Rabi Al Awwal 1445H) recommended to increase share capital by offering right issue with an additional amount of SAR 425 million to support growth plan of the company and maintain its solvency margin.

Subsequent to the year ended December 31, 2023, the Board of Directors after discussing the Rights Issue with the financial advisor, decided on 25/2/2024G (corresponding to 15/8/1445H) to amend its recommendation to the Extraordinary General Assembly regarding the increase of the company’s capital by offering of Rights Issue and change the offering amount to SAR (467.5) million instead of SAR (425) million, through offering a total of 42.5 million ordinary shares of a nominal value of SAR (10) per share, with an offer price of SAR (11) per share.

However, this is subject to relevant regulatory authorities’ approvals in addition to Extraordinary General Assembly approval.

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**2. BASIS OF PREPARATION**

**(a) Statement of Compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (“IFRS that are endorsed in the Kingdom of Saudi Arabia”) and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

This is the first set of the Company’s annual financial statements in which IFRS 17 ‘Insurance Contracts’ and IFRS 9 ‘Financial Instruments’ as endorsed in the Kingdom of Saudi Arabia have been applied and the resultant changes to the material accounting policies are described in note 3.

On July 23, 2019, Insurance Authority (IA) previously known as “SAMA” instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia.

These financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI) and provision for end-of-service benefits (EOSB). The Company’s statement of financial position is not presented using a current/non-current classification. Except for property and equipment, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit, investments measured at amortized cost, long-term deposits, financial assets for unit linked insurance contracts, goodwill, end-of-service benefits and accrued income payable to Insurance Authority (IA), all other assets and liabilities are of short-term nature, unless, stated otherwise.

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 25 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations (the “implementing regulations”). The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders’ operations. Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders’ operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations. (Refer to Note 25 for supplementary disclosures).

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders’ operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity is recorded in the respective accounts. The basis of the allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders’ operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders’ operations are uniform for transactions and events in similar circumstances.

**(b) Functional and presentation currency**

Amounts in these financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.



**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

**2. BASIS OF PREPARATION (CONTINUED)**

**(c) Seasonality of operations**

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

**(d) 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. Actual results may differ from these estimates.

**(1) PAA Eligibility Testing**

Eligibility assessment testing to apply PAA on insurance and reinsurance contracts where the contract period is more than one year is the area where management assumptions and assessment are involved.

The Company has calculated a 'Liability for Remaining Coverage' (LRC) and 'Asset for Remaining Coverage' (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year except long term life insurance contracts with participation features for which Variable Fee Approach (VFA) has been applied.

The calculation was performed under both Premium Allocation Approach (PAA) and General Measurement Model (GMM). Upon analysis of the possible differences between LRC and / or ARC applying the PAA and GMM approach, respectively, the Company did not note material differences for contracts with coverage period of more than one year except long term life without participation features. Hence, the Company has reported only long-term life contracts issued under GMM. For the reinsurance contracts held, all the contracts are measured under the PAA except for the long-term life insurance contracts with and without participating feature on which GMM has been applied.

In addition to the above, the Company is participating in industry pool for 'Inherent Defect Insurance' commonly called as "IDI". One insurance company is working as a leader on behalf of the participating companies. The portfolio is measured by the pool leader at GMM. The Company is taking its share and presenting in these financials at GMM as well.

**(2) Unit of account**

Judgement is involved in the identification of portfolios of contracts, as required by IFRS 17 (that is, having similar risks and being managed together). Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. A similar grouping assessment is required for reinsurance contracts held. Areas of potential judgements include:

- the determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by IFRS 17; and
- judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For insurance contracts issued which are measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

**2. BASIS OF PREPARATION (CONTINUED)**

**(d) Critical accounting judgments, estimates and assumptions (Continued)**

**(3) Discount rates**

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). Management uses judgement to assess liquidity characteristics of the liability cash flows.

**(4) Methods used to measure the risk adjustment for non-financial risk.**

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk and also to choose the most appropriate confidence level to which the risk adjustment for non-financial risk should correspond.

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainties, estimates are made on the expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion.

**(5) Liability for incurred claims**

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.



**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

**2. BASIS OF PREPARATION (CONTINUED)**

**(d) Critical accounting judgments, estimates and assumptions (Continued)**

**(6) Measurement of the Expected Credit Loss Allowance (ECL)**

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held). A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

- determining the criteria for significant increase in credit risk;
- determining the criteria and definition of default;
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

**(7) Fair value of financial instruments**

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

**(8) Going Concern**

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES**

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

**(i) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company**

There are some amendments as mentioned below in Standards/ IFRSs that had no impact on the financial statements of the Company:

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8

Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Amendments to IAS 1 – Non-current Liabilities with Covenants.

Amendments to IAS 12 – international tax reform – pillar two model rules

In addition to above amendments, the following standards have been effective from January 1, 2023 and fully adopted by the Company.

IFRS 17 – Insurance contracts

IFRS 9 – Financial instruments

These have been described in detail in below.

**(ii) IFRS 17 Insurance Contracts**

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has restated comparative information for 2022 applying the transitional provisions in to IFRS 17. The nature of the changes in accounting policies can be summarized, as follows:

**Changes to classification and measurement**

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

Under IFRS 17, the Company’s insurance contracts issued are all eligible to be measured by applying the “Premium Allocation Approach” (PAA) except individual life products without participation features on which GMM has been applied and individual life products with participation features on which “Variable Fees Approach” (VFA) has been applied.

All the reinsurance contracts held are eligible to be measured by applying PAA except reinsurance contracts held for individual life products with and without participation features on which GMM has been applied.

In addition to this, the Company participates in industry pool for Inherent Defect Insurance (IDI), where the GMM model has been applied industry wise.

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

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in revenue for insurance services provided.
- 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.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ii) IFRS 17 Insurance Contracts (Continued)**

- Measurement of the liability for incurred claims (previously claims outstanding, incurred-but-not- reported (IBNR) claims and other technical reserves) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company capitalizes insurance acquisition cash flows for all other product lines. The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of insurance contracts is recognized, an asset for insurance acquisition cash flows is recognized. When insurance contracts are recognized, the related portion of the asset for insurance acquisition cash flows is derecognized and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group of contracts.

**Changes to presentation and disclosure**

For presentation in the statement of financial position, the Company aggregates the following line items as presented in previous statement of financial positions:

- Premiums and reinsurers' receivable – net
- Reinsurers' share of unearned premiums
- Reinsurers' share of outstanding claims
- Reinsurers' share of claims incurred but not reported
- Reinsurers' share of mathematical reserves
- Deferred policy acquisition costs
- Certain balances from prepaid and other assets
- Policyholders claims payable
- Reinsurers' balances payable
- Unearned premiums
- Unearned reinsurance commission
- Outstanding claims
- Claims incurred but not reported
- Gross mathematical reserves
- Additional premium reserves
- Other technical reserves
- Certain balances from accrued and other liabilities

The above-mentioned line items have been merged into insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately as follows:

- 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
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ii) IFRS 17 Insurance Contracts (Continued)**

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

**Transition**

On transition date, January 1, 2022, the Company:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified
- Derecognized any existing balances that would not exist had IFRS 17 always applied
- Recognized any resulting net difference in equity

Transition approaches that were applied by the Company on adoption of IFRS 17 with respect to contracts aggregation requirements is as follows:

- |                                 |   |   |
|---------------------------------|---|---|
| Contract measured under PAA     | - | Full retrospective approach (FRA) from inception            |
| Contract not measured under PAA | - | Full retrospective approach (FRA) from 2018 onwards         |
|                                 | - | Modified retrospective approach (MRA) from 2016 to 2018     |
|                                 | - | Fair value approach (FVA) over contracts issues before 2016 |

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ii) IFRS 17 Insurance Contracts (Continued)**

**Definition and classification**

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgment to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation feature (DPF) issued by the Company fall under this category.

Some investment contracts issued by the Company contain discretionary participation feature (DPF), whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Company's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Company accounts for these contracts under IFRS 17.

The Company issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Company's policy is to hold such investment assets.

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Investment components in Savings and Participating products comprise policyholder account values less applicable surrender fees.

The Company uses judgment to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA.

The VFA modifies the accounting model in IFRS 17 (referred to as the GMM) to reflect that the consideration an entity receives for the contracts is a variable fee.

Direct participating contracts issued by the Company are contracts with direct participation features where the Company holds the pool of underlying assets and accounts for these groups of contracts under the VFA.

All other insurance contracts originated by the Company are without direct participation features.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ii) IFRS 17 Insurance Contracts (Continued)**

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 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.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

**Unit of account**

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgment 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.

For Life Risk and Savings product lines, sets of contracts usually correspond to policyholder pricing groups that the Company determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Company monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing groups with no information available at a more granular level.

Contracts issued within Participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous as at initial recognition.

For all contracts measured using the PAA, the Company assumes that no such 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. Similar to Life Risk and Savings contracts, this assessment is performed at a policyholder pricing at group of contract level.

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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

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.

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Company applies IFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or combination of insurance contracts.

**Recognition and derecognition**

Groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Investment contracts with DPF are initially recognized at the date the Company becomes a party to the contract.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognized at the later of:

- the beginning of the coverage period of the group of contracts; or
- the initial recognition of any underlying insurance contract.

The Company does not recognize a group of quota share reinsurance contracts held until it has recognized at least one of the underlying insurance contracts.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognized at the beginning of the coverage period of that group.

Only contracts that 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.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

**Accounting for contract modification and derecognition**

An insurance contract is derecognized when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled);  
or
- the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

- a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  - i. is not in scope of IFRS 17;
  - ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts;
- b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts, the Company:

- a. Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group of contracts.
- b. Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
  - i. If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
  - ii. If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
  - iii. If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in a. adjusted for the premium the Company would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognizing the new contract in this case, the Company assumes such a hypothetical premium as actually received.
- c. Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.



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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ii) IFRS 17 Insurance Contracts (Continued)**

When an insurance contract accounted for under the PAA is derecognized, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a. if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;
- b. if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;
- c. if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

**Measurement**

**Fulfilment cash flows**

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- a. are based on a probability weighted mean of the full range of possible outcomes.
- b. are determined from the perspective of the group of contracts, provided the estimates are consistent with observable market prices for market variables; and
- c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

**Contract boundary**

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
  - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Company provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Company assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Company until they are exercised.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Company to deliver cash at a present or future date.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive services from the reinsurer.

The Company's quota share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Company treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one-year's boundary are included in each of the reinsurance contracts' measurement.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ii) IFRS 17 Insurance Contracts (Continued)**

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognized in General and administrative expenses as incurred.

Insurance acquisition costs

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- a. costs directly attributable to individual contracts and groups of contracts; and
- b. costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognized, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognized.

**Risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

**Initial measurement - groups of contracts not measured under the PAA**

**Contractual service margin**

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- a. the initial recognition of the FCF;
- b. the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
- c. cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in profit or loss immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognizes the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognize as a reinsurance expense as it receives reinsurance coverage in the future.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- a. the initial recognition of the FCF; and
- b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

**Subsequent measurement - groups of contracts not measured under the PAA**

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

- a. the LRC, comprising:
  - i. the FCF related to future service allocated to the group of contracts at that date; and
  - ii. the CSM of the group at that date; and
- b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

- a. the remaining coverage, comprising:
  - i. the FCF related to future service allocated to the group of contracts at that date; and
  - ii. the CSM of the group at that date; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

**Changes in fulfilment cash flows**

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- a. changes that relate to current or past service are recognized in profit or loss; and
- b. changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- d. changes in the risk adjustment for non-financial risk that relate to future service.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ii) IFRS 17 Insurance Contracts (Continued)**

Adjustments a.-c. above are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- b. changes in the FCF relating to the LIC; and
- c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For investment contracts with DPF that are measured under the GMM and provide the Company with discretion as to the timing and amount of the cash flows to be paid to the policyholders, a change in discretionary cash flows is regarded as relating to future service and accordingly adjusts the CSM. At inception of such contracts, the Company specifies its commitment as crediting interest to the policyholder's account balance based on the return on a pool of assets less a spread. The effect of discretionary changes in the spread on the FCF adjusts the CSM while the effect of changes in assumptions that relate to financial risk on this commitment are reflected in insurance finance income or expenses.

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognized in insurance finance expenses.

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- a. changes in the share of the fair value of the underlying items; and
- b. changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
  - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
  - iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
  - iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
  - v. changes in the risk adjustment for non-financial risk that relate to future service. Adjustments ii.-v. are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b. changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the FCF relating to the LIC; and
  - ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Company does not have any products with complex guarantees and does not use derivatives to economically hedge the risks.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

**Changes to the contractual service margin**

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- a. The effect of any new contracts added to the group of contracts.
- b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- c. Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d. The effect of any currency exchange differences.
- e. The amount recognized as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognized in the insurance service result.

*Interest accretion on the CSM*

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises the locked- in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

*Adjusting the CSM for changes in the FCF relating to future service*

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

*Release of the CSM to profit or loss*

The amount of the CSM recognized in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

For contracts issued, the Company determines the coverage period for the CSM recognition as follows:

- a. for term life and universal life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk; and
- b. for direct participating contracts and for investment contracts with DPF, the coverage period corresponds to the period in which insurance or investment management services are expected to be provided.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

The total number of coverage units in a group of contracts is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- a. the quantity of benefits provided by contracts in the group;
- b. the expected coverage duration of contracts in the group; and
- c. the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits.

The Company determines coverage units as follows:

- a. for term life and universal life insurance contracts, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;
- b. for direct participating contracts, coverage units are based on the fixed death benefits amounts (during the insurance coverage period) plus policyholders' account values;
- c. for investment contracts with DPF, coverage units are based on policyholders' account values

The Company reflects the time value of money in the allocation of the CSM to coverage units.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

*Onerous contracts - Loss component*

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- a. expected incurred claims and expenses for the period;
- b. changes in the risk adjustment for non-financial risk for the risk expired; and
- c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in a. and b. above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

**Initial and subsequent measurement - groups of contracts measured under the PAA**

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The respective group of acquired contracts do not meet the PAA eligibility criteria and have been measured under the GMM.

The excess of loss reinsurance contracts provide coverage on the insurance contracts originated for claims incurred during a period of one year or less and are accounted for under the PAA.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognized over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

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

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 FCF related to past service allocated to the group of contracts 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 of contracts at the reporting date.

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

- a. increased for premiums received in the period;
- b. decreased for insurance acquisition cash flows paid in the period;
- c. decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
- d. increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

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

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

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since insurance contracts issued by the Company and measured under the PAA typically have a settlement period of over one year.

If a group of contracts becomes onerous, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognized in insurance service expenses. Subsequently, the Company amortizes the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortization is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Company remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

**Amounts recognized in comprehensive income for Insurance service result from insurance contracts issued**

**Insurance revenue**

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  - a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - i. amounts related to the loss component;
    - ii. repayments of investment components;
    - iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
    - iv. insurance acquisition expenses;
  - b. changes in the risk adjustment for non-financial risk, excluding:
    - i. changes included in insurance finance income (expenses);
    - ii. changes that relate to future coverage (which adjust the CSM); and
    - iii. amounts allocated to the loss component;
  - c. amounts of the CSM recognized in profit or loss for the services provided in the period; and
  - d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts.

**Insurance service expenses**

Insurance service expenses include the following:

- a. incurred claims and benefits excluding investment components;
- b. other incurred directly attributable insurance service expenses;
- c. amortization of insurance acquisition cash flows;
- d. changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- e. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).
- f. Surplus for the year attributable to policyholders

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of income.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

**Insurance service result from reinsurance contracts held**

**Net income (expenses) from reinsurance contracts held**

The Company presents financial performance of groups of reinsurance contracts held separately for premium allocation and amounts recoverable from reinsurers. These comprise the following amounts:

- a. reinsurance premium allocation;
- b. incurred claims recovery;
- c. other directly attributable reinsurance service expenses;
- d. effect of changes in risk of reinsurer non-performance;
- e. for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
- f. changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- a. insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- b. changes in the risk adjustment for non-financial risk, excluding:
  - changes included in finance income (expenses) from reinsurance contracts held; and
  - changes that relate to future coverage (which adjust the CSM);
- c. amounts of the CSM recognized in profit or loss for the services received in the period; and
- d. ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

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.

**Insurance finance income or expenses**

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a. the effect of the time value of money and changes in the time value of money; and
- b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the FCF and the CSM;
- b. the effect of changes in interest rates and other financial assumptions; and
- c. foreign exchange differences arising from contracts denominated in a foreign currency.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**  
**(ii) IFRS 17 Insurance Contracts (Continued)**

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- a. changes in the fair value of underlying items;
- b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the LIC; and
- b. the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the GMM and the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option (the PL option) is applied).

For the contracts measured using the VFA, the P&L option is applied. As the Company holds the underlying items for these contracts, the use of the P&L option results in the elimination of accounting mismatches with income or expenses included in profit or loss on the underlying assets held. This is applied because the amounts of income or expenses for the underlying assets are recognized in profit or loss.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.



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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(iii) IFRS 9 Financial Instruments**

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

- (a) Financial assets carried at amortized cost;
- (b) Financial assets carried at fair value through other comprehensive income (FVOCI); and
- (c) Financial assets carried at fair value through profit or loss (FVTPL).

**(a) Financial assets at amortized cost:**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- (i) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below. Further, financial assets carried at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Financing income, foreign exchange gains and losses and impairment are recognized in the profit or loss. Any gain or loss on derecognition is recognized in the profit or loss.

**(i) Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**(ii) SPPI test**

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(iii) IFRS 9 Financial Instruments (Continued)**

**(b) Financial assets at fair value through other comprehensive income (FVOCI):**

*Debt instruments at FVOCI*

The Company applies this category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Financing income and foreign exchange gains and losses and impairment losses are recognized in statement of profit or loss. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss.

This category only includes debt instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. Debt instruments at FVOCI are subject to an impairment assessment under IFRS 9.

*Equity instruments at FVOCI*

Upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

**(c) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely for payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

**Recognition and measurement**

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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

For debt instruments measured at amortized cost, FVTPL and FVOCI, the interest income, foreign currency gains or losses and impairment gains or losses are recognized in profit and loss. For debt instruments classified as FVTPL, unrealized and realized fair value changes are recognized in profit and loss. For debt instruments measured at FVOCI, the fair value gains or losses are recognized in other comprehensive income until derecognition, when the cumulative gains or losses recognized in other comprehensive income are reclassified to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(iii) IFRS 9 Financial Instruments (Continued)**

The Company subsequently measures all equity investments at fair value. Dividends from such investments are recognized in the statement of profit or loss. The unrealized and realized fair value gains and losses on equity investments that are held for trading are recognized in profit or loss. Where the Company has made an irrevocable election at initial recognition to classify the equity investments through other comprehensive income, the changes in fair value are recognized in other comprehensive income. For all equity investments at FVOCI, there is no subsequent recycling of fair value gains and losses to profit or loss at derecognition.

**Impairment of financial assets**

Overview of Expected Credit Loss ('ECL') principles

The Company will recognize loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments either measured at amortized costs or at FVOCI
- Deposits and bank balances
- Other receivables balances

No impairment loss will be recognized on equity instruments.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except in the following cases, for which the amount recognized is 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit losses are the portion of expected credit losses that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses:

Expected credit losses are a probability-weighted estimate of credit losses and are measured as follows:

- For financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive; and
- For financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

ECL methodology

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 at an appropriate rate to get the Present Value of ECL.

For the investment portfolio, a generalized approach is used, where assets are classified under 3 different stages: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolios, a simplified approach is used, for which staging is not required. For receivables from insurance contracts, lifetime ECL is computed.

Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(iii) IFRS 9 Financial Instruments (Continued)**

Loss Given Default ('LGD')

Loss given default inputs are determined by class of financial instrument based on market observable information or 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.

Credit impaired financial assets:

At each reporting date, the Company assesses whether financial assets measured at amortized cost and debt investments at FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset (either partially or in full), the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed in profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.
- Impairment losses are recognized in the statement of income and changes between the amortized cost of the assets and their fair value are recognized in OCI.

**Financial liabilities**

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognized in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:

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

However, the above has no impact on the Company.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(iv) Trade date accounting**

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the market place.

**(v) 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 recognized 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. 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>No of years</u>
Furniture, fixture and office equipment	5
Computer equipment	4
Vehicles	4

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other income, net" in the statement of income.

**(vi) Intangible assets**

Separately acquired intangible assets (computer software) are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Company amortizes intangible assets with a limited useful life using straight-line method over the period of 4 years.

**(vii) Goodwill**

Goodwill represents the fair value of the consideration paid in excess of the fair value of net assets or liabilities acquired. Goodwill is tested for impairment by management at least once at the end of each financial year. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses, if any, relating to goodwill cannot be reversed in future periods.

Impairment testing of goodwill: The Company's management tests, on an annual basis, whether goodwill arising on merger has suffered any impairment. This requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 5.

**(viii) 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).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(ix) Provisions, accrued expenses and other liabilities**

Provisions are recognized 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 recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**(x) Employees' end-of-service benefits**

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wages and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds like dollar denominated KSA Sovereign Bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Re-measurements (actuarial gains/ losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income.

**(xi) Leases**

The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

**Policies applicable prior to January 1, 2019**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Company as lessee*

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

**Policies applicable from January 1, 2019**

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these short term leases and leases of low value assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(xi) Leases (Continued)**

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest 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 right-of-use 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 remeasured 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 remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the year.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**(xii) Dividend distribution**

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

**(xiii) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and balances with banks including certain time deposits with less than three months maturity from the date of acquisition.

**(xiv) Cash flow statement**

The Company's main cash flows are from insurance operations which are classified as cash flow from operating activities. Cash flows generated from investing and financing activities are classified accordingly.

**(xv) Short-term deposits**

Short-term deposits comprise of time deposits with banks with maturity periods of more than three months and less than one year from the date of acquisition

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(xvi) Foreign currencies**

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Arabian Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Foreign exchange gains or losses on available-for-sale investments are recognized in "Other income, net" in the statement of income and statement of comprehensive income. As the Company's foreign currency transactions are primarily in US dollars, foreign exchange gains and losses are not significant.

**(xvii) Zakat and taxes**

Zakat and income tax are provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) known previously as the General Authority of Zakat and Tax ("the GAZT") in the Kingdom of Saudi Arabia. Zakat provision is charged to the statement of income. Zakat is computed on the Saudi shareholder's share of the zakat base, while income tax is calculated on the foreign shareholder's share of adjusted net income. Income tax is charged to the statement of income. The Company is settling the zakat and income tax annually to ZATCA.

**Withholding tax**

The Company withholds taxes on certain transactions with non-resident parties in the KSA, including dividend payments to the non-resident shareholders, as required under Saudi Arabian Income Tax Law.

**Value added tax**

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**Deferred income tax:**

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. The deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

**(xviii) Statutory reserve**

In accordance with the Company's by-laws, the Company shall allocate 20% of its annual net income after adjusting accumulated losses, if any 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.



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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**(xix) Operating segments**

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- Medical insurance provides coverage for health insurance.
- Motor insurance provides coverage for vehicles' insurance.
- Property insurance provides coverage for property insurance.
- Engineering insurance provides coverage for engineering and contract works.
- Energy insurance provides coverage to energy projects
- Protection and savings insurance both linked and non-linked provides coverage for life insurance
- Other insurance provides coverage for marine and other general insurance.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

No inter-segment transactions occurred during the year. If any transaction was to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

Shareholders' income is a non-operating segment. Income earned from time deposits and investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis.

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 the performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE**

**EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES**

Reconciliation of statement of financial position as of January 1, 2022 (opening balance of 2022):

**January 1, 2022 (opening balance of 2022)**

	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Re- classification	Re- measure ment	Re- classification	Re- measure ment	
<b>SAR "000"</b>						
<b>Assets</b>						
Statutory deposit	64,640	-	-	-	-	64,640
Accrued income on statutory deposit	10,764	-	-	-	-	10,764
Property and equipment, net	30,969	-	-	-	-	30,969
Intangible assets	37,713	-	-	-	-	37,713
Goodwill	24,415	-	-	-	-	24,415
Due from shareholders' operations	4,437	23,581	-	-	-	28,018
Long term deposits	100,000	-	-	-	(7)	99,993
Investments	773,236	-	-	-	58,311	831,547
Short term deposits	201,659	-	-	-	(1)	201,658
Prepaid expenses and other assets	97,401	(17,895)	-	-	(24)	79,482
Reinsurers' share of mathematical reserve	123,696	(123,696)	-	-	-	-
Deferred policy acquisition costs	36,476	(36,476)	-	-	-	-
Reinsurers' share of outstanding claims	338,919	(338,919)	-	-	-	-
Reinsurers' share of incurred but not reported claims	149,655	(149,655)	-	-	-	-
Reinsurers' share of unearned premiums	538,598	(538,598)	-	-	-	-
Receivables, net	582,129	(582,129)	-	-	-	-
Accrued income on investment	7,419	-	-	-	-	7,419
Insurance contract assets	-	-	-	-	-	-
Reinsurance contract assets	-	681,154	(10,341)	-	-	670,813
Cash and cash equivalents	325,055	-	-	-	(7)	325,048
<b>Total assets</b>	<b>3,447,181</b>	<b>(1,082,633)</b>	<b>(10,341)</b>	<b>-</b>	<b>58,272</b>	<b>2,412,479</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE (CONTINUED)**

	January 1, 2022 (opening balance of 2022)					Post-adoption of IFRS 17 & IFRS 9
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		
		Re- classification	Re- measure ment	Re- classification	Re- measure ment	
	SAR "000"					
Surplus distribution payable	2,148	(2,148)	-	-	-	-
Provision for end-of-service benefits (EOSB)	21,982	-	-	-	-	21,982
Accrued income payable to Insurance Authority (IA)	10,764	-	-	-	-	10,764
Due to insurance operations	4,437	23,581	-	-	-	28,018
Accrued expenses and other liabilities	190,702	(48,540)	-	-	-	142,162
Gross mathematical reserve	123,696	(123,696)	-	-	-	-
Gross outstanding claims Incurred but not reported claims reserve	480,616	(480,616)	-	-	-	-
	266,202	(266,202)	-	-	-	-
Premium deficiency reserve	9,054	(9,054)	-	-	-	-
Other technical reserves	7,701	(7,701)	-	-	-	-
Unearned commission income	31,258	(31,258)	-	-	-	-
Gross unearned premiums	1,074,103	(1,074,103)	-	-	-	-
Reinsurers' balances payable	335,026	(335,026)	-	-	-	-
Policyholders claims payable	47,658	(47,658)	-	-	-	-
Insurance contract liabilities	-	1,316,318	(26,306)	-	-	1,290,012
Reinsurance contract liabilities	-	3,470	-	-	-	3,470
Provision for zakat and income tax	31,208	-	-	-	-	31,208
<b>Total liabilities</b>	<b>2,636,555</b>	<b>(1,082,633)</b>	<b>(26,306)</b>	<b>-</b>	<b>-</b>	<b>1,527,616</b>
<b>Equity</b>						
Share capital	646,397	-	-	-	-	646,397
Share premium	103,277	-	-	-	-	103,277
Statutory reserve	63,327	-	-	-	-	63,327
Fair value reserve for investments	38,522	-	-	(38,522)	68,967	68,967
Remeasurements of defined benefit obligation	(147)	-	-	-	-	(147)
Retained earnings / (accumulated losses)	(40,750)	-	15,965	38,522	(10,695)	3,042
<b>Total equities</b>	<b>810,626</b>	<b>-</b>	<b>15,965</b>	<b>-</b>	<b>58,272</b>	<b>884,863</b>
<b>Total Liabilities and Equities</b>	<b>3,447,181</b>	<b>(1,082,633)</b>	<b>(10,341)</b>	<b>-</b>	<b>58,272</b>	<b>2,412,479</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE (CONTINUED)**

Reconciliation of statement of financial position as of December 31, 2022 (closing balance of 2022):

**December 31, 2022 (closing balance of 2022)**

	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Re- classification	Re- measure ment	Re- classification	Re- measure ment	
SAR "000"						
<b>Assets</b>						
Statutory deposit	85,058	-	-	-	-	85,058
Accrued income on statutory deposit	17,246	-	-	-	-	17,246
Property and equipment, net	32,061	-	-	-	-	32,061
Intangible assets	92,857	4,118	-	-	-	96,975
Goodwill	24,415	-	-	-	-	24,415
Due from shareholders' operations	10,827	(7,547)	-	-	-	3,280
Long term deposits	50,000	-	-	-	(3)	49,997
Investments	910,202	-	-	-	45,330	955,532
Financial assets for unit linked insurance contracts	483,741	-	-	-	-	483,741
Short term deposits	355,000	-	-	-	(1)	354,999
Prepaid expenses and other assets	311,797	(188,752)	-	-	(35)	123,010
Reinsurers' share of mathematical reserve	89,123	(89,123)	-	-	-	-
Deferred policy acquisition costs	51,236	(51,236)	-	-	-	-
Reinsurers' share of outstanding claims	291,813	(291,813)	-	-	-	-
Reinsurers' share of incurred but not reported claims	180,995	(180,995)	-	-	-	-
Reinsurers' share of unearned premiums	616,806	(616,806)	-	-	-	-
Receivables, net	727,862	(727,862)	-	-	-	-
Accrued income on investment	17,168	-	-	-	-	17,168
Insurance contract assets	-	8,793	-	-	-	8,793
Reinsurance contract assets	-	798,136	3,251	-	-	801,387
Cash and cash equivalents	534,221	-	-	-	(11)	534,210
<b>Total assets</b>	<b>4,882,428</b>	<b>(1,343,087)</b>	<b>3,251</b>	<b>-</b>	<b>45,280</b>	<b>3,587,872</b>

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE (CONTINUED)**

December 31, 2022 (closing balance of 2022)

	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
	Pre-adoption of IFRS 17 & IFRS 9	Re-classification	Re-measurement	Re-classification	
SAR "000"					
<b>Liabilities</b>					
Surplus distribution payable	9,100	(9,100)	-	-	-
Provision for end-of-service benefits (EOSB)	26,948	-	-	-	26,948
Accrued income payable to Insurance Authority (IA)	17,246	-	-	-	17,246
Due to insurance operations	10,827	(7,547)	-	-	3,280
Accrued expenses and other liabilities	309,693	(54,892)	-	-	254,801
Gross mathematical reserve	89,795	(89,795)	-	-	-
Gross outstanding claims	546,399	(546,399)	-	-	-
Incurred but not reported claims reserve	317,579	(317,579)	-	-	-
Premium deficiency reserve	7,763	(7,763)	-	-	-
Other technical reserves	7,120	(7,120)	-	-	-
Unit-linked reserves	483,741	(483,741)	-	-	-
Unearned commission income	46,085	(46,085)	-	-	-
Gross unearned premiums	1,182,003	(1,182,003)	-	-	-
Reinsurers' balances payable	452,929	(452,929)	-	-	-
Policyholders claims payable	270,519	(270,519)	-	-	-
Insurance contract liabilities	-	2,129,127	(8,455)	-	2,120,672
Reinsurance contract liabilities	-	3,258	-	-	3,258
Provision for zakat and income tax	45,231	-	-	-	45,231
<b>Total liabilities</b>	<b>3,822,978</b>	<b>(1,343,087)</b>	<b>(8,455)</b>	<b>-</b>	<b>2,471,436</b>
<b>Equity</b>					
Share capital	850,583	-	-	-	850,583
Share premium	193,119	-	-	-	193,119
Statutory reserve	63,327	-	-	-	63,327
Fair value reserve for investments	20,398	-	-	(20,398)	74,308
Remeasurements of defined benefit obligation	137	-	-	-	137
Accumulated losses	(68,114)	-	11,706	20,398	(65,038)
<b>Total equities</b>	<b>1,059,450</b>	<b>-</b>	<b>11,706</b>	<b>-</b>	<b>1,116,436</b>
<b>Total liabilities and equities</b>	<b>4,882,428</b>	<b>(1,343,087)</b>	<b>3,251</b>	<b>-</b>	<b>3,587,872</b>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE (CONTINUED)**

Reconciliation of statement of income for the year ended December 31, 2022:

December 31, 2022	Pre-adoption	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
	of IFRS 17 & IFRS 9	Re- classification	Re- measurement	Re- classification	Re- measurement	
	SAR "000"					
<b><u>REVENUE</u></b>						
Insurance revenue	-	2,592,823	(20,488)	-	-	2,572,335
Allocation of reinsurance premiums	-	(1,174,012)	(821)	-	-	(1,174,833)
Gross premiums written	2,641,932	(2,641,932)	-	-	-	-
Reinsurance ceded	(1,314,506)	1,314,506	-	-	-	-
Changes in gross unearned premium	(85,518)	85,518	-	-	-	-
Changes in reinsurers' share of unearned premiums	61,442	(61,442)	-	-	-	-
Reinsurance commissions	79,052	(79,052)	-	-	-	-
Other underwriting income	41,526	(41,526)	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,423,928</b>	<b>(5,117)</b>	<b>(21,309)</b>	<b>-</b>	<b>-</b>	<b>1,397,502</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Insurance service expenses	-	(1,697,498)	27,974	-	-	(1,669,524)
Amounts recoverable from reinsurers	-	176,644	(24,618)	-	-	152,026
Gross claims paid	(1,277,071)	1,277,071	-	-	-	-
Surrenders and maturities	(43,658)	43,658	-	-	-	-
Expenses incurred related to claims	(41,320)	41,320	-	-	-	-
Reinsurers' share of claims paid	299,094	(299,094)	-	-	-	-
Changes in gross outstanding claims	25,020	(25,020)	-	-	-	-
Changes in reinsurance share of outstanding claims	(114,722)	114,722	-	-	-	-
Changes in claims incurred but not reported	(1,240)	1,240	-	-	-	-
Changes in reinsurance share of incurred but not reported claims	(7,728)	7,728	-	-	-	-
Changes in premium deficiency reserve	1,336	(1,336)	-	-	-	-
Changes in reserves for takaful activities	626	(626)	-	-	-	-
Changes in unit linked reserves	14,899	(14,899)	-	-	-	-
Policy acquisition costs	(87,401)	87,401	-	-	-	-
Other underwriting expenses	(132,353)	132,353	-	-	-	-
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(1,364,518)</b>	<b>(156,336)</b>	<b>3,356</b>	<b>-</b>	<b>-</b>	<b>(1,517,498)</b>
<b>INSURANCE SERVICE RESULT</b>	<b>59,410</b>	<b>(161,453)</b>	<b>(17,953)</b>	<b>-</b>	<b>-</b>	<b>(119,996)</b>

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE (CONTINUED)**

December 31, 2022	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Re- classification	Re- measurement	Re- classification	Re- measurement	
	SAR "000"					
<b>INVESTMENT INCOME, INSURANCE FINANCE INCOME</b>						
Commission income on investments and deposits	23,995	-	-	-	-	23,995
Dividends on investments	12,308	-	-	-	-	12,308
Realized gain on investments measured at FVTPL	37,442	-	-	-	-	37,442
Un-realized gain / (loss) on investments measured at FVTPL	(2,567)	-	-	(23,465)	(18,224)	(44,256)
Change in fair value of unit- linked investments	(12,892)	12,892	-	-	-	-
Bargain Purchase Gain	49,677	-	-	-	-	49,677
Impairment on available for sale investments	(800)	-	-	-	-	(800)
Finance expenses from insurance contracts issued	-	(12,892)	(7,459)	-	-	(20,351)
Finance income from reinsurance contracts held	-	-	13,872	-	-	13,872
<b>NET INVESTMENT AND INSURANCE FINANCE INCOME</b>	<b>107,163</b>	<b>-</b>	<b>6,413</b>	<b>(23,465)</b>	<b>(18,224)</b>	<b>71,887</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Other income	-	84	12,522	-	-	12,606
Allowance for doubtful debts	(5,033)	5,033	-	-	-	-
Other operating expenses	(177,265)	156,336	-	-	(9)	(20,938)
<b>TOTAL OTHER OPERATING (EXPENSES) / INCOME</b>	<b>(182,298)</b>	<b>161,453</b>	<b>12,522</b>	<b>-</b>	<b>(9)</b>	<b>(8,332)</b>
<b>NET LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS BEFORE ZAKAT &amp; TAX</b>	<b>(15,725)</b>	<b>-</b>	<b>982</b>	<b>(23,465)</b>	<b>(18,233)</b>	<b>(56,441)</b>
Provision for zakat & tax	(11,639)	-	-	-	-	(11,639)
<b>NET LOSS FOR THE YEAR, AFTER ZAKAT &amp; TAX, ATTRIBUTABLE TO THE SHAREHOLDERS</b>	<b>(27,364)</b>	<b>-</b>	<b>982</b>	<b>(23,465)</b>	<b>(18,233)</b>	<b>(68,080)</b>
Net changes in fair value of investments measured at FVOCI	(18,124)	-	-	23,465	-	5,341
Actuarial gain for EOSB	284	-	-	-	-	284
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(45,204)</b>	<b>-</b>	<b>982</b>	<b>-</b>	<b>(18,233)</b>	<b>(62,455)</b>

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**4. TRANSITIONAL NOTE (CONTINUED)**

Reclassification impact on statement of income on adoption of IFRS 17

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

- Gross premium written
- Reinsurance premiums ceded – local
- Reinsurance premiums ceded – international
- Other underwriting income
- Changes in unearned premiums – net
- Gross claims paid
- Surrenders and maturities
- Expenses incurred related to claims
- Reinsurer’s share of claims paid
- Changes in gross outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Changes in claims handling reserves
- Changes in reinsurance share of outstanding claims
- Changes in reinsurance share of incurred but not reported claims
- Changes in reserves for takaful activities
- Changes in unit linked reserves
- Policy acquisition costs
- Other underwriting expenses
- Allowance for doubtful debts
- 

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurers
- Finance income / expenses from insurance contracts issued
- Finance income / expenses from reinsurance contracts held

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE (CONTINUED)**

**Summary of re-classification and re-measurement impact on the statement of financial position on adoption of IFRS 17 on January 1, 2022 (opening balance of 2022)**

<b>Impact on equity:</b>	(amounts in SAR “000”)
	<b>Impact on equity on transition to IFRS 17 on January 1, 2022</b>
<b>Drivers of changes in equity</b>	<b>January 1, 2022</b>
Changes in measurement of insurance contract liabilities	26,306
Changes in measurement of reinsurance contract assets	(10,341)
<b>Total impact</b>	<b>15,965</b>
<b>Impact on insurance contract liabilities:</b>	
	<b>Impact on liabilities on transition to IFRS 17 on January 1, 2022</b>
<b>Drivers of changes</b>	<b>January 1, 2022</b>
Risk adjustment	(31,192)
Loss component on onerous contracts	(7,571)
Re-measurement adjustments	65,069
<b>Total impact</b>	<b>26,306</b>
<b>Impact on reinsurance contract assets:</b>	
	<b>Impact on assets on transition to IFRS 17 on January 1, 2022</b>
<b>Drivers of changes</b>	<b>January 1, 2022</b>
Risk adjustment	12,239
Re-measurement adjustments	(22,580)
<b>Total impact</b>	<b>(10,341)</b>

**Summary of re-classification and re-measurement impact on the statement of financial position on adoption of IFRS 9 on January 1, 2022 (opening balance of 2022)**

**Impairment of financial assets and revaluation:**

The following tables show the impact of the revaluation and ECL allowances recorded in accordance with IFRS 9 as at January 1, 2022 to arrive at the final impact on equity due to transition to IFRS 9:

<b>Impact on equity:</b>	(amounts in SAR “000”)
	<b>Impact on equity on transition to IFRS 9 on January 1, 2022</b>
<b>Drivers of changes in equity</b>	<b>January 1, 2022</b>
Re-classification / re-measurement impact on financial assets at amortized costs	(39)
Re-classification / re-measurement impact on financial assets at FVTPL	27,866
Re-classification / re-measurement impact on financial assets at FVOCI	30,445
<b>Total impact</b>	<b>58,272</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. TRANSITIONAL NOTE (CONTINUED)**

Particulars	Re- classification	Re- measurement	January 1, 2022 (IFRS 9)
	SAR "000"		
<b>Financial assets at amortized costs (IFRS 9)</b>			
Expected credit loss on cash and cash equivalents	-	(7)	(7)
Expected credit loss on long term deposits	-	(7)	(7)
Expected credit loss on short term deposits	-	(1)	(1)
Expected credit loss on other receivables	-	(24)	(24)
<b>Total impact</b>	<b>-</b>	<b>(39)</b>	<b>(39)</b>
<b>Financial assets at FVTPL (IFRS 9)</b>			
Fair value changes on the assets reclassified from available for sale to FVTPL	-	(10,656)	(10,656)
Fair value reserve on available for sale investments transferred from OCI to P&L for investments classified as FVTPL	38,522	-	38,522
<b>Total impact</b>	<b>38,522</b>	<b>(10,656)</b>	<b>27,866</b>
<b>Financial assets at FVOCI (IFRS 9)</b>			
Fair value reserve on available for sale investments transferred from OCI to P&L for investments classified as FVTPL	(38,522)	-	(38,522)
Fair value changes on the assets reclassified from available for sale to FVOCI	-	68,967	68,967
<b>Total impact</b>	<b>(38,522)</b>	<b>68,967</b>	<b>30,445</b>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**5. GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS**

**Acquisition of SABB Takaful**

After initial recording of net assets acquired from SABB Takaful, the Company undertook a comprehensive Purchase Price Allocation and has identified the following intangible assets. Their valuation approach and methodologies are further detailed below:

Shareholders' operations	January 1, 2022 (Audited)	IFRS 17 impact	December 31, 2022 (Restated)
<i>Intangible Assets acquired in merger</i>	SAR "000"		
- Individual Life	48,899	3,771	52,670
- General Takaful	4,485	346	4,831
<b>Total</b>	<b>53,384</b>	<b>4,117</b>	<b>57,501</b>

**Individual Life**

The Company has acquired the Individual Life insurance segment which comprises of Unit Linked Insurance Policies "ULIP" (Regular Saving, Simple Saving, Education, Retirement and Single Premium) from SABB Takaful effective the Acquisition Date. SABB Bank in the past has consistently generated revenues for SABB Takaful. The relationship has been spanning for more than 10 years, hence considered as a customer relationship with an estimated useful life of 10 years.

Historically, SABB Takaful was able to achieve 76% of its budgeted revenue. Hence, considered the same for FY23 and FY24 and 5% y-o-y growth from FY25 onwards. The Individual life insurance policies have been valued using the "Multi-Period Excess Earning Method". Contributory asset charges "CAC", which include working capital "WC" charge and Assembled Workforce have been adjusted with the underwriting income to arrive at the Excess Earnings. Since the working capital and capex are minimal, the CAC do not have material impact on the cash-flows. An EBIT margin of 5.7% has been considered based on the historical EBIT margin of individual life insurance contracts. A discount factor of 16.6% (WACC + 1%) has been used to discount the excess earnings to arrive at the value of the intangible.

The value of the Individual Life Customer Relationship intangible is assumed to be SAR 48.9 million initially that was adjusted by SAR 3.8 million post implementation of IFRS 17.

**General Takaful**

General Takaful insurance policies consists of policies relating to marine, property, accident and liability, which have a life of one year. Average tenure of the customer relationship with SABB Takaful, for General Takaful insurance policies is between 10 and 12 years, hence it can be assumed that the estimated useful life of the customer relationship is 10 years. A 0.7% y-o-y growth rate has been assumed based on the historical growth of General Takaful contracts.

An EBIT margin of 9.7% has been considered based on the historical EBIT margins on these policies.

Customer relationship intangible is valued using the "Multi-Period Excess Earning Method". Contributory Asset charges which include Working Capital charge and Assembled Workforce have been adjusted with the underwriting income to arrive at the Excess Earnings. Since the working capital and capex are minimal, the CAC do not have a material impact on the cash flows. A discount factor of 16.6% (WACC+1%) has been used to discount the Excess Earnings to arrive at the value of the customer relationship intangible. The value of the General Takaful customer relationship intangible is assumed to be SAR 4.5 million initially that was adjusted by SAR 0.3 million post implementation of IFRS 17.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**5. GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS**  
**(CONTINUED)**

**Acquisition of Metlife**

During the year ended December 31, 2020, the shareholders in the EGM held on January 27, 2020 corresponding to 2 Jumada II 1441H approved the proposed merger of the Company and MetLife AIG ANB "MAA" to be effected by way of a merger pursuant to Articles 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G), through the issuance of 0.6577614444444444 new shares in the Company for each share in MAA subject to the terms and conditions of the Merger Agreement.

The purchase consideration was determined to be SAR 191,566 thousand which consisted of the issue of 11,839,706 new shares to the shareholders of MAA.

The Company has undertaken a comprehensive purchase price allocation and has identified the following intangible assets. Their valuation approach and methodologies are further detailed below:

	<b>Shareholders' operations</b> <b>(At acquisition)</b>
	<b>SAR "000"</b>
Goodwill	<b>24,415</b>
<i>Intangible Assets acquired in merger</i>	
- Customer Contract ('ALICO')	<b>5,454</b>
- Customer Relationship	<b>2,832</b>
- Product Licenses (Protection & savings)	<b>24,847</b>
<b>Total</b>	<b>57,548</b>

**Customer Contract ('ALICO')**

On the Acquisition Date, the Company acquired the Saudi run-off portfolio of American Life Insurance Company "ALICO" which was transferred initially to MAA on April 1<sup>st</sup>, 2015 as per the portfolio transfer agreement entered between MetLife ALICO and MAA and was 100% reinsured back to MetLife under a quota-share reinsurance agreement. This portfolio includes long term life protection, savings insurance products and personal accident policies. As per the terms of the portfolio transfer agreement and the quota-share reinsurance agreement, the Company is entitled to a reinsurance commission at an agreed rate and reimbursement of all expenses related to administration of the portfolio. The management has employed "Multi Period Excess Earning Method" for valuing the contractual customer relationship and is considered to have a useful life of 83 years based on the run-off of the customer portfolio.

**Customer Relationship**

IAS 38 specifies that if an entity can evidence that it can control economic benefits from non-contractual relationships, those customer relationships are identified as separable and can be recognized as an intangible asset. Arab National Bank ("has a relationship and was also 30% stakeholder of MAA) has historically contributed a consistent revenue stream for MAA with various insurance agreements. Hence, the relationship has been regarded to represent a Customer Relationship intangible. The management has employed "Multi Period Excess Earning Method" for valuing the non-contractual customer relationship and is considered to have a useful life of 6 years.

**Product Licenses**

As a result of the Transaction, Walaa acquired the Protection & Savings Insurance License. This license has been identified as an intangible asset. This life insurance intangible was valued using the "Multi Period Excess Earning Method" from the Protection & savings Line of Business for valuing product licenses. This is considered to be an intangible asset with an indefinite life and will therefore be subject to the annual impairment assessments.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**5. GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS**  
**(CONTINUED)**

**IMPAIRMENT TESTING OF INTANGIBLES**

The goodwill and intangible assets with indefinite life acquired through business combinations as mentioned above will be reviewed annually and assessed the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill and intangible assets with indefinite life are related. Intangible assets with indefinite life acquired through business combinations includes "Product Licenses" referred to above.

As per IAS 36, an impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

IAS 36 defines an asset's cash generating unit as the smallest group of assets that generate cash inflows largely independent of the cash inflows from other assets or groups of assets. As such for the purpose of impairment assessment performed, MAA combined with entity of the Company is considered as a single CGU.

**Key assumptions used in impairment assessment**

The recoverable amount of the cash-generating units has been determined based on a value in use calculation, using cash flow projections covering a five-year period and by applying a terminal growth rate thereafter. The calculation of value in use in the cash-generating units is most sensitive to the following assumptions:

- Future cash flows available from operations;
- Weighted average cost of capital at 16.79% (2022: 17.00%)
- Terminal growth rate at 2% (2022: 2%)

Based on the current impairment assessment, goodwill and intangible assets are not impaired as at December 31, 2023.

This assessment was carried out by an independent consultant appointed by the Company. This includes a forecast of cash flows discounted using the WACC (Weighted Average Cost of Capital) in the jurisdiction where the Company operates. The recoverable values of the CGUs for Goodwill is SAR 1,613 million (2022: SAR 1,938 million) which is higher than value in use amounting to SAR 1,505 million (2022: SAR 1,938 million).

For life product license intangible, the recoverable value is amounting to SAR 298 million (2022: SAR 26 million) for Product License which is greater than value in use and carrying value in current year and in 2022.

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**6. CASH AND CASH EQUIVALENTS**

**A) Cash and cash equivalents comprise the following:**

	<b>Insurance operations</b>		
	<b>December 31, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>December 31, 2021 (Restated)</b>
	<b>SAR "000"</b>		
Cash and bank balances	<b>428,908</b>	300,240	322,686
Deposits maturing within 3 months from the acquisition date	<b>75,000</b>	123,888	197
ECL on cash and cash equivalents	<b>(3)</b>	(9)	(7)
<b>Total</b>	<b>503,905</b>	424,119	322,876
	<b>Shareholders' operations</b>		
	<b>December 31, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>December 31, 2021 (Restated)</b>
	<b>SAR "000"</b>		
Bank balances	<b>8,506</b>	60,093	2,172
Deposits maturing within 3 months from the acquisition date	-	50,000	-
ECL on cash and cash equivalents	-	(2)	-
<b>Total</b>	<b>8,506</b>	110,091	2,172
<b>Total cash and cash equivalents</b>	<b>512,411</b>	534,210	325,048

**B) Short term deposits:**

Short term deposits are placed with counterparties that have credit ratings equivalent to A+ to A- ratings under Standard and Poor's Fitch and Moody's rating Methodology. Short term deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia within a maturity greater than three months from the date of original acquisition and earned Commission Income at an average rate of 5.4% (2022: 4.2%) per annum. For the year ended December 31, 2023, the carrying amounts of the short-term deposits reasonably approximate to the fair value at the statement of financial position date.

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**7. INVESTMENTS**

Investments are classified as follows:

	<b>Shareholders' operations</b>		
	<b>December 31, 2023</b>	December 31, 2022	December 31, 2021
		(Restated)	(Restated)
	<b>SAR "000"</b>		
Investments measured at FVTPL	<b>484,537</b>	366,187	445,167
Investments measured at amortized cost	<b>401,244</b>	298,646	249,367
Investments measured at FVOCI	<b>86,925</b>	79,406	74,065
<b>Total</b>	<b>972,706</b>	744,239	768,599
	<b>Insurance operations</b>		
	<b>December 31, 2023</b>	December 31, 2022	December 31, 2021
		(Restated)	(Restated)
	<b>SAR "000"</b>		
Investments measured at FVTPL	-	-	-
Investments measured at amortized cost	<b>138,914</b>	211,293	62,948
Investments measured at FVOCI	-	-	-
<b>Total</b>	<b>138,914</b>	211,293	62,948
	<b>Total</b>		
	<b>December 31, 2023</b>	December 31, 2022	December 31, 2021
		(Restated)	(Restated)
	<b>SAR "000"</b>		
Investments measured at FVTPL	<b>484,537</b>	366,187	445,167
Investments measured at amortized cost	<b>540,158</b>	509,939	312,315
Investments measured at FVOCI	<b>86,925</b>	79,406	74,065
<b>Total</b>	<b>1,111,620</b>	955,532	831,547

- **Investments measured at (FVTPL)**

	<b>Domestic</b>			<b>International</b>			<b>Total</b>		
	<b>2023</b>	2022	2021	<b>2023</b>	2022	2021	<b>2023</b>	2022	2021
	<b>SAR "000"</b>			<b>SAR "000"</b>			<b>SAR "000"</b>		
Equities	<b>267,334</b>	194,147	279,063	-	-	-	<b>267,334</b>	194,147	279,063
Funds	<b>87,097</b>	71,193	45,981	<b>130,106</b>	100,847	120,123	<b>217,203</b>	172,040	166,104
<b>Investments measured at FVTPL</b>	<b>354,431</b>	265,340	325,044	<b>130,106</b>	100,847	120,123	<b>484,537</b>	366,187	445,167



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**7. INVESTMENTS (CONTINUED)**

The movement in investments measured at FVTPL is as follows:

	December 31, 2023	December 31, 2022 (Restated)
	SAR "000"	
Opening balance	366,187	445,167
Acquired through business combination	-	7,816
Purchases	279,477	137,881
Impairment and other adjustments	-	(800)
Disposals	(251,025)	(217,063)
Realized gain on disposals	9,202	37,442
Changes in fair value of investments, net	80,696	(44,256)
<b>Closing balance</b>	<b>484,537</b>	<b>366,187</b>

- Investments measured at FVOCI

	Domestic			International			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
	SAR "000"			SAR "000"			SAR "000"		
Equities	86,925	79,406	74,065	-	-	-	86,925	79,406	74,065
<b>Investments measured at FVOCI</b>	<b>86,925</b>	<b>79,406</b>	<b>74,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,925</b>	<b>79,406</b>	<b>74,065</b>

The movement in investments measured at FVOCI is as follows:

	December 31, 2023	December 31, 2022 (Restated)
	SAR "000"	
Opening balance	79,406	74,065
Changes in fair value of investments	7,519	5,341
<b>Closing balance</b>	<b>86,925</b>	<b>79,406</b>

- Investments measured at amortized costs

	Domestic			International			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
	SAR "000"			SAR "000"			SAR "000"		
Sukuk	540,158	509,939	312,315	-	-	-	540,158	509,939	312,315
<b>Measured at amortized costs</b>	<b>540,158</b>	<b>509,939</b>	<b>312,315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>540,158</b>	<b>509,939</b>	<b>312,315</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**7. INVESTMENTS (CONTINUED)**

The movement in investments measured at amortized costs is as follows:

	December 31, 2023	December 31, 2022 (Restated)
	SAR "000"	
Opening balance	509,939	312,315
Acquired through business combination	-	95,138
Purchases	68,621	102,508
Matured during the year	(38,860)	-
Amortization	458	(22)
<b>Closing balance</b>	<b>540,158</b>	<b>509,939</b>

**8. PROPERTY AND EQUIPMENT, NET**

	Land	Furniture and fixtures	Computer equipment	Vehicles	Right of use assets	Total 2023	Total 2022
	SAR "000"						
<b>Cost:</b>							
January 1	16,400	21,690	24,549	1,197	12,976	76,812	76,787
Acquired during merger	-	-	-	-	-	-	397
Additions	-	4,227	5,954	-	1,573	11,754	7,703
Disposals/adjustments	-	-	-	(564)	-	(564)	(8,075)
December 31	16,400	25,917	30,503	633	14,549	88,002	76,812
<b>Accumulated depreciation:</b>							
January 1	-	17,808	19,240	1,082	6,621	44,751	45,818
Acquired during merger	-	-	-	-	-	-	397
Charge for the year	-	1,728	2,844	29	3,698	8,299	6,611
Disposals	-	-	-	(532)	-	(532)	(8,075)
December 31	-	19,536	22,084	579	10,319	52,518	44,751
<b>Net book value</b>							
<b>December 31, 2023</b>	<b>16,400</b>	<b>6,381</b>	<b>8,419</b>	<b>54</b>	<b>4,230</b>	<b>35,484</b>	<b>-</b>
December 31, 2022	16,400	3,882	5,309	115	6,355	-	32,061

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**9. INTANGIBLE ASSETS**

	Software	Customer Contract (Metlife ALICO)	Customer Relations (ANB)	Life License	Individual life	General Takaful	Total 2023	Total 2022 (Restated)
SAR "000"								
<b>Cost:</b>								
January 1 (Restated)	34,256	5,454	2,832	24,847	52,670	4,831	124,890	49,679
Acquired during merger	-	-	-	-	-	-	-	15,218
Additions	40,710	-	-	-	-	-	40,710	59,993
December 31	74,966	5,454	2,832	24,847	52,670	4,831	165,600	124,890
<b>Accumulated Depreciation:</b>								
January 1	26,837	132	946	-	-	-	27,915	11,966
Acquired during merger	-	-	-	-	-	-	-	12,939
Charge for the year	9,830	66	472	-	5,302	449	16,119	3,010
December 31	36,667	198	1,418	-	5,302	449	44,034	27,915
<b>Net book value</b>								
<b>December 31, 2023</b>	38,299	5,256	1,414	24,847	47,368	4,382	121,566	-
December 31, 2022	7,419	5,322	1,886	24,847	52,670	4,831	-	96,975

**10. ACCRUED EXPENSES AND OTHER LIABILITIES**

	2023	2022 (Restated)	2021 (Restated)
SAR "000"			
Accrued expenses	31,623	23,475	7,889
Uncleared cheques	11,393	11,420	11,096
VAT Payable to Zakat, Tax, and Customs Authority, net	14,471	30,180	27,881
Contribution payable to GOSI	804	874	673
Payable to suppliers and service provider	96,278	115,629	85,138
Lease rental	2,754	5,893	5,567
Insurance Pool related accrued liabilities	7,331	22,332	-
Other liabilities	5,641	44,998	3,918
	170,295	254,801	142,162

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**11. EMPLOYEE'S END-OF-SERVICE BENEFITS**

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

**11.1 The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:**

	<u>2023</u>	<u>2022</u>
	<u>SAR "000"</u>	
Present value of defined benefit obligation	<b>33,322</b>	26,948

**11.2 Movement of defined benefit obligation**

	<u>2023</u>	<u>2022</u>
	<u>SAR "000"</u>	
Opening balance	<b>26,948</b>	21,982
Liability assumed from business combination	-	3,592
Charge to statement of income	<b>5,147</b>	4,134
Charge to statement of comprehensive income	<b>3,477</b>	(284)
Payment of benefits during the year	<b>(2,250)</b>	(2,476)
Closing balance	<b>33,322</b>	26,948

**11.3 Reconciliation of present value of defined benefit obligation**

	<u>2023</u>	<u>2022</u>
	<u>SAR "000"</u>	
Present value of defined benefit obligation as at January 1	<b>26,948</b>	21,982
Liability assumed from business combination	-	3,592
Current service costs	<b>3,934</b>	3,145
Financial costs	<b>1,213</b>	989
Actuarial loss / (profit) from experience adjustments	<b>3,477</b>	(284)
Benefits paid during the year	<b>(2,250)</b>	(2,476)
Present value of defined benefit obligation as at December 31	<b>33,322</b>	26,948

**11.4 Principal actuarial assumptions**

The following range of significant actuarial assumptions was used by the Company for the valuation of post-employment benefit liability:

	<u>2023</u>	<u>2022</u>
Valuation discount rate	<b>4.50%</b>	3.50%
Expected long term rate of increase in salary level across different age bands	<b>3.50%</b>	3.50%

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**11. EMPLOYEE'S END-OF-SERVICE BENEFITS (CONTINUED)**

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

	<u>2023</u>	<u>2022</u>
	<b>Impact on defined benefit obligation</b>	
	<b>SAR "000"</b>	
Valuation discount rate		
- Increase by 100 bps	<b>31,073</b>	26,948
- Decrease by 100 bps	<b>39,281</b>	31,663
Expected rate of increase in salary level across different age bands		
- Increase by 100 bps	<b>34,726</b>	29,186
- Decrease by 100 bps	<b>29,886</b>	25,013

The average duration of the defined benefits plan obligation at the end of the year is 8.8 years (2022: 8.7 years).

**12. COMMITMENTS AND CONTINGENCIES**

The Company's commitments and contingencies are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<b>SAR "000"</b>	
Letters of guarantee	<b>16,507</b>	13,640

- a) The Company has submitted these bank guarantees to various parties which are fully covered by margin deposits amounting to SAR 16.51 million (2022: SAR 13.64 million).
- b) The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Company's income or financial condition.

**13. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

The management assessed that cash and short-term deposits, premium and reinsurance receivables, receivables from related parties, trade and other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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**13. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

**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.

**a. 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 assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

<u>Insurance and Shareholders' Operations</u>	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>December 31, 2023,</b>					
		SAR "000"			
<b>Financial assets measured at fair value</b>					
Investments measured at FVTPL	484,537	316,140	-	168,397	484,537
Investment measured at FVOCI	86,925	-	-	86,925	86,925
<b>Total</b>	<b>571,462</b>	<b>316,140</b>	<b>-</b>	<b>255,322</b>	<b>571,462</b>
<u>Insurance and Shareholders' Operations</u>					
December 31, 2022 (Restated)					
		SAR "000"			
<b>Financial assets measured at fair value</b>					
Investments measured at FVTPL	366,187	231,404	-	134,783	366,187
Investment measured at FVOCI	79,406	-	-	79,406	79,406
<b>Total</b>	<b>445,593</b>	<b>231,404</b>	<b>-</b>	<b>214,189</b>	<b>445,593</b>

**b. Fair values of level 3 investments**

For Level 3 Investments, the company appointed an independent consultant to evaluate these investments. The valuator used 'Discounted Cash Flow' method to identify fair value of these unquoted investments, which implies some judgement related to the future income and the applicable discount rates.

**Transfer between the levels.**

During the year, there were no transfers into or out of each level.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**14. OPERATING SEGMENTS**

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's chief executive officer in their function as chief operating decision maker 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 chief executive officer is measured in a manner consistent with that in the income statement. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, short term deposits, accrued income on investments and deposits, prepaid expenses and other assets, due from shareholders' / insurance operations, statutory deposit, accrued income on statutory deposit, investments, long term deposits, property and equipment, intangible assets and goodwill. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued expenses and other liabilities, accrued income payable to Insurance Authority, due to insurance / shareholder's operations, provision for zakat and income tax and provision for end-of-service benefits (EOSB). Accordingly, these are included in unallocated liabilities.

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

Segments do not include shareholders' assets and liabilities and equity hence, these are presented under unallocated assets / liabilities accordingly.

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities as December 31, 2023 and December 31, 2022, its total revenues, expenses, and net income / (loss) for the year then ended, are as follows:



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**14. OPERATING SEGMENTS (CONTINUED)**

**Segmental statement of financial position**

An analysis of the amounts presented on the balance sheet for insurance contracts and reinsurance contracts has been included in the table below:

	Medical	Motor	Property	Energy	Engineering	Protection and Saving (P&S) – Non-Linked SAR “000”	P&S – Linked	Property and Casualty (P&C) – Others	Total insurance operations	Shareholders operation	Total
<b>As of December 31, 2023</b>											
<b>Assets</b>											
Insurance contract assets	-	-	-	-	-	-	-	-	-	-	-
Reinsurance contract assets	392	8,111	141,722	228,464	167,396	63,596	111	180,086	789,878	-	789,878
Financial assets for unit linked insurance contracts	-	-	-	-	-	-	543,235	-	543,235	-	543,235
Unallocated assets	-	-	-	-	-	-	-	-	1,419,430	1,354,706	2,774,136
<b>Total assets</b>	<b>392</b>	<b>8,111</b>	<b>141,722</b>	<b>228,464</b>	<b>167,396</b>	<b>63,596</b>	<b>543,346</b>	<b>180,086</b>	<b>2,752,543</b>	<b>1,354,706</b>	<b>4,107,249</b>
<b>Liabilities and equity</b>											
Insurance contract liabilities	306,853	547,750	219,864	239,388	251,320	97,227	552,247	340,022	2,554,671	-	2,554,671
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities and shareholders’ equity	-	-	-	-	-	-	-	-	197,872	1,354,706	1,552,578
<b>Total liabilities and shareholders’ equity</b>	<b>306,853</b>	<b>547,750</b>	<b>219,864</b>	<b>239,388</b>	<b>251,320</b>	<b>97,227</b>	<b>552,247</b>	<b>340,022</b>	<b>2,752,543</b>	<b>1,354,706</b>	<b>4,107,249</b>

**WALAA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. OPERATING SEGMENTS (CONTINUED)**

	Medical	Motor	Property	Energy	Engineering	Protection and Saving (P&S) – non-linked	P&S – linked	P&C- others	Total insurance operations	Shareholders operation	Total
	SAR “000”										
<b>As of December 31, 2022</b>											
<b>(Restated)</b>											
<b>Assets</b>											
Insurance contract assets	6,148	-	-	-	-	-	-	2,645	8,793	-	8,793
Reinsurance contract assets	11	-	325,931	169,745	78,631	76,271	-	150,798	801,387	-	801,387
Financial assets for unit linked insurance contracts	-	-	-	-	-	-	483,741	-	483,741	-	483,741
Unallocated assets	-	-	-	-	-	-	-	-	1,107,656	1,186,295	2,293,951
<b>Total assets</b>	<b>6,159</b>	<b>-</b>	<b>325,931</b>	<b>169,745</b>	<b>78,631</b>	<b>76,271</b>	<b>483,741</b>	<b>153,443</b>	<b>2,401,577</b>	<b>1,186,295</b>	<b>3,587,872</b>
<b>Liabilities and equity</b>											
Insurance contract liabilities	304,854	301,868	291,068	276,212	80,326	144,189	490,265	231,890	2,120,672	-	2,120,672
Reinsurance contract liabilities	2,372	314	-	-	-	-	569	3	3,258	-	3,258
Unallocated liabilities and shareholders’ equity	-	-	-	-	-	-	-	-	277,647	1,186,295	1,463,942
<b>Total liabilities and shareholders’ equity</b>	<b>307,226</b>	<b>302,182</b>	<b>291,068</b>	<b>276,212</b>	<b>80,326</b>	<b>144,189</b>	<b>490,834</b>	<b>231,893</b>	<b>2,401,577</b>	<b>1,186,295</b>	<b>3,587,872</b>

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**14. OPERATING SEGMENTS (CONTINUED)**

	Medical	Motor	Property	Energy	Engineering	Protection and Saving (P&S) – non-linked	P&S – linked	P&C- others	Total insurance operations	Shareholders operation	Total
	SAR “000”										
<b>As at December 31, 2021</b>											
<b>(Restated)</b>											
<b>Assets</b>											
Insurance contract assets	-	-	-	-	-	-	-	-	-	-	-
Reinsurance contract assets	4,036	42	244,504	195,640	102,930	6,133	-	117,528	670,813	-	670,813
Financial assets for unit linked insurance contracts	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	-	-	-	-	804,901	936,765	1,741,666
<b>Total assets</b>	<b>4,036</b>	<b>42</b>	<b>244,504</b>	<b>195,640</b>	<b>102,930</b>	<b>6,133</b>	<b>-</b>	<b>117,528</b>	<b>1,475,714</b>	<b>936,765</b>	<b>2,412,479</b>
<b>Liabilities and equity</b>											
Insurance contract liabilities	169,983	376,033	229,266	188,300	87,093	32,339	-	206,998	1,290,012	-	1,290,012
Reinsurance contract liabilities	3,470	-	-	-	-	-	-	-	3,470	-	3,470
Unallocated liabilities and shareholders’ equity	-	-	-	-	-	-	-	-	182,232	936,765	1,118,997
<b>Total liabilities and shareholders’ equity</b>	<b>173,453</b>	<b>376,033</b>	<b>229,266</b>	<b>188,300</b>	<b>87,093</b>	<b>32,339</b>	<b>-</b>	<b>206,998</b>	<b>1,475,714</b>	<b>936,765</b>	<b>2,412,479</b>

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. OPERATING SEGMENTS (CONTINUED)**

**Segmental statement of income**

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

**For the year ended December 31,  
2023**

	Medical	Motor	Property	Energy	Engineering	P&S – non-linked	P&S – linked	P&C- others	Unallocated	Total
	SAR “000”									
Insurance revenue	667,999	512,526	223,437	634,409	177,669	212,739	13,931	444,932	-	2,887,642
Insurance service expenses	(726,346)	(526,797)	(38,608)	(34,278)	(61,477)	(162,993)	(4,277)	(124,430)	-	(1,679,206)
<b>Insurance service results before reinsurance contracts held</b>	<b>(58,347)</b>	<b>(14,271)</b>	<b>184,829</b>	<b>600,131</b>	<b>116,192</b>	<b>49,746</b>	<b>9,654</b>	<b>320,502</b>	<b>-</b>	<b>1,208,436</b>
Allocation of reinsurance premiums	(3,229)	(2,028)	(184,482)	(623,472)	(136,437)	(63,292)	(396)	(308,277)	-	(1,321,613)
Amounts recoverable from reinsurance for incurred claims	3,800	7,704	(792)	17,786	38,170	30,172	615	43,843	-	141,298
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>571</b>	<b>5,676</b>	<b>(185,274)</b>	<b>(605,686)</b>	<b>(98,267)</b>	<b>(33,120)</b>	<b>219</b>	<b>(264,434)</b>	<b>-</b>	<b>(1,180,315)</b>
<b>Insurance service result</b>	<b>(57,776)</b>	<b>(8,595)</b>	<b>(445)</b>	<b>(5,555)</b>	<b>17,925</b>	<b>16,626</b>	<b>9,873</b>	<b>56,068</b>	<b>-</b>	<b>28,121</b>
Commission income on investments and deposits	-	-	-	-	-	-	-	-	58,399	58,399
Dividends on investments	-	-	-	-	-	-	-	-	16,791	16,791
Realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	-	9,202	9,202
Unrealized gain on investments measured at FVTPL	-	-	-	-	-	-	-	-	80,696	80,696
Expected credit losses on financial assets	-	-	-	-	-	-	-	-	(105)	(105)
<b>Net investment income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164,983</b>	<b>164,983</b>
Finance expenses from insurance contracts issued	(608)	(730)	(533)	-	(271)	(2,793)	(123)	(1,227)	-	(6,285)
Finance income from reinsurance contracts held	-	-	444	-	208	1,031	(18)	267	-	1,932
<b>Net insurance finance expenses</b>	<b>(608)</b>	<b>(730)</b>	<b>(89)</b>	<b>-</b>	<b>(63)</b>	<b>(1,762)</b>	<b>(141)</b>	<b>(960)</b>	<b>-</b>	<b>(4,353)</b>
<b>Net insurance and investment result</b>	<b>(58,384)</b>	<b>(9,325)</b>	<b>(534)</b>	<b>(5,555)</b>	<b>17,862</b>	<b>14,864</b>	<b>9,732</b>	<b>55,108</b>	<b>164,983</b>	<b>188,751</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. OPERATING SEGMENTS (CONTINUED)**

For the year ended December 31, 2023	Medical	Motor	Property	Energy	Engineering	P&S – non-linked	P&S - linked	P&C- others	Unallocated	Total
	SAR “000”									
Other income										11,265
Other operating expenses										<u>(37,039)</u>
<b>Net income for the year, before zakat &amp; tax, attributable to the shareholders</b>										<b>162,977</b>
Zakat & tax charge for the year										<u>(15,000)</u>
<b>Net income for the year, after zakat &amp; tax, attributable to the shareholders</b>										<b><u>147,977</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. OPERATING SEGMENTS (CONTINUED)**

For the year ended December 31, 2022 (Restated)	Medical	Motor	Property	Energy	Engineering	P&S – non-linked	P&S - linked	P&C- others	Unallocated	Total
	SAR “000”									
Insurance revenue	557,962	532,688	305,920	569,978	92,164	189,882	3,801	319,940	-	2,572,335
Insurance service expenses	(615,643)	(659,178)	(75,011)	(51,555)	(15,006)	(182,926)	(1,345)	(68,860)	-	(1,669,524)
<b>Insurance service result before reinsurance contracts held</b>	(57,681)	(126,490)	230,909	518,423	77,158	6,956	2,456	251,080	-	902,811
Allocation of reinsurance premiums	(5,086)	(2,934)	(273,372)	(542,974)	(72,222)	(53,375)	(79)	(224,791)	-	(1,174,833)
Amounts recoverable from reinsurance for incurred claims	(1,376)	-	67,955	12,435	(1,032)	44,034	215	29,795	-	152,026
<b>Net (expenses) / income from reinsurance contracts held</b>	(6,462)	(2,934)	(205,417)	(530,539)	(73,254)	(9,341)	136	(194,996)	-	(1,022,807)
<b>Insurance service result</b>	(64,143)	(129,424)	25,492	(12,116)	3,904	(2,385)	2,592	56,084	-	(119,996)
Commission income on investments and deposits	-	-	-	-	-	-	-	-	23,995	23,995
Dividends on investments	-	-	-	-	-	-	-	-	12,308	12,308
Realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	-	37,442	37,442
Unrealized loss on investments measured at FVTPL	-	-	-	-	-	-	-	-	(44,256)	(44,256)
Expected credit and impairment losses on financial assets	-	-	-	-	-	-	-	-	(800)	(800)
Bargain purchase gain	-	-	-	-	-	-	-	-	49,677	49,677
<b>Net investment income</b>	-	-	-	-	-	-	-	-	78,366	78,366
Finance expenses from insurance contracts issued	(821)	(3,065)	(8,237)	(477)	(2,296)	(1,807)	(260)	(3,388)	-	(20,351)
Finance income from reinsurance contracts held	18	-	8,121	476	2,217	337	(8)	2,711	-	13,872
<b>Net insurance finance expenses</b>	(803)	(3,065)	(116)	(1)	(79)	(1,470)	(268)	(677)	-	(6,479)
<b>Net insurance and investment result</b>	(64,946)	(132,489)	25,376	(12,117)	3,825	(3,855)	2,324	55,407	78,366	(48,109)

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. OPERATING SEGMENTS (CONTINUED)**

For the year ended December 31, 2022 (Restated)	Medical	Motor	Property	Energy	Engineering	P&S – non-linked	P&S – linked	P&C- others	Unallocated	Total
	SAR “000”									
Other income										12,606
Other operating expenses										(20,938)
<b>Net loss for the year, before zakat &amp; tax, attributable to the shareholders</b>										(56,441)
Zakat & tax charge for the year										(11,639)
<b>Net loss for the year, after zakat &amp; tax, attributable to the shareholders</b>										(68,080)



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS**

**Analysis of Insurance and Reinsurance contract assets and liabilities by PAA / GMM / VFA Approach:**

	Valuation Approach	December 31, 2023		December 31, 2022		January 1, 2022	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Insurance contract assets &amp; liabilities</b>							
		<b>SAR "000"</b>					
Medical	PAA	-	306,853	(6,148)	304,854	-	169,983
Motor	PAA	-	547,750	-	301,868	-	376,033
Property	PAA	-	219,864	-	291,068	-	229,266
Energy	PAA	-	239,388	-	276,212	-	188,300
Engineering	PAA	-	251,320	-	80,326	-	87,093
Protection and Saving (P&S) - non-linked	PAA	-	96,655	-	143,928	-	32,339
Property and Casualty (P&C) - others	PAA	-	306,017	(2,645)	231,890	-	206,998
<b>15.1.1 Total – PAA</b>		-	<b>1,967,847</b>	<b>(8,793)</b>	<b>1,630,146</b>	-	<b>1,290,012</b>
Protection and Saving (P&S) - non-linked	GMM	-	572	-	261	-	-
Protection and Saving (P&S) - linked	VFA	-	552,247	-	490,265	-	-
Property and Casualty (P&C) - others	GMM	-	34,005	-	-	-	-
<b>15.2.1 Total – GMM/VFA</b>		-	<b>586,824</b>	-	<b>490,526</b>	-	-
<b>Total insurance contract assets &amp; liabilities</b>		-	<b>2,554,671</b>	<b>(8,793)</b>	<b>2,120,672</b>	-	<b>1,290,012</b>
<b>Reinsurance contract assets &amp; liabilities</b>							
Medical	PAA	392	-	11	(2,372)	4,036	(3,470)
Motor	PAA	8,111	-	-	(314)	42	-
Property	PAA	141,722	-	325,931	-	244,504	-
Energy	PAA	228,464	-	169,745	-	195,640	-
Engineering	PAA	167,396	-	78,631	-	102,930	-
Protection and Saving (P&S) - non-linked	PAA	63,596	-	76,271	-	6,133	-
Property and Casualty (P&C) - others	PAA	157,543	-	150,798	(3)	117,528	-
<b>15.1.2 Total – PAA</b>		<b>767,224</b>	-	<b>801,387</b>	<b>(2,689)</b>	<b>670,813</b>	<b>(3,470)</b>
Protection and Saving (P&S) - non-linked	GMM	-	-	-	-	-	-
Protection and Saving (P&S) - linked	GMM	111	-	-	(569)	-	-
Property and Casualty (P&C) - others	GMM	22,543	-	-	-	-	-
<b>15.2.2 Total – GMM/VFA</b>		<b>22,654</b>	-	-	<b>(569)</b>	-	-
<b>Total reinsurance contract assets &amp; liabilities</b>		<b>789,878</b>	-	<b>801,387</b>	<b>(3,258)</b>	<b>670,813</b>	<b>(3,470)</b>

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**Analysis by remaining coverage and incurred claims**

**15.1.1 PAA – Insurance Contracts – Total**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2023</b>					
Opening liabilities as at December 31, 2022	458,719	15,644	1,109,965	45,818	1,630,146
Opening assets as at December 31, 2022	(39,292)	-	27,300	3,199	(8,793)
<b>Net opening insurance contract liabilities as at December 31, 2022</b>	<b>419,427</b>	<b>15,644</b>	<b>1,137,265</b>	<b>49,017</b>	<b>1,621,353</b>
<b>Insurance revenue</b>	(2,872,509)	-	-	-	(2,872,509)
<b>Insurance service expenses</b>	<b>290,244</b>	<b>2,742</b>	<b>1,392,287</b>	<b>(11,627)</b>	<b>1,673,646</b>
Incurred claims and other expenses	-	-	1,599,402	27,042	1,626,444
Future service: losses on onerous contracts and loss reversals	-	2,742	-	-	2,742
Past service: changes to liabilities for incurred claims	-	-	(217,538)	(38,669)	(256,207)
Insurance acquisition costs	290,244	-	-	-	290,244
Changes to surplus distribution payable	-	-	10,423	-	10,423
<b>Insurance service result before reinsurance contracts held</b>	<b>(2,582,265)</b>	<b>2,742</b>	<b>1,392,287</b>	<b>(11,627)</b>	<b>(1,198,863)</b>
Finance expenses from insurance contracts issued	186	-	5,922	10	6,118
<b>Total changes in the statement of income</b>	<b>(2,582,079)</b>	<b>2,742</b>	<b>1,398,209</b>	<b>(11,617)</b>	<b>(1,192,745)</b>
<b>Other movements – insurance industry pool portfolio</b>	<b>60,737</b>	<b>-</b>	<b>1,098</b>	<b>847</b>	<b>62,682</b>
<b>Cash flows</b>	<b>3,051,298</b>	<b>-</b>	<b>(1,574,741)</b>	<b>-</b>	<b>1,476,557</b>
Premium received	3,407,469	-	-	-	3,407,469
Claims and directly attributable expenses paid	-	-	(1,574,741)	-	(1,574,741)
Insurance acquisition cash flows	(356,171)	-	-	-	(356,171)
<b>Net closing insurance contract liabilities as at December 31, 2023</b>	<b>949,383</b>	<b>18,386</b>	<b>961,831</b>	<b>38,247</b>	<b>1,967,847</b>
Insurance contract liability as at December 31, 2023	949,383	18,386	961,831	38,247	1,967,847
Insurance contract assets as at December 31, 2023	-	-	-	-	-

**WALAA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Total**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	446,607	16,625	795,586	31,194	1,290,012
Opening assets as at December 31, 2021	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2021</u></b>	446,607	16,625	795,586	31,194	1,290,012
<b>Insurance revenue</b>	(2,568,528)	-	-	-	(2,568,528)
<b>Insurance service expenses</b>	239,782	(981)	1,414,954	14,388	1,668,143
Incurring claims and other expenses	-	-	1,645,622	35,892	1,681,514
Future service: losses on onerous contracts and loss reversals	-	(981)	-	-	(981)
Past service: changes to liabilities for incurred claims	-	-	(230,668)	(21,504)	(252,172)
Insurance acquisition costs	239,782	-	-	-	239,782
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(2,328,746)	(981)	1,414,954	14,388	(900,385)
Finance expenses from insurance contracts issued	-	-	20,091	-	20,091
<b>Total changes in the statement of income</b>	(2,328,746)	(981)	1,435,045	14,388	(880,294)
<b>Other movements - portfolio acquired through merger</b>	(20,508)	-	134,572	3,435	117,499
<b>Cash flows</b>	2,322,074	-	(1,227,938)	-	1,094,136
Premium received	2,562,230	-	-	-	2,562,230
Claims and directly attributable expenses paid	-	-	(1,227,938)	-	(1,227,938)
Insurance acquisition cash flows	(240,156)	-	-	-	(240,156)
<b><u>Net closing insurance contract liabilities as at December 31, 2022</u></b>	419,427	15,644	1,137,265	49,017	1,621,353
Insurance contract liability as at December 31, 2022	458,719	15,644	1,109,965	45,818	1,630,146
Insurance contract assets as at December 31, 2022	(39,292)	-	27,300	3,199	(8,793)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15.INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Medical**

December 31, 2023	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
Opening liabilities as at December 31, 2022	182,360	581	109,243	12,670	304,854
Opening assets as at December 31, 2022	(36,647)	-	27,300	3,199	(6,148)
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>145,713</b>	<b>581</b>	<b>136,543</b>	<b>15,869</b>	<b>298,706</b>
<b>Insurance revenue</b>	<b>(667,999)</b>	-	-	-	<b>(667,999)</b>
<b>Insurance service expenses</b>	<b>100,806</b>	<b>17,720</b>	<b>616,394</b>	<b>(8,574)</b>	<b>726,346</b>
Incurred claims and other expenses	-	-	607,545	6,362	613,907
Future service: losses on onerous contracts and loss reversals	-	17,720	-	-	17,720
Past service: changes to liabilities for incurred claims	-	-	7,123	(14,936)	(7,813)
Insurance acquisition costs	100,806	-	-	-	100,806
Changes to surplus distribution payable	-	-	1,726	-	1,726
<b>Insurance service result before reinsurance contracts held</b>	<b>(567,193)</b>	<b>17,720</b>	<b>616,394</b>	<b>(8,574)</b>	<b>58,347</b>
Finance expenses from insurance contracts issued	-	-	606	2	608
<b>Total changes in the statement of income</b>	<b>(567,193)</b>	<b>17,720</b>	<b>617,000</b>	<b>(8,572)</b>	<b>58,955</b>
<b>Other movements – insurance industry pool portfolio</b>	<b>9,490</b>	-	<b>(2,558)</b>	<b>68</b>	<b>7,000</b>
<b>Cash flows</b>	<b>527,321</b>	-	<b>(585,129)</b>	-	<b>(57,808)</b>
Premium received	651,994	-	-	-	651,994
Claims and directly attributable expenses paid	-	-	(585,129)	-	(585,129)
Insurance acquisition cash flows	(124,673)	-	-	-	(124,673)
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>115,331</b>	<b>18,301</b>	<b>165,856</b>	<b>7,365</b>	<b>306,853</b>
Insurance contract liability as at December 31, 2023	115,331	18,301	165,856	7,365	306,853
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Medical**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	84,260	3,470	75,081	7,172	169,983
Opening assets as at December 31, 2021	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2021</u></b>	84,260	3,470	75,081	7,172	169,983
<b>Insurance revenue</b>	(557,962)	-	-	-	(557,962)
<b>Insurance service expenses</b>	80,198	(2,889)	529,637	8,697	615,643
Incurring claims and other expenses	-	-	511,396	15,663	527,059
Future service: losses on onerous contracts and loss reversals	-	(2,889)	-	-	(2,889)
Past service: changes to liabilities for incurred claims	-	-	18,241	(6,966)	11,275
Insurance acquisition costs	80,198	-	-	-	80,198
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(477,764)	(2,889)	529,637	8,697	57,681
Finance expenses from insurance contracts issued	-	-	821	-	821
<b>Total changes in the statement of income</b>	(477,764)	(2,889)	530,458	8,697	58,502
<b>Other movements - portfolio acquired through merger</b>	-	-	-	-	-
<b>Cash flows</b>	539,217	-	(468,996)	-	70,221
Premium received	623,353	-	-	-	623,353
Claims and directly attributable expenses paid	-	-	(468,996)	-	(468,996)
Insurance acquisition cash flows	(84,136)	-	-	-	(84,136)
<b><u>Net closing insurance contract liabilities as at December 31, 2022</u></b>	145,713	581	136,543	15,869	298,706
Insurance contract liability as at December 31, 2022	182,360	581	109,243	12,670	304,854
Insurance contract assets as at December 31, 2022	(36,647)	-	27,300	3,199	(6,148)

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Motor**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2023</b>					
Opening liabilities as at December 31, 2022	124,696	14,263	152,010	10,899	301,868
Opening assets as at December 31, 2022	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>124,696</b>	<b>14,263</b>	<b>152,010</b>	<b>10,899</b>	<b>301,868</b>
<b>Insurance revenue</b>	(512,526)	-	-	-	(512,526)
<b>Insurance service expenses</b>	<b>100,815</b>	<b>(14,178)</b>	<b>445,174</b>	<b>(5,014)</b>	<b>526,797</b>
Incurred claims and other expenses	-	-	435,801	4,212	440,013
Future service: losses on onerous contracts and loss reversals	-	(14,178)	-	-	(14,178)
Past service: changes to liabilities for incurred claims	-	-	8,048	(9,226)	(1,178)
Insurance acquisition costs	100,815	-	-	-	100,815
Changes to surplus distribution payable	-	-	1,325	-	1,325
<b>Insurance service result before reinsurance contracts held</b>	<b>(411,711)</b>	<b>(14,178)</b>	<b>445,174</b>	<b>(5,014)</b>	<b>14,271</b>
Finance expenses from insurance contracts issued	-	-	730	-	730
<b>Total changes in the statement of income</b>	<b>(411,711)</b>	<b>(14,178)</b>	<b>445,904</b>	<b>(5,014)</b>	<b>15,001</b>
<b>Other movements – insurance industry pool portfolio</b>	-	-	-	-	-
<b>Cash flows</b>	<b>681,711</b>	-	<b>(450,830)</b>	-	<b>230,881</b>
Premium received	800,230	-	-	-	800,230
Claims and directly attributable expenses paid	-	-	(450,830)	-	(450,830)
Insurance acquisition cash flows	(118,519)	-	-	-	(118,519)
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>394,696</b>	<b>85</b>	<b>147,084</b>	<b>5,885</b>	<b>547,750</b>
Insurance contract liability as at December 31, 2023	394,696	85	147,084	5,885	547,750
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Motor**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	204,052	13,155	149,027	9,799	376,033
Opening assets as at December 31, 2021	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2021</b>	204,052	13,155	149,027	9,799	376,033
<b>Insurance revenue</b>	(532,688)	-	-	-	(532,688)
<b>Insurance service expenses</b>	96,175	1,108	560,795	1,100	659,178
Incurred claims and other expenses	-	-	555,134	7,166	562,300
Future service: losses on onerous contracts and loss reversals	-	1,108	-	-	1,108
Past service: changes to liabilities for incurred claims	-	-	5,661	(6,066)	(405)
Insurance acquisition costs	96,175	-	-	-	96,175
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(436,513)	1,108	560,795	1,100	126,490
Finance expenses from insurance contracts issued	-	-	3,065	-	3,065
<b>Total changes in the statement of income</b>	(436,513)	1,108	563,860	1,100	129,555
<b>Other movements - portfolio acquired through merger</b>	-	-	-	-	-
<b>Cash flows</b>	357,157	-	(560,877)	-	(203,720)
Premium received	445,887	-	-	-	445,887
Claims and directly attributable expenses paid	-	-	(560,877)	-	(560,877)
Insurance acquisition cash flows	(88,730)	-	-	-	(88,730)
<b>Net closing insurance contract liabilities as at December 31, 2022</b>	124,696	14,263	152,010	10,899	301,868
Insurance contract liability as at December 31, 2022	124,696	14,263	152,010	10,899	301,868
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Property**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2023</b>					
Opening liabilities as at December 31, 2022	(83,475)	-	367,565	6,978	291,068
Opening assets as at December 31, 2022	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>(83,475)</b>	<b>-</b>	<b>367,565</b>	<b>6,978</b>	<b>291,068</b>
<b>Insurance revenue</b>	(223,437)	-	-	-	(223,437)
<b>Insurance service expenses</b>	<b>14,896</b>	<b>-</b>	<b>27,996</b>	<b>(4,284)</b>	<b>38,608</b>
Incurred claims and other expenses	-	-	77,652	1,143	78,795
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(49,757)	(5,427)	(55,184)
Insurance acquisition costs	14,896	-	-	-	14,896
Changes to surplus distribution payable	-	-	101	-	101
<b>Insurance service result before reinsurance contracts held</b>	<b>(208,541)</b>	<b>-</b>	<b>27,996</b>	<b>(4,284)</b>	<b>(184,829)</b>
Finance expenses from insurance contracts issued	-	-	533	-	533
<b>Total changes in the statement of income</b>	<b>(208,541)</b>	<b>-</b>	<b>28,529</b>	<b>(4,284)</b>	<b>(184,296)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>353,109</b>	<b>-</b>	<b>(240,017)</b>	<b>-</b>	<b>113,092</b>
Premium received	369,687	-	-	-	369,687
Claims and directly attributable expenses paid	-	-	(240,017)	-	(240,017)
Insurance acquisition cash flows	(16,578)	-	-	-	(16,578)
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>61,093</b>	<b>-</b>	<b>156,077</b>	<b>2,694</b>	<b>219,864</b>
Insurance contract liability as at December 31, 2023	61,093	-	156,077	2,694	219,864
Insurance contract assets as at December 31, 2023	-	-	-	-	-



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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Property**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	(43,864)	-	271,017	2,113	229,266
Opening assets as at December 31, 2021	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2021</u></b>	(43,864)	-	271,017	2,113	229,266
<b>Insurance revenue</b>	(305,920)	-	-	-	(305,920)
<b>Insurance service expenses</b>	11,570	-	59,488	3,953	75,011
Incurred claims and other expenses	-	-	150,841	2,692	153,533
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(91,353)	1,261	(90,092)
Insurance acquisition costs	11,570	-	-	-	11,570
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(294,350)	-	59,488	3,953	(230,909)
Finance expenses from insurance contracts issued	-	-	8,237	-	8,237
<b>Total changes in the statement of income</b>	(294,350)	-	67,725	3,953	(222,672)
<b>Other movements – portfolio acquired through merger</b>	2,275	-	48,263	912	51,450
<b>Cash flows</b>	252,464	-	(19,440)	-	233,024
Premium received	260,808	-	-	-	260,808
Claims and directly attributable expenses paid	-	-	(19,440)	-	(19,440)
Insurance acquisition cash flows	(8,344)	-	-	-	(8,344)
<b><u>Net closing insurance contract liabilities as at December 31, 2022</u></b>	(83,475)	-	367,565	6,978	291,068
Insurance contract liability as at December 31, 2022	(83,475)	-	367,565	6,978	291,068
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Energy**

December 31, 2023	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
Opening liabilities as at December 31, 2022	197,014	-	75,428	3,770	276,212
Opening assets as at December 31, 2022	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>197,014</b>	<b>-</b>	<b>75,428</b>	<b>3,770</b>	<b>276,212</b>
<b>Insurance revenue</b>	<b>(634,409)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(634,409)</b>
<b>Insurance service expenses</b>	<b>4,160</b>	<b>-</b>	<b>29,328</b>	<b>790</b>	<b>34,278</b>
Incurring claims and other expenses	-	-	104,747	4,560	109,307
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(75,419)	(3,770)	(79,189)
Insurance acquisition costs	4,160	-	-	-	4,160
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	<b>(630,249)</b>	<b>-</b>	<b>29,328</b>	<b>790</b>	<b>(600,131)</b>
Finance expenses from insurance contracts issued	-	-	-	-	-
<b>Total changes in the statement of income</b>	<b>(630,249)</b>	<b>-</b>	<b>29,328</b>	<b>790</b>	<b>(600,131)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>576,774</b>	<b>-</b>	<b>(13,467)</b>	<b>-</b>	<b>563,307</b>
Premium received	583,957	-	-	-	583,957
Claims and directly attributable expenses paid	-	-	(13,467)	-	(13,467)
Insurance acquisition cash flows	(7,183)	-	-	-	(7,183)
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>143,539</b>	<b>-</b>	<b>91,289</b>	<b>4,560</b>	<b>239,388</b>
Insurance contract liability as at December 31, 2023	143,539	-	91,289	4,560	239,388
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Energy**

December 31, 2022	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
Opening liabilities as at December 31, 2021	122,021	-	63,124	3,155	188,300
Opening assets as at December 31, 2021	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2021</u></b>	122,021	-	63,124	3,155	188,300
<b>Insurance revenue</b>	(569,978)	-	-	-	(569,978)
<b>Insurance service expenses</b>	29,590	-	21,350	615	51,555
Incurring claims and other expenses	-	-	84,951	3,770	88,721
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(63,601)	(3,155)	(66,756)
Insurance acquisition costs	29,590	-	-	-	29,590
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(540,388)	-	21,350	615	(518,423)
Finance expenses from insurance contracts issued	-	-	477	-	477
<b>Total changes in the statement of income</b>	(540,388)	-	21,827	615	(517,946)
<b>Other movements - portfolio acquired through merger</b>	-	-	-	-	-
<b>Cash flows</b>	615,381	-	(9,523)	-	605,858
Premium received	643,820	-	-	-	643,820
Claims and directly attributable expenses paid	-	-	(9,523)	-	(9,523)
Insurance acquisition cash flows	(28,439)	-	-	-	(28,439)
<b><u>Net closing insurance contract liabilities as at December 31, 2022</u></b>	197,014	-	75,428	3,770	276,212
Insurance contract liability as at December 31, 2022	197,014	-	75,428	3,770	276,212
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Engineering**

December 31, 2023	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
Opening liabilities as at December 31, 2022	8,249	-	69,658	2,419	80,326
Opening assets as at December 31, 2022	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>8,249</b>	<b>-</b>	<b>69,658</b>	<b>2,419</b>	<b>80,326</b>
<b>Insurance revenue</b>	<b>(177,669)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(177,669)</b>
<b>Insurance service expenses</b>	<b>14,975</b>	<b>-</b>	<b>43,845</b>	<b>2,657</b>	<b>61,477</b>
Incurring claims and other expenses	-	-	70,539	3,857	74,396
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(26,801)	(1,200)	(28,001)
Insurance acquisition costs	14,975	-	-	-	14,975
Changes to surplus distribution payable	-	-	107	-	107
<b>Insurance service result before reinsurance contracts held</b>	<b>(162,694)</b>	<b>-</b>	<b>43,845</b>	<b>2,657</b>	<b>(116,192)</b>
Finance expenses from insurance contracts issued	-	-	271	-	271
<b>Total changes in the statement of income</b>	<b>(162,694)</b>	<b>-</b>	<b>44,116</b>	<b>2,657</b>	<b>(115,921)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>304,876</b>	<b>-</b>	<b>(17,961)</b>	<b>-</b>	<b>286,915</b>
Premium received	322,022	-	-	-	322,022
Claims and directly attributable expenses paid	-	-	(17,961)	-	(17,961)
Insurance acquisition cash flows	(17,146)	-	-	-	(17,146)
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>150,431</b>	<b>-</b>	<b>95,813</b>	<b>5,076</b>	<b>251,320</b>
Insurance contract liability as at December 31, 2023	150,431	-	95,813	5,076	251,320
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Engineering**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	10,114	-	73,090	3,889	87,093
Opening assets as at December 31, 2021	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2021</u></b>	10,114	-	73,090	3,889	87,093
<b>Insurance revenue</b>	(92,164)	-	-	-	(92,164)
<b>Insurance service expenses</b>	13,802	-	2,699	(1,495)	15,006
Incurring claims and other expenses	-	-	33,599	961	34,560
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(30,900)	(2,456)	(33,356)
Insurance acquisition costs	13,802	-	-	-	13,802
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(78,362)	-	2,699	(1,495)	(77,158)
Finance expenses from insurance contracts issued	-	-	2,296	-	2,296
<b>Total changes in the statement of income</b>	(78,362)	-	4,995	(1,495)	(74,862)
<b>Other movements - portfolio acquired through merger</b>	237	-	733	25	995
<b>Cash flows</b>	76,260	-	(9,160)	-	67,100
Premium received	83,954	-	-	-	83,954
Claims and directly attributable expenses paid	-	-	(9,160)	-	(9,160)
Insurance acquisition cash flows	(7,694)	-	-	-	(7,694)
<b><u>Net closing insurance contract liabilities as at December 31, 2022</u></b>	8,249	-	69,658	2,419	80,326
Insurance contract liability as at December 31, 2022	8,249	-	69,658	2,419	80,326
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Protection and Savings (P&S) - non-linked**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2023</b>					
Opening liabilities as at December 31, 2022	(45,456)	800	182,999	5,585	143,928
Opening assets as at December 31, 2022	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2022</b>	<b>(45,456)</b>	<b>800</b>	<b>182,999</b>	<b>5,585</b>	<b>143,928</b>
<b>Insurance revenue</b>	(212,463)	-	-	-	(212,463)
<b>Insurance service expenses</b>	<b>6,490</b>	<b>(800)</b>	<b>156,414</b>	<b>865</b>	<b>162,969</b>
Incurring claims and other expenses	-	-	203,315	4,045	207,360
Future service: losses on onerous contracts and loss reversals	-	(800)	-	-	(800)
Past service: changes to liabilities for incurred claims	-	-	(53,710)	(3,180)	(56,890)
Insurance acquisition costs	6,490	-	-	-	6,490
Changes to surplus distribution payable	-	-	6,809	-	6,809
<b>Insurance service result before reinsurance contracts held</b>	<b>(205,973)</b>	<b>(800)</b>	<b>156,414</b>	<b>865</b>	<b>(49,494)</b>
Finance expenses from insurance contracts issued	-	-	2,790	-	2,790
<b>Total changes in the statement of income</b>	<b>(205,973)</b>	<b>(800)</b>	<b>159,204</b>	<b>865</b>	<b>(46,704)</b>
<b>Other movements - insurance industry pool portfolio</b>	-	-	-	-	-
<b>Cash flows</b>	<b>196,965</b>	-	<b>(197,534)</b>	-	<b>(569)</b>
Premium received	203,761	-	-	-	203,761
Claims and directly attributable expenses paid	-	-	(197,534)	-	(197,534)
Insurance acquisition cash flows	(6,796)	-	-	-	(6,796)
<b>Net closing insurance contract liabilities as at December 31, 2023</b>	<b>(54,464)</b>	-	<b>144,669</b>	<b>6,450</b>	<b>96,655</b>
Insurance contract liability as at December 31, 2023	(54,464)	-	144,669	6,450	96,655
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Protection and Savings (P&S) - non-linked**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	(30,928)	-	61,818	1,449	32,339
Opening assets as at December 31, 2021	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2021</b>	(30,928)	-	61,818	1,449	32,339
<b>Insurance revenue</b>	(189,876)	-	-	-	(189,876)
<b>Insurance service expenses</b>	3,279	800	177,036	1,775	182,890
Incurring claims and other expenses	-	-	231,017	4,296	235,313
Future service: losses on onerous contracts and loss reversals	-	800	-	-	800
Past service: changes to liabilities for incurred claims	-	-	(53,981)	(2,521)	(56,502)
Insurance acquisition costs	3,279	-	-	-	3,279
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(186,597)	800	177,036	1,775	(6,986)
Finance expenses from insurance contracts issued	-	-	1,807	-	1,807
<b>Total changes in the statement of income</b>	(186,597)	800	178,843	1,775	(5,179)
<b>Other movements - portfolio acquired through merger</b>	(22,772)	-	78,036	2,361	57,625
<b>Cash flows</b>	194,841	-	(135,698)	-	59,143
Premium received	198,528	-	-	-	198,528
Claims and directly attributable expenses paid	-	-	(135,698)	-	(135,698)
Insurance acquisition cash flows	(3,687)	-	-	-	(3,687)
<b>Net closing insurance contract liabilities as at December 31, 2022</b>	(45,456)	800	182,999	5,585	143,928
Insurance contract liability as at December 31, 2022	(45,456)	800	182,999	5,585	143,928
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Property and Casualty (P&C) - others**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2023</b>					
Opening liabilities as at December 31, 2022	75,331	-	153,062	3,497	231,890
Opening assets as at December 31, 2022	(2,645)	-	-	-	(2,645)
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>72,686</b>	<b>-</b>	<b>153,062</b>	<b>3,497</b>	<b>229,245</b>
<b>Insurance revenue</b>	<b>(444,006)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(444,006)</b>
<b>Insurance service expenses</b>	<b>48,102</b>	<b>-</b>	<b>73,136</b>	<b>1,933</b>	<b>123,171</b>
Incurring claims and other expenses	-	-	99,803	2,863	102,666
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(27,022)	(930)	(27,952)
Insurance acquisition costs	48,102	-	-	-	48,102
Changes to surplus distribution payable	-	-	355	-	355
<b>Insurance service result before reinsurance contracts held</b>	<b>(395,904)</b>	<b>-</b>	<b>73,136</b>	<b>1,933</b>	<b>(320,835)</b>
Finance expenses from insurance contracts issued	186	-	992	8	1,186
<b>Total changes in the statement of income</b>	<b>(395,718)</b>	<b>-</b>	<b>74,128</b>	<b>1,941</b>	<b>(319,649)</b>
<b>Other movements – insurance industry pool portfolio</b>	<b>51,247</b>	<b>-</b>	<b>3,656</b>	<b>779</b>	<b>55,682</b>
<b>Cash flows</b>	<b>410,542</b>	<b>-</b>	<b>(69,803)</b>	<b>-</b>	<b>340,739</b>
Premium received	475,818	-	-	-	475,818
Claims and directly attributable expenses paid	-	-	(69,803)	-	(69,803)
Insurance acquisition cash flows	(65,276)	-	-	-	(65,276)
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>138,757</b>	<b>-</b>	<b>161,043</b>	<b>6,217</b>	<b>306,017</b>
Insurance contract liability as at December 31, 2023	138,757	-	161,043	6,217	306,017
Insurance contract assets as at December 31, 2023	-	-	-	-	-



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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.1 PAA – Insurance Contracts - Property and Casualty (P&C) - others**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	100,952	-	102,429	3,617	206,998
Opening assets as at December 31, 2021	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2021</b>	100,952	-	102,429	3,617	206,998
<b>Insurance revenue</b>	(319,940)	-	-	-	(319,940)
<b>Insurance service expenses</b>	5,168	-	63,949	(257)	68,860
Incurring claims and other expenses	-	-	78,684	1,344	80,028
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	(14,735)	(1,601)	(16,336)
Insurance acquisition costs	5,168	-	-	-	5,168
Changes to surplus distribution payable	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(314,772)	-	63,949	(257)	(251,080)
Finance expenses from insurance contracts issued	-	-	3,388	-	3,388
<b>Total changes in the statement of income</b>	(314,772)	-	67,337	(257)	(247,692)
<b>Other movements - portfolio acquired through merger</b>	(248)	-	7,540	137	7,429
<b>Cash flows</b>	286,754	-	(24,244)	-	262,510
Premium received	305,880	-	-	-	305,880
Claims and directly attributable expenses paid	-	-	(24,244)	-	(24,244)
Insurance acquisition cash flows	(19,126)	-	-	-	(19,126)
<b>Net closing insurance contract liabilities as at December 31, 2022</b>	72,686	-	153,062	3,497	229,245
Insurance contract liability as at December 31, 2022	75,331	-	153,062	3,497	231,890
Insurance contract assets as at December 31, 2022	(2,645)	-	-	-	(2,645)

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Total**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	3,091	-	778,837	19,459	801,387
Opening liabilities as at December 31, 2022	(3,931)	-	1,111	131	(2,689)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>(840)</b>	<b>-</b>	<b>779,948</b>	<b>19,590</b>	<b>798,698</b>
<b>Allocation of reinsurance premiums</b>	<b>(1,321,410)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,321,410)</b>
<b>Amounts recoverable from reinsurance for incurred claims</b>	<b>-</b>	<b>-</b>	<b>136,665</b>	<b>3,592</b>	<b>140,257</b>
Incurred claims and other expenses	-	-	331,997	13,333	345,330
Past service: changes to assets for incurred claims	-	-	(205,485)	(9,741)	(215,226)
Change in profit commission/ sliding scale commission	-	-	10,153	-	10,153
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(1,321,410)</b>	<b>-</b>	<b>136,665</b>	<b>3,592</b>	<b>(1,181,153)</b>
Finance income from reinsurance contracts held	(29)	-	2,166	1	2,138
<b>Total changes in the statement of income</b>	<b>(1,321,439)</b>	<b>-</b>	<b>138,831</b>	<b>3,593</b>	<b>(1,179,015)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>533</b>	<b>-</b>	<b>260</b>	<b>52</b>	<b>845</b>
<b>Cash flows</b>	<b>1,432,813</b>	<b>-</b>	<b>(286,117)</b>	<b>-</b>	<b>1,146,696</b>
Reinsurance premium paid	1,452,853	-	-	-	1,452,853
Claims recoveries received from reinsurers	-	-	(280,569)	-	(280,569)
Fixed commission received	(20,040)	-	-	-	(20,040)
Profit commission/sliding scale commission received	-	-	(5,548)	-	(5,548)
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>111,067</b>	<b>-</b>	<b>632,922</b>	<b>23,235</b>	<b>767,224</b>
Reinsurance contract assets as at December 31, 2023	111,067	-	632,922	23,235	767,224
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Total**

**December 31, 2022**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	158,290	-	500,386	12,137	670,813
Opening liabilities as at December 31, 2021	(4,622)	-	1,049	103	(3,470)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	153,668	-	501,435	12,240	667,343
<b>Allocation of reinsurance premiums</b>	(1,174,754)	-	-	-	(1,174,754)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	147,029	4,782	151,811
Incurred claims and other expenses	-	-	379,194	12,025	391,219
Past service: changes to assets for incurred claims	-	-	(234,880)	(7,243)	(242,123)
Change in profit commission/ sliding scale commission	-	-	2,715	-	2,715
<b>Net (expenses) / income from reinsurance contracts held</b>	(1,174,754)	-	147,029	4,782	(1,022,943)
Finance income from reinsurance contracts held	-	-	13,880	-	13,880
<b>Total changes in the statement of income</b>	(1,174,754)	-	160,909	4,782	(1,009,063)
<b>Other movements - portfolio acquired through merger</b>	(77,528)	-	154,671	2,568	79,711
<b>Cash flows</b>	1,097,774	-	(37,067)	-	1,060,707
Reinsurance premium paid	1,172,960	-	-	-	1,172,960
Claims recoveries received from reinsurers	-	-	(37,034)	-	(37,034)
Fixed commission received	(75,186)	-	-	-	(75,186)
Profit commission/sliding scale commission received	-	-	(33)	-	(33)
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(840)	-	779,948	19,590	798,698
Reinsurance contract assets as at December 31, 2022	3,091	-	778,837	19,459	801,387
Reinsurance contract liabilities as at December 31, 2022	(3,931)	-	1,111	131	(2,689)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Medical**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	11	-	-	-	11
Opening liabilities as at December 31, 2022	(3,614)	-	1,111	131	(2,372)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>(3,603)</b>	<b>-</b>	<b>1,111</b>	<b>131</b>	<b>(2,361)</b>
<b>Allocation of reinsurance premiums</b>	<b>(3,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,229)</b>
<b>Amounts recoverable from reinsurance for incurred claims</b>	<b>-</b>	<b>-</b>	<b>3,557</b>	<b>243</b>	<b>3,800</b>
Incurred claims and other expenses	-	-	3,590	143	3,733
Past service: changes to assets for incurred claims	-	-	(33)	100	67
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(3,229)</b>	<b>-</b>	<b>3,557</b>	<b>243</b>	<b>571</b>
Finance income from reinsurance contracts held	-	-	-	-	-
<b>Total changes in the statement of income</b>	<b>(3,229)</b>	<b>-</b>	<b>3,557</b>	<b>243</b>	<b>571</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>(1,640)</b>	<b>-</b>	<b>3,822</b>	<b>-</b>	<b>2,182</b>
Reinsurance premium paid	(494)	-	-	-	(494)
Claims recoveries received from reinsurers	-	-	3,822	-	3,822
Fixed commission received	(1,146)	-	-	-	(1,146)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>(8,472)</b>	<b>-</b>	<b>8,490</b>	<b>374</b>	<b>392</b>
Reinsurance contract assets as at December 31, 2023	(8,472)	-	8,490	374	392
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Medical**

**December 31, 2022**

Opening assets as at December 31, 2021

Opening liabilities as at December 31, 2021

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2021**

**Allocation of reinsurance premiums**

**Amounts recoverable from reinsurance for incurred claims**

Incurred claims and other expenses

Past service: changes to assets for incurred claims

Change in profit commission/ sliding scale commission

**Net (expenses) / income from reinsurance contracts held**

Finance income from reinsurance contracts held

**Total changes in the statement of income**

**Other movements - portfolio acquired through merger**

**Cash flows**

Reinsurance premium paid

Claims recoveries received from reinsurers

Fixed commission received

Profit commission/sliding scale commission received

**Net closing reinsurance contract assets as at December 31, 2022**

Reinsurance contract assets as at December 31, 2022

Reinsurance contract liabilities as at December 31, 2022

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	2,574	-	1,332	130	4,036
Opening liabilities as at December 31, 2021	(4,622)	-	1,049	103	(3,470)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	(2,048)	-	2,381	233	566
<b>Allocation of reinsurance premiums</b>	(5,086)	-	-	-	(5,086)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	(1,274)	(102)	(1,376)
Incurred claims and other expenses	-	-	100	10	110
Past service: changes to assets for incurred claims	-	-	(1,374)	(112)	(1,486)
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	(5,086)	-	(1,274)	(102)	(6,462)
Finance income from reinsurance contracts held	-	-	18	-	18
<b>Total changes in the statement of income</b>	(5,086)	-	(1,256)	(102)	(6,444)
<b>Other movements - portfolio acquired through merger</b>	-	-	-	-	-
<b>Cash flows</b>	3,531	-	(14)	-	3,517
Reinsurance premium paid	4,081	-	-	-	4,081
Claims recoveries received from reinsurers	-	-	(14)	-	(14)
Fixed commission received	(550)	-	-	-	(550)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(3,603)	-	1,111	131	(2,361)
Reinsurance contract assets as at December 31, 2022	11	-	-	-	11
Reinsurance contract liabilities as at December 31, 2022	(3,614)	-	1,111	131	(2,372)

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Motor**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	-	-	-	-	-
Opening liabilities as at December 31, 2022	(314)	-	-	-	(314)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>(314)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(314)</b>
<b>Allocation of reinsurance premiums</b>	<b>(2,028)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,028)</b>
<b>Amounts recoverable from reinsurance for incurred claims</b>	<b>-</b>	<b>-</b>	<b>7,396</b>	<b>308</b>	<b>7,704</b>
Incurred claims and other expenses	-	-	7,400	288	7,688
Past service: changes to assets for incurred claims	-	-	(4)	20	16
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(2,028)</b>	<b>-</b>	<b>7,396</b>	<b>308</b>	<b>5,676</b>
Finance income from reinsurance contracts held	-	-	-	-	-
<b>Total changes in the statement of income</b>	<b>(2,028)</b>	<b>-</b>	<b>7,396</b>	<b>308</b>	<b>5,676</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>2,235</b>	<b>-</b>	<b>514</b>	<b>-</b>	<b>2,749</b>
Reinsurance premium paid	2,009	-	-	-	2,009
Claims recoveries received from reinsurers	-	-	514	-	514
Fixed commission received	226	-	-	-	226
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>(107)</b>	<b>-</b>	<b>7,910</b>	<b>308</b>	<b>8,111</b>
Reinsurance contract assets as at December 31, 2023	(107)	-	7,910	308	8,111
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Motor**

**December 31, 2022**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	42	-	-	-	42
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	42	-	-	-	42
<b>Allocation of reinsurance premiums</b>	(2,934)	-	-	-	(2,934)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	-	-	-
Incurred claims and other expenses	-	-	-	-	-
Past service: changes to assets for incurred claims	-	-	-	-	-
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	(2,934)	-	-	-	(2,934)
Finance income from reinsurance contracts held	-	-	-	-	-
<b>Total changes in the statement of income</b>	(2,934)	-	-	-	(2,934)
<b>Other movements - portfolio acquired through merger</b>	-	-	-	-	-
<b>Cash flows</b>	2,578	-	-	-	2,578
Reinsurance premium paid	2,578	-	-	-	2,578
Claims recoveries received from reinsurers	-	-	-	-	-
Fixed commission received	-	-	-	-	-
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(314)	-	-	-	(314)
Reinsurance contract assets as at December 31, 2022	-	-	-	-	-
Reinsurance contract liabilities as at December 31, 2022	(314)	-	-	-	(314)

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Property**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	(56,735)	-	375,688	6,978	325,931
Opening liabilities as at December 31, 2022	-	-	-	-	-
<b>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</b>	<b>(56,735)</b>	<b>-</b>	<b>375,688</b>	<b>6,978</b>	<b>325,931</b>
<b>Allocation of reinsurance premiums</b>	<b>(184,482)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(184,482)</b>
<b>Amounts recoverable from reinsurance for incurred claims</b>	<b>-</b>	<b>-</b>	<b>3,360</b>	<b>(4,152)</b>	<b>(792)</b>
Incurred claims and other expenses	-	-	61,416	1,060	62,476
Past service: changes to assets for incurred claims	-	-	(62,255)	(5,212)	(67,467)
Change in profit commission/ sliding scale commission	-	-	4,199	-	4,199
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(184,482)</b>	<b>-</b>	<b>3,360</b>	<b>(4,152)</b>	<b>(185,274)</b>
Finance income from reinsurance contracts held	-	-	444	-	444
<b>Total changes in the statement of income</b>	<b>(184,482)</b>	<b>-</b>	<b>3,804</b>	<b>(4,152)</b>	<b>(184,830)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>207,412</b>	<b>-</b>	<b>(206,791)</b>	<b>-</b>	<b>621</b>
Reinsurance premium paid	197,799	-	-	-	197,799
Claims recoveries received from reinsurers	-	-	(205,420)	-	(205,420)
Fixed commission received	9,613	-	-	-	9,613
Profit commission/sliding scale commission received	-	-	(1,371)	-	(1,371)
<b>Net closing reinsurance contract assets as at December 31, 2023</b>	<b>(33,805)</b>	<b>-</b>	<b>172,701</b>	<b>2,826</b>	<b>141,722</b>
Reinsurance contract assets as at December 31, 2023	(33,805)	-	172,701	2,826	141,722
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-



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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Property**

December 31, 2022	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	(30,087)	-	272,536	2,055	244,504
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	(30,087)	-	272,536	2,055	244,504
<b>Allocation of reinsurance premiums</b>	(273,372)	-	-	-	(273,372)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	63,560	4,395	67,955
Incurred claims and other expenses	-	-	140,919	2,613	143,532
Past service: changes to assets for incurred claims	-	-	(76,677)	1,782	(74,895)
Change in profit commission/ sliding scale commission	-	-	(682)	-	(682)
<b>Net (expenses) / income from reinsurance contracts held</b>	(273,372)	-	63,560	4,395	(205,417)
Finance income from reinsurance contracts held	-	-	8,121	-	8,121
<b>Total changes in the statement of income</b>	(273,372)	-	71,681	4,395	(197,296)
<b>Other movements - portfolio acquired through merger</b>	(7,666)	-	67,737	528	60,599
<b>Cash flows</b>	254,390	-	(36,266)	-	218,124
Reinsurance premium paid	277,730	-	-	-	277,730
Claims recoveries received from reinsurers	-	-	(36,233)	-	(36,233)
Fixed commission received	(23,340)	-	-	-	(23,340)
Profit commission/sliding scale commission received	-	-	(33)	-	(33)
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(56,735)	-	375,688	6,978	325,931
Reinsurance contract assets as at December 31, 2022	(56,735)	-	375,688	6,978	325,931
Reinsurance contract liabilities as at December 31, 2022	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Energy**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	90,715	-	75,267	3,763	169,745
Opening liabilities as at December 31, 2022	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>90,715</b>	<b>-</b>	<b>75,267</b>	<b>3,763</b>	<b>169,745</b>
<b>Allocation of reinsurance premiums</b>	<b>(623,472)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(623,472)</b>
<b>Amounts recoverable from reinsurance for incurred claims</b>	<b>-</b>	<b>-</b>	<b>16,939</b>	<b>847</b>	<b>17,786</b>
Incurred claims and other expenses	-	-	92,198	4,610	96,808
Past service: changes to assets for incurred claims	-	-	(75,259)	(3,763)	(79,022)
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(623,472)</b>	<b>-</b>	<b>16,939</b>	<b>847</b>	<b>(605,686)</b>
Finance income from reinsurance contracts held	-	-	-	-	-
<b>Total changes in the statement of income</b>	<b>(623,472)</b>	<b>-</b>	<b>16,939</b>	<b>847</b>	<b>(605,686)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>664,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>664,405</b>
Reinsurance premium paid	671,047	-	-	-	671,047
Claims recoveries received from reinsurers	-	-	-	-	-
Fixed commission received	(6,642)	-	-	-	(6,642)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>131,648</b>	<b>-</b>	<b>92,206</b>	<b>4,610</b>	<b>228,464</b>
Reinsurance contract assets as at December 31, 2023	131,648	-	92,206	4,610	228,464
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Energy**

**December 31, 2022**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	129,521	-	62,970	3,149	195,640
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	129,521	-	62,970	3,149	195,640
<b>Allocation of reinsurance premiums</b>	(542,974)	-	-	-	(542,974)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	11,821	614	12,435
Incurred claims and other expenses	-	-	75,268	3,763	79,031
Past service: changes to assets for incurred claims	-	-	(63,447)	(3,149)	(66,596)
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	(542,974)	-	11,821	614	(530,539)
Finance income from reinsurance contracts held	-	-	476	-	476
<b>Total changes in the statement of income</b>	(542,974)	-	12,297	614	(530,063)
<b>Other movements - portfolio acquired through merger</b>	-	-	-	-	-
<b>Cash flows</b>	504,168	-	-	-	504,168
Reinsurance premium paid	527,283	-	-	-	527,283
Claims recoveries received from reinsurers	-	-	-	-	-
Fixed commission received	(23,115)	-	-	-	(23,115)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	90,715	-	75,267	3,763	169,745
Reinsurance contract assets as at December 31, 2022	90,715	-	75,267	3,763	169,745
Reinsurance contract liabilities as at December 31, 2022	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Engineering**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	(3,272)	-	79,528	2,375	78,631
Opening liabilities as at December 31, 2022	-	-	-	-	-
<b>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</b>	<b>(3,272)</b>	<b>-</b>	<b>79,528</b>	<b>2,375</b>	<b>78,631</b>
<b>Allocation of reinsurance premiums</b>	<b>(136,437)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(136,437)</b>
<b>Amounts recoverable from reinsurance for incurred claims</b>	<b>-</b>	<b>-</b>	<b>35,634</b>	<b>2,536</b>	<b>38,170</b>
Incurred claims and other expenses	-	-	55,555	2,986	58,541
Past service: changes to assets for incurred claims	-	-	(25,875)	(450)	(26,325)
Change in profit commission/ sliding scale commission	-	-	5,954	-	5,954
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(136,437)</b>	<b>-</b>	<b>35,634</b>	<b>2,536</b>	<b>(98,267)</b>
Finance income from reinsurance contracts held	-	-	208	-	208
<b>Total changes in the statement of income</b>	<b>(136,437)</b>	<b>-</b>	<b>35,842</b>	<b>2,536</b>	<b>(98,059)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>197,858</b>	<b>-</b>	<b>(11,034)</b>	<b>-</b>	<b>186,824</b>
Reinsurance premium paid	202,039	-	-	-	202,039
Claims recoveries received from reinsurers	-	-	(6,857)	-	(6,857)
Fixed commission received	(4,181)	-	-	-	(4,181)
Profit commission/sliding scale commission received	-	-	(4,177)	-	(4,177)
<b>Net closing reinsurance contract assets as at December 31, 2023</b>	<b>58,149</b>	<b>-</b>	<b>104,336</b>	<b>4,911</b>	<b>167,396</b>
Reinsurance contract assets as at December 31, 2023	58,149	-	104,336	4,911	167,396
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Engineering**

**December 31, 2022**

Opening assets as at December 31, 2021

Opening liabilities as at December 31, 2021

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2021**

**Allocation of reinsurance premiums**

**Amounts recoverable from reinsurance for incurred claims**

Incurred claims and other expenses

Past service: changes to assets for incurred claims

Change in profit commission/ sliding scale commission

**Net (expenses) / income from reinsurance contracts held**

Finance income from reinsurance contracts held

**Total changes in the statement of income**

**Other movements - portfolio acquired through merger**

**Cash flows**

Reinsurance premium paid

Claims recoveries received from reinsurers

Fixed commission received

Profit commission/sliding scale commission received

**Net closing reinsurance contract assets as at December 31, 2022**

Reinsurance contract assets as at December 31, 2022

Reinsurance contract liabilities as at December 31, 2022

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	21,576	-	77,636	3,718	102,930
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	21,576	-	77,636	3,718	102,930
<b>Allocation of reinsurance premiums</b>	(72,222)	-	-	-	(72,222)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	352	(1,384)	(1,032)
Incurred claims and other expenses	-	-	25,864	885	26,749
Past service: changes to assets for incurred claims	-	-	(28,909)	(2,269)	(31,178)
Change in profit commission/ sliding scale commission	-	-	3,397	-	3,397
<b>Net (expenses) / income from reinsurance contracts held</b>	(72,222)	-	352	(1,384)	(73,254)
Finance income from reinsurance contracts held	-	-	2,217	-	2,217
<b>Total changes in the statement of income</b>	(72,222)	-	2,569	(1,384)	(71,037)
<b>Other movements - portfolio acquired through merger</b>	(639)	-	771	41	173
<b>Cash flows</b>	48,013	-	(1,448)	-	46,565
Reinsurance premium paid	54,834	-	-	-	54,834
Claims recoveries received from reinsurers	-	-	(1,448)	-	(1,448)
Fixed commission received	(6,821)	-	-	-	(6,821)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(3,272)	-	79,528	2,375	78,631
Reinsurance contract assets as at December 31, 2022	(3,272)	-	79,528	2,375	78,631
Reinsurance contract liabilities as at December 31, 2022	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Protection and Savings (P&S) - non-linked**

**December 31, 2023**

Opening assets as at December 31, 2022

Opening liabilities as at December 31, 2022

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2022**

**Allocation of reinsurance premiums**

**Amounts recoverable from reinsurance for incurred claims**

Incurred claims and other expenses

Past service: changes to assets for incurred claims

Change in profit commission/ sliding scale commission

**Net (expenses) / income from reinsurance contracts held**

Finance income from reinsurance contracts held

**Total changes in the statement of income**

**Other movements - insurance industry pool portfolio**

**Cash flows**

Reinsurance premium paid

Claims recoveries received from reinsurers

Fixed commission received

Profit commission/sliding scale commission received

**Net closing reinsurance contract assets as at December 31, 2023**

Reinsurance contract assets as at December 31, 2023

Reinsurance contract liabilities as at December 31, 2023

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	(67,859)	-	139,837	4,293	76,271
Opening liabilities as at December 31, 2022	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>(67,859)</b>	<b>-</b>	<b>139,837</b>	<b>4,293</b>	<b>76,271</b>
<b>Allocation of reinsurance premiums</b>	<b>(63,292)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,292)</b>
<b>Amounts recoverable from reinsurance for incurred claims</b>	<b>-</b>	<b>-</b>	<b>29,440</b>	<b>732</b>	<b>30,172</b>
Incurred claims and other expenses	-	-	61,717	2,433	64,150
Past service: changes to assets for incurred claims	-	-	(32,277)	(1,701)	(33,978)
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(63,292)</b>	<b>-</b>	<b>29,440</b>	<b>732</b>	<b>(33,120)</b>
Finance income from reinsurance contracts held	-	-	1,031	-	1,031
<b>Total changes in the statement of income</b>	<b>(63,292)</b>	<b>-</b>	<b>30,471</b>	<b>732</b>	<b>(32,089)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>	<b>81,331</b>	<b>-</b>	<b>(61,917)</b>	<b>-</b>	<b>19,414</b>
Reinsurance premium paid	81,345	-	-	-	81,345
Claims recoveries received from reinsurers	-	-	(61,917)	-	(61,917)
Fixed commission received	(14)	-	-	-	(14)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>(49,820)</b>	<b>-</b>	<b>108,391</b>	<b>5,025</b>	<b>63,596</b>
Reinsurance contract assets as at December 31, 2023	(49,820)	-	108,391	5,025	63,596
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Protection and Savings (P&S) - non-linked**

**December 31, 2022**

Opening assets as at December 31, 2021

Opening liabilities as at December 31, 2021

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2021**

**Allocation of reinsurance premiums**

**Amounts recoverable from reinsurance for incurred claims**

Incurred claims and other expenses

Past service: changes to assets for incurred claims

Change in profit commission/ sliding scale commission

**Net (expenses) / income from reinsurance contracts held**

Finance income from reinsurance contracts held

**Total changes in the statement of income**

**Other movements - portfolio acquired through merger**

**Cash flows**

Reinsurance premium paid

Claims recoveries received from reinsurers

Fixed commission received

Profit commission/sliding scale commission received

**Net closing reinsurance contract assets as at December 31, 2022**

Reinsurance contract assets as at December 31, 2022

Reinsurance contract liabilities as at December 31, 2022

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	(7,763)	-	13,576	320	6,133
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	(7,763)	-	13,576	320	6,133
<b>Allocation of reinsurance premiums</b>	(53,375)	-	-	-	(53,375)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	41,904	2,130	44,034
Incurred claims and other expenses	-	-	92,775	3,861	96,636
Past service: changes to assets for incurred claims	-	-	(50,871)	(1,731)	(52,602)
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	(53,375)	-	41,904	2,130	(9,341)
Finance income from reinsurance contracts held	-	-	337	-	337
<b>Total changes in the statement of income</b>	(53,375)	-	42,241	2,130	(9,004)
<b>Other movements - portfolio acquired through merger</b>	(64,216)	-	78,076	1,843	15,703
<b>Cash flows</b>	57,495	-	5,944	-	63,439
Reinsurance premium paid	58,862	-	-	-	58,862
Claims recoveries received from reinsurers	-	-	5,944	-	5,944
Fixed commission received	(1,367)	-	-	-	(1,367)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(67,859)	-	139,837	4,293	76,271
Reinsurance contract assets as at December 31, 2022	(67,859)	-	139,837	4,293	76,271
Reinsurance contract liabilities as at December 31, 2022	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Property and Casualty (P&C) - others**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	40,231	-	108,517	2,050	150,798
Opening liabilities as at December 31, 2022	(3)	-	-	-	(3)
<b>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</b>	<b>40,228</b>	<b>-</b>	<b>108,517</b>	<b>2,050</b>	<b>150,795</b>
Allocation of reinsurance premiums	(308,470)	-	-	-	(308,470)
Amounts recoverable from reinsurance for incurred claims	-	-	40,339	3,078	43,417
Incurred claims and other expenses	-	-	50,121	1,813	51,934
Past service: changes to assets for incurred claims	-	-	(9,782)	1,265	(8,517)
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(308,470)</b>	<b>-</b>	<b>40,339</b>	<b>3,078</b>	<b>(265,053)</b>
Finance income from reinsurance contracts held	(29)	-	483	1	455
<b>Total changes in the statement of income</b>	<b>(308,499)</b>	<b>-</b>	<b>40,822</b>	<b>3,079</b>	<b>(264,598)</b>
Other movements - insurance industry pool portfolio	533	-	260	52	845
<b>Cash flows</b>	<b>281,212</b>	<b>-</b>	<b>(10,711)</b>	<b>-</b>	<b>270,501</b>
Reinsurance premium paid	299,108	-	-	-	299,108
Claims recoveries received from reinsurers	-	-	(10,711)	-	(10,711)
Fixed commission received	(17,896)	-	-	-	(17,896)
Profit commission/sliding scale commission received	-	-	-	-	-
<b>Net closing reinsurance contract assets as at December 31, 2023</b>	<b>13,474</b>	<b>-</b>	<b>138,888</b>	<b>5,181</b>	<b>157,543</b>
Reinsurance contract assets as at December 31, 2023	13,474	-	138,888	5,181	157,543
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-



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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.1.2 PAA Reinsurance Contracts - Property and Casualty (P&C) - others**

**December 31, 2022**

Opening assets as at December 31, 2021

Opening liabilities as at December 31, 2021

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2021**

**Allocation of reinsurance premiums**

**Amounts recoverable from reinsurance for incurred claims**

Incurred claims and other expenses

Past service: changes to assets for incurred claims

Change in profit commission/ sliding scale commission

**Net (expenses) / income from reinsurance contracts held**

Finance income from reinsurance contracts held

**Total changes in the statement of income**

**Other movements - portfolio acquired through merger**

**Cash flows**

Reinsurance premium paid

Claims recoveries received from reinsurers

Fixed commission received

Profit commission/sliding scale commission received

**Net closing reinsurance contract assets as at December 31, 2022**

Reinsurance contract assets as at December 31, 2022

Reinsurance contract liabilities as at December 31, 2022

	Assets for remaining coverage (ARC)		Assets for amounts recoverable on Incurred Claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	42,427	-	72,336	2,765	117,528
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	42,427	-	72,336	2,765	117,528
<b>Allocation of reinsurance premiums</b>	(224,791)	-	-	-	(224,791)
<b>Amounts recoverable from reinsurance for incurred claims</b>	-	-	30,666	(871)	29,795
Incurred claims and other expenses	-	-	44,268	893	45,161
Past service: changes to assets for incurred claims	-	-	(13,602)	(1,764)	(15,366)
Change in profit commission/ sliding scale commission	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	(224,791)	-	30,666	(871)	(194,996)
Finance income from reinsurance contracts held	-	-	2,711	-	2,711
<b>Total changes in the statement of income</b>	(224,791)	-	33,377	(871)	(192,285)
<b>Other movements - portfolio acquired through merger</b>	(5,007)	-	8,087	156	3,236
<b>Cash flows</b>	227,599	-	(5,283)	-	222,316
Reinsurance premium paid	247,592	-	-	-	247,592
Claims recoveries received from reinsurers	-	-	(5,283)	-	(5,283)
Fixed commission received	(19,993)	-	-	-	(19,993)
Profit commission/sliding scale commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	40,228	-	108,517	2,050	150,795
Reinsurance contract assets as at December 31, 2022	40,231	-	108,517	2,050	150,798
Reinsurance contract liabilities as at December 31, 2022	(3)	-	-	-	(3)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.1 GMM-VFA Insurance Contracts - Total**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2023</b>					
Opening liabilities as at December 31, 2022	486,958	1,389	2,021	158	490,526
Opening assets as at December 31, 2022	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>486,958</b>	<b>1,389</b>	<b>2,021</b>	<b>158</b>	<b>490,526</b>
<b>Insurance revenue</b>	<b>(15,133)</b>	-	-	-	<b>(15,133)</b>
Expected claims expenses incurred in the year	(994)	-	-	-	(994)
Expected directly attributable expenses incurred in the year	(6,703)	-	-	-	(6,703)
Loss component run off	(3,836)	-	-	-	(3,836)
Expected other insurance service expenses incurred in the year	322	-	-	-	322
Change in risk adjustment for non-financial risk	(87)	-	-	-	(87)
Amount of CSM recognized in statement of income	(2,616)	-	-	-	(2,616)
Premiums allocated for recovery of acquisition costs	(1,219)	-	-	-	(1,219)
<b>Insurance service expenses</b>	<b>(111,450)</b>	<b>1,512</b>	<b>115,428</b>	<b>70</b>	<b>5,560</b>
Incurred claims and other expenses	-	-	3,995	128	4,123
Future service: losses on onerous contracts and loss reversals	-	1,512	-	-	1,512
Past service: changes to liabilities for incurred claims	-	-	(1,236)	(58)	(1,294)
Insurance acquisition costs	1,219	-	-	-	1,219
Surrenders and maturities	(112,669)	-	112,669	-	-
<b>Insurance service result before reinsurance contracts held</b>	<b>(126,583)</b>	<b>1,512</b>	<b>115,428</b>	<b>70</b>	<b>(9,573)</b>
Finance expenses from insurance contracts issued	41	(3)	117	12	167
<b>Total changes in the statement of income</b>	<b>(126,542)</b>	<b>1,509</b>	<b>115,545</b>	<b>82</b>	<b>(9,406)</b>
Changes in fair value of unit linked investments	103,336	-	-	-	103,336
Other movements - insurance industry pool portfolio	14,570	-	64	-	14,634
<b>Cash flows</b>	<b>101,227</b>	-	<b>(113,493)</b>	-	<b>(12,266)</b>
Premiums received	102,822	-	-	-	102,822
Claims and directly attributable expenses paid	-	-	(113,493)	-	(113,493)
Insurance acquisition cash flows	(1,595)	-	-	-	(1,595)
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>579,549</b>	<b>2,898</b>	<b>4,137</b>	<b>240</b>	<b>586,824</b>
Insurance contract liability as at December 31, 2023	579,549	2,898	4,137	240	586,824
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.1 GMM-VFA Insurance Contracts - Total**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	-	-	-	-	-
Opening assets as at December 31, 2021	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2021</b>	-	-	-	-	-
<b>Insurance revenue</b>	(3,807)	-	-	-	(3,807)
Expected claims expenses incurred in the year	(2)	-	-	-	(2)
Expected directly attributable expenses incurred in the year	(1,792)	-	-	-	(1,792)
Loss component run off	84	-	-	-	84
Expected other insurance service expenses incurred in the year	(983)	-	-	-	(983)
Change in risk adjustment for non-financial risk	(31)	-	-	-	(31)
Amount of CSM recognized in statement of income	(786)	-	-	-	(786)
Premiums allocated for recovery of acquisition costs	(297)	-	-	-	(297)
<b>Insurance service expenses</b>	(16,205)	(85)	17,648	23	1,381
Incurred claims and other expenses	-	-	-	-	-
Future service: losses on onerous contracts and loss reversals	-	(85)	-	-	(85)
Past service: changes to liabilities for incurred claims	-	-	1,146	23	1,169
Insurance acquisition costs	297	-	-	-	297
Surrenders and maturities	(16,502)	-	16,502	-	-
<b>Insurance service result before reinsurance contracts held</b>	(20,012)	(85)	17,648	23	(2,426)
Finance expenses from insurance contracts issued	251	-	8	1	260
<b>Total changes in the statement of income</b>	(19,761)	(85)	17,656	24	(2,166)
Other movements - portfolio acquired through merger	491,633	1,474	965	134	494,206
Other movements - insurance industry pool portfolio	-	-	-	-	-
<b>Cash flows</b>	15,086	-	(16,600)	-	(1,514)
Premiums received	15,841	-	-	-	15,841
Claims and directly attributable expenses paid	-	-	(16,600)	-	(16,600)
Insurance acquisition cash flows	(755)	-	-	-	(755)
<b>Net closing insurance contract liabilities as at December 31, 2022</b>	486,958	1,389	2,021	158	490,526
Insurance contract liability as at December 31, 2022	486,958	1,389	2,021	158	490,526
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.1 GMM-VFA Insurance Contracts - Protection and Savings (P&S) - non-linked**

**December 31, 2023**

Opening liabilities as at December 31, 2022

Opening assets as at December 31, 2022

**Net opening insurance contract liabilities as at December 31, 2022**

**Insurance revenue**

Expected claims expenses incurred in the year

Expected directly attributable expenses incurred in the year

Loss component run off

Expected other insurance service expenses incurred in the year

Change in risk adjustment for non-financial risk

Amount of CSM recognized in statement of income

Premiums allocated for recovery of acquisition costs

**Insurance service expenses**

Incurred claims and other expenses

Future service: losses on onerous contracts and loss reversals

Past service: changes to liabilities for incurred claims

Insurance acquisition costs

Surrenders and maturities

**Insurance service result before reinsurance contracts held**

Finance expenses from insurance contracts issued

**Total changes in the statement of income**

Changes in fair value of unit linked investments

Other movements – insurance industry pool portfolio

**Cash flows**

Premiums received

Claims and directly attributable expenses paid

Insurance acquisition cash flows

**Net closing insurance contract liabilities as at December 31, 2023**

Insurance contract liability as at December 31, 2023

Insurance contract assets as at December 31, 2023

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
Opening liabilities as at December 31, 2022	209	1	47	4	261
Opening assets as at December 31, 2022	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>209</b>	<b>1</b>	<b>47</b>	<b>4</b>	<b>261</b>
<b>Insurance revenue</b>	<b>(276)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(276)</b>
Expected claims expenses incurred in the year	(70)	-	-	-	(70)
Expected directly attributable expenses incurred in the year	(8)	-	-	-	(8)
Loss component run off	-	-	-	-	-
Expected other insurance service expenses incurred in the year	-	-	-	-	-
Change in risk adjustment for non-financial risk	-	-	-	-	-
Amount of CSM recognized in statement of income	(196)	-	-	-	(196)
Premiums allocated for recovery of acquisition costs	(2)	-	-	-	(2)
<b>Insurance service expenses</b>	<b>2</b>	<b>2</b>	<b>19</b>	<b>1</b>	<b>24</b>
Incurred claims and other expenses	-	-	-	-	-
Future service: losses on onerous contracts and loss reversals	-	2	-	-	2
Past service: changes to liabilities for incurred claims	-	-	19	1	20
Insurance acquisition costs	2	-	-	-	2
Surrenders and maturities	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	<b>(274)</b>	<b>2</b>	<b>19</b>	<b>1</b>	<b>(252)</b>
Finance expenses from insurance contracts issued	-	-	3	-	3
<b>Total changes in the statement of income</b>	<b>(274)</b>	<b>2</b>	<b>22</b>	<b>1</b>	<b>(249)</b>
Changes in fair value of unit linked investments	-	-	-	-	-
Other movements – insurance industry pool portfolio	-	-	-	-	-
<b>Cash flows</b>	<b>560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>560</b>
Premiums received	560	-	-	-	560
Claims and directly attributable expenses paid	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>495</b>	<b>3</b>	<b>69</b>	<b>5</b>	<b>572</b>
Insurance contract liability as at December 31, 2023	495	3	69	5	572
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.1 GMM-VFA Insurance Contracts - Protection and Savings (P&S) - non-linked**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2022</b>					
Opening liabilities as at December 31, 2021	-	-	-	-	-
Opening assets as at December 31, 2021	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2021</b>	-	-	-	-	-
<b>Insurance revenue</b>	(6)	-	-	-	(6)
Expected claims expenses incurred in the year	(2)	-	-	-	(2)
Expected directly attributable expenses incurred in the year	(2)	-	-	-	(2)
Loss component run off	1	-	-	-	1
Expected other insurance service expenses incurred in the year	-	-	-	-	-
Change in risk adjustment for non-financial risk	-	-	-	-	-
Amount of CSM recognized in statement of income	(3)	-	-	-	(3)
Premiums allocated for recovery of acquisition costs	-	-	-	-	-
<b>Insurance service expenses</b>	-	(6)	39	3	36
Incurred claims and other expenses	-	-	-	-	-
Future service: losses on onerous contracts and loss reversals	-	(6)	-	-	(6)
Past service: changes to liabilities for incurred claims	-	-	39	3	42
Insurance acquisition costs	-	-	-	-	-
Surrenders and maturities	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(6)	(6)	39	3	30
Finance expenses from insurance contracts issued	-	-	-	-	-
<b>Total changes in the statement of income</b>	(6)	(6)	39	3	30
Other movements - portfolio acquired through merger	111	7	8	1	127
Other movements - insurance industry pool portfolio	-	-	-	-	-
<b>Cash flows</b>	104	-	-	-	104
Premiums received	104	-	-	-	104
Claims and directly attributable expenses paid	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
<b>Net closing insurance contract liabilities as at December 31, 2022</b>	209	1	47	4	261
Insurance contract liability as at December 31, 2022	209	1	47	4	261
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.1 GMM-VFA Insurance Contracts - Protection and Savings (P&S) - linked**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
<b>December 31, 2023</b>					
Opening liabilities as at December 31, 2022	486,749	1,388	1,974	154	490,265
Opening assets as at December 31, 2022	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2022</b>	<b>486,749</b>	<b>1,388</b>	<b>1,974</b>	<b>154</b>	<b>490,265</b>
<b>Insurance revenue</b>	<b>(13,931)</b>	-	-	-	<b>(13,931)</b>
Expected claims expenses incurred in the year	-	-	-	-	-
Expected directly attributable expenses incurred in the year	(6,695)	-	-	-	(6,695)
Loss component run off	(3,836)	-	-	-	(3,836)
Expected other insurance service expenses incurred in the year	322	-	-	-	322
Change in risk adjustment for non-financial risk	(87)	-	-	-	(87)
Amount of CSM recognized in statement of income	(2,418)	-	-	-	(2,418)
Premiums allocated for recovery of acquisition costs	(1,217)	-	-	-	(1,217)
<b>Insurance service expenses</b>	<b>(111,452)</b>	<b>1,510</b>	<b>114,150</b>	<b>69</b>	<b>4,277</b>
Incurred claims and other expenses	-	-	2,736	128	2,864
Future service: losses on onerous contracts and loss reversals	-	1,510	-	-	1,510
Past service: changes to liabilities for incurred claims	-	-	(1,255)	(59)	(1,314)
Insurance acquisition costs	1,217	-	-	-	1,217
Surrenders and maturities	(112,669)	-	112,669	-	-
<b>Insurance service result before reinsurance contracts held</b>	<b>(125,383)</b>	<b>1,510</b>	<b>114,150</b>	<b>69</b>	<b>(9,654)</b>
Finance expenses from insurance contracts issued	-	(3)	114	12	123
<b>Total changes in the statement of income</b>	<b>(125,383)</b>	<b>1,507</b>	<b>114,264</b>	<b>81</b>	<b>(9,531)</b>
Changes in fair value of unit linked investments	103,336	-	-	-	103,336
Other movements - insurance industry pool portfolio	-	-	-	-	-
<b>Cash flows</b>	<b>81,341</b>	-	<b>(113,164)</b>	-	<b>(31,823)</b>
Premiums received	82,936	-	-	-	82,936
Claims and directly attributable expenses paid	-	-	(113,164)	-	(113,164)
Insurance acquisition cash flows	(1,595)	-	-	-	(1,595)
<b>Net closing insurance contract liabilities as at December 31, 2023</b>	<b>546,043</b>	<b>2,895</b>	<b>3,074</b>	<b>235</b>	<b>552,247</b>
Insurance contract liability as at December 31, 2023	546,043	2,895	3,074	235	552,247
Insurance contract assets as at December 31, 2023	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.1 GMM-VFA Insurance Contracts - Protection and Savings (P&S) - linked**

**December 31, 2022**

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
Opening liabilities as at December 31, 2021	-	-	-	-	-
Opening assets as at December 31, 2021	-	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2021</b>	-	-	-	-	-
<b>Insurance revenue</b>	(3,801)	-	-	-	(3,801)
Expected claims expenses incurred in the year	-	-	-	-	-
Expected directly attributable expenses incurred in the year	(1,790)	-	-	-	(1,790)
Loss component run off	83	-	-	-	83
Expected other insurance service expenses incurred in the year	(983)	-	-	-	(983)
Change in risk adjustment for non-financial risk	(31)	-	-	-	(31)
Amount of CSM recognized in statement of income	(783)	-	-	-	(783)
Premiums allocated for recovery of acquisition costs	(297)	-	-	-	(297)
<b>Insurance service expenses</b>	(16,205)	(79)	17,609	20	1,345
Incurred claims and other expenses	-	-	-	-	-
Future service: losses on onerous contracts and loss reversals	-	(79)	-	-	(79)
Past service: changes to liabilities for incurred claims	-	-	1,107	20	1,127
Insurance acquisition costs	297	-	-	-	297
Surrenders and maturities	(16,502)	-	16,502	-	-
<b>Insurance service result before reinsurance contracts held</b>	(20,006)	(79)	17,609	20	(2,456)
Finance expenses from insurance contracts issued	251	-	8	1	260
<b>Total changes in the statement of income</b>	(19,755)	(79)	17,617	21	(2,196)
Other movements – portfolio acquired through merger	491,522	1,467	957	133	494,079
Other movements – insurance industry pool portfolio	-	-	-	-	-
<b>Cash flows</b>	14,982	-	(16,600)	-	(1,618)
Premiums received	15,737	-	-	-	15,737
Claims and directly attributable expenses paid	-	-	(16,600)	-	(16,600)
Insurance acquisition cash flows	(755)	-	-	-	(755)
<b>Net closing insurance contract liabilities as at December 31, 2022</b>	486,749	1,388	1,974	154	490,265
Insurance contract liability as at December 31, 2022	486,749	1,388	1,974	154	490,265
Insurance contract assets as at December 31, 2022	-	-	-	-	-

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.1 GMM-VFA Insurance Contracts - Property and Casualty (P&C) - others**

**December 31, 2023 (2022: Nil)**

Opening liabilities as at December 31, 2022

Opening assets as at December 31, 2022

**Net opening insurance contract liabilities as at December 31, 2022**

**Insurance revenue**

Expected claims expenses incurred in the year

Expected directly attributable expenses incurred in the year

Loss component run off

Expected other insurance service expenses incurred in the year

Change in risk adjustment for non-financial risk

Amount of CSM recognized in statement of income

Premiums allocated for recovery of acquisition costs

**Insurance service expenses**

Incurred claims and other expenses

Future service: losses on onerous contracts and loss reversals

Past service: changes to liabilities for incurred claims

Insurance acquisition costs

Surrenders and maturities

**Insurance service result before reinsurance contracts held**

Finance expenses from insurance contracts issued

**Total changes in the statement of income**

Changes in fair value of unit linked investments

Other movements – insurance industry pool portfolio

**Cash flows**

Premiums received

Claims and directly attributable expenses paid

Insurance acquisition cash flows

**Net closing insurance contract liabilities as at December 31, 2023**

Insurance contract liability as at December 31, 2023

Insurance contract assets as at December 31, 2023

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		Total
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	
Opening liabilities as at December 31, 2022	-	-	-	-	-
Opening assets as at December 31, 2022	-	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	-	-	-	-	-
<b>Insurance revenue</b>	(926)	-	-	-	(926)
Expected claims expenses incurred in the year	(924)	-	-	-	(924)
Expected directly attributable expenses incurred in the year	-	-	-	-	-
Loss component run off	-	-	-	-	-
Expected other insurance service expenses incurred in the year	-	-	-	-	-
Change in risk adjustment for non-financial risk	-	-	-	-	-
Amount of CSM recognized in statement of income	(2)	-	-	-	(2)
Premiums allocated for recovery of acquisition costs	-	-	-	-	-
<b>Insurance service expenses</b>	-	-	1,259	-	1,259
Incurred claims and other expenses	-	-	1,259	-	1,259
Future service: losses on onerous contracts and loss reversals	-	-	-	-	-
Past service: changes to liabilities for incurred claims	-	-	-	-	-
Insurance acquisition costs	-	-	-	-	-
Surrenders and maturities	-	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(926)	-	1,259	-	333
Finance expenses from insurance contracts issued	41	-	-	-	41
<b>Total changes in the statement of income</b>	(885)	-	1,259	-	374
Changes in fair value of unit linked investments	-	-	-	-	-
Other movements – insurance industry pool portfolio	14,570	-	64	-	14,634
<b>Cash flows</b>	19,326	-	(329)	-	18,997
Premiums received	19,326	-	-	-	19,326
Claims and directly attributable expenses paid	-	-	(329)	-	(329)
Insurance acquisition cash flows	-	-	-	-	-
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	33,011	-	994	-	34,005
Insurance contract liability as at December 31, 2023	33,011	-	994	-	34,005
Insurance contract assets as at December 31, 2023	-	-	-	-	-



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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.2 GMM-VFA Reinsurance Contracts - Total**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for Amounts recoverable on Incurred claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	-	-	-	-	-
Opening liabilities as at December 31, 2022	(1,048)	-	444	35	(569)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>(1,048)</b>	<b>-</b>	<b>444</b>	<b>35</b>	<b>(569)</b>
<b>Allocation of reinsurance premiums</b>	<b>(203)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203)</b>
Expected claims recoverable in the year	(404)	-	-	-	(404)
Amount of CSM recognized in statement of income	201	-	-	-	201
<b>Amounts recoverable from reinsurers for incurred claims</b>	<b>-</b>	<b>392</b>	<b>644</b>	<b>5</b>	<b>1,041</b>
Incurring claims and other expenses	-	-	648	16	664
Future service: loss recovery component for onerous contracts	-	392	-	-	392
Past service: changes to assets for incurred claims	-	-	(4)	(11)	(15)
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(203)</b>	<b>392</b>	<b>644</b>	<b>5</b>	<b>838</b>
Finance income/(expenses) from reinsurance contracts held	(229)	-	21	2	(206)
<b>Total changes in the statement of income</b>	<b>(432)</b>	<b>392</b>	<b>665</b>	<b>7</b>	<b>632</b>
Other movements – insurance industry pool portfolio	4,135	-	-	-	4,135
<b>Cash flows</b>	<b>18,604</b>	<b>-</b>	<b>(148)</b>	<b>-</b>	<b>18,456</b>
Premium paid	22,154	-	-	-	22,154
Claim recoveries received from reinsurers	-	-	(148)	-	(148)
Fixed commission received	(3,550)	-	-	-	(3,550)
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>21,259</b>	<b>392</b>	<b>961</b>	<b>42</b>	<b>22,654</b>
Reinsurance contract assets as at December 31, 2023	21,259	392	961	42	22,654
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.2 GMM-VFA Reinsurance Contracts - Total**

**December 31, 2022**

	Assets for remaining coverage (ARC)		Assets for Amounts recoverable on Incurred claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	-	-	-	-	-
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	-	-	-	-	-
<b>Allocation of reinsurance premiums</b>	(79)	-	-	-	(79)
Expected claims recoverable in the year	(138)	-	-	-	(138)
Amount of CSM recognized in statement of income	59	-	-	-	59
<b>Amounts recoverable from reinsurers for incurred claims</b>	-	-	212	3	215
Incurring claims and other expenses	-	-	-	-	-
Future service: loss recovery component for onerous contracts	-	-	-	-	-
Past service: changes to assets for incurred claims	-	-	212	2	215
<b>Net (expenses) / income from reinsurance contracts held</b>	(79)	-	212	3	136
Finance income/(expenses) from reinsurance contracts held	(10)	-	2	-	(8)
<b>Total changes in the statement of income</b>	(89)	-	214	3	128
Other movements – portfolio acquired through merger	(1,058)	-	230	32	(796)
<b>Cash flows</b>	99	-	-	-	99
Premium paid	99	-	-	-	99
Claim recoveries received from reinsurers	-	-	-	-	-
Fixed commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(1,048)	-	444	35	(569)
Reinsurance contract assets as at December 31, 2022	-	-	-	-	-
Reinsurance contract liabilities as at December 31, 2022	(1,048)	-	444	35	(569)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.2 GMM-VFA Reinsurance Contracts - Protection and Savings (P&S) - linked**

**December 31, 2023**

	Assets for remaining coverage (ARC)		Assets for Amounts recoverable on Incurred claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	-	-	-	-	-
Opening liabilities as at December 31, 2022	(1,048)	-	444	35	(569)
<b>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</b>	<b>(1,048)</b>	<b>-</b>	<b>444</b>	<b>35</b>	<b>(569)</b>
<b>Allocation of reinsurance premiums</b>	<b>(396)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(396)</b>
Expected claims recoverable in the year	(600)	-	-	-	(600)
Amount of CSM recognized in statement of income	204	-	-	-	204
<b>Amounts recoverable from reinsurers for incurred claims</b>	<b>-</b>	<b>392</b>	<b>218</b>	<b>5</b>	<b>615</b>
Incurring claims and other expenses	-	-	222	16	238
Future service: loss recovery component for onerous contracts	-	392	-	-	392
Past service: changes to assets for incurred claims	-	-	(4)	(11)	(15)
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(396)</b>	<b>392</b>	<b>218</b>	<b>5</b>	<b>219</b>
Finance income/(expenses) from reinsurance contracts held	(41)	-	21	2	(18)
<b>Total changes in the statement of income</b>	<b>(437)</b>	<b>392</b>	<b>239</b>	<b>7</b>	<b>201</b>
Other movements – insurance industry pool portfolio	-	-	-	-	-
<b>Cash flows</b>	<b>627</b>	<b>-</b>	<b>(148)</b>	<b>-</b>	<b>479</b>
Premium paid	627	-	-	-	627
Claim recoveries received from reinsurers	-	-	(148)	-	(148)
Fixed commission received	-	-	-	-	-
<b>Net closing reinsurance contract assets as at December 31, 2023</b>	<b>(858)</b>	<b>392</b>	<b>535</b>	<b>42</b>	<b>111</b>
Reinsurance contract assets as at December 31, 2023	(858)	392	535	42	111
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.2 GMM-VFA Reinsurance Contracts - Protection and Savings (P&S) - linked**

**December 31, 2022**

	Assets for remaining coverage (ARC)		Assets for Amounts recoverable on Incurred claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2021	-	-	-	-	-
Opening liabilities as at December 31, 2021	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	-	-	-	-	-
<b>Allocation of reinsurance premiums</b>	(79)	-	-	-	(79)
Expected claims recoverable in the year	(138)	-	-	-	(138)
Amount of CSM recognized in statement of income	59	-	-	-	59
<b>Amounts recoverable from reinsurers for incurred claims</b>	-	-	212	3	215
Incurring claims and other expenses	-	-	-	-	-
Future service: loss recovery component for onerous contracts	-	-	-	-	-
Past service: changes to assets for incurred claims	-	-	212	3	215
<b>Net (expenses) / income from reinsurance contracts held</b>	(79)	-	212	3	136
Finance income/(expenses) from reinsurance contracts held	(10)	-	2	-	(8)
<b>Total changes in the statement of income</b>	(89)	-	214	3	128
Other movements - portfolio acquired through merger	(1,058)	-	230	32	(796)
<b>Cash flows</b>	99	-	-	-	99
Premium paid	99	-	-	-	99
Claim recoveries received from reinsurers	-	-	-	-	-
Fixed commission received	-	-	-	-	-
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	(1,048)	-	444	35	(569)
Reinsurance contract assets as at December 31, 2022	-	-	-	-	-
Reinsurance contract liabilities as at December 31, 2022	(1,048)	-	444	35	(569)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.2.2 GMM-VFA Reinsurance Contracts - Property and Casualty (P&C) - others**

**December 31, 2023 (2022: Nil)**

Opening assets as at December 31, 2022

Opening liabilities as at December 31, 2022

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2022**

**Allocation of reinsurance premiums**

Expected claims recoverable in the year

Amount of CSM recognized in statement of income

**Amounts recoverable from reinsurers for incurred claims**

Incurred claims and other expenses

Future service: loss recovery component for onerous contracts

Past service: changes to assets for incurred claims

**Net (expenses) / income from reinsurance contracts held**

Finance income/(expenses) from reinsurance contracts held

**Total changes in the statement of income**

Other movements - insurance industry pool portfolio

**Cash flows**

Premium paid

Claim recoveries received from reinsurers

Fixed commission received

**Net closing reinsurance contract assets as at December 31, 2023**

Reinsurance contract assets as at December 31, 2023

Reinsurance contract liabilities as at December 31, 2023

	Assets for remaining coverage (ARC)		Assets for Amounts recoverable on Incurred claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at December 31, 2022	-	-	-	-	-
Opening liabilities as at December 31, 2022	-	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	-	-	-	-	-
<b>Allocation of reinsurance premiums</b>	<b>193</b>	-	-	-	<b>193</b>
Expected claims recoverable in the year	<b>196</b>	-	-	-	<b>196</b>
Amount of CSM recognized in statement of income	<b>(3)</b>	-	-	-	<b>(3)</b>
<b>Amounts recoverable from reinsurers for incurred claims</b>	-	-	<b>426</b>	-	<b>426</b>
Incurred claims and other expenses	-	-	<b>426</b>	-	<b>426</b>
Future service: loss recovery component for onerous contracts	-	-	-	-	-
Past service: changes to assets for incurred claims	-	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>193</b>	-	<b>426</b>	-	<b>619</b>
Finance income/(expenses) from reinsurance contracts held	<b>(188)</b>	-	-	-	<b>(188)</b>
<b>Total changes in the statement of income</b>	<b>5</b>	-	<b>426</b>	-	<b>431</b>
Other movements - insurance industry pool portfolio	<b>4,135</b>	-	-	-	<b>4,135</b>
<b>Cash flows</b>	<b>17,977</b>	-	-	-	<b>17,977</b>
Premium paid	<b>21,527</b>	-	-	-	<b>21,527</b>
Claim recoveries received from reinsurers	-	-	-	-	-
Fixed commission received	<b>(3,550)</b>	-	-	-	<b>(3,550)</b>
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>22,117</b>	-	<b>426</b>	-	<b>22,543</b>
Reinsurance contract assets as at December 31, 2023	<b>22,117</b>	-	<b>426</b>	-	<b>22,543</b>
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 Analysis of measurement components of Insurance and reinsurance contract assets and liabilities for contracts measured under GMM / VFA**

**15.3 GMM-VFA Insurance Contracts - Total**

<b>December 31, 2023</b>	<b>Estimates of PV of Future Cash Flows</b>	<b>Risk Adjustment (RA)</b>	<b>Contractual Service Margin (CSM)</b>	<b>Total</b>
Opening liabilities as at December 31, 2022	452,951	919	36,656	490,526
Opening assets as at December 31, 2022	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2022</b>	<b>452,951</b>	<b>919</b>	<b>36,656</b>	<b>490,526</b>
<b>Insurance service result before reinsurance contracts held</b>				
Changes that relate to current services	(7,542)	41	(2,614)	(10,115)
Changes that relate to future services	2,720	113	(997)	1,836
Changes that relate to past services	(1,236)	(58)	-	(1,294)
<b>Insurance service result before reinsurance contracts held</b>	<b>(6,058)</b>	<b>96</b>	<b>(3,611)</b>	<b>(9,573)</b>
Finance income/(expenses) from insurance contracts issued	(1,621)	44	1,744	167
<b>Total changes in the statement of income</b>	<b>(7,679)</b>	<b>140</b>	<b>(1,867)</b>	<b>(9,406)</b>
Changes in fair value of unit linked investments	103,336	-	-	103,336
Other movements - insurance industry pool portfolio	(3,832)	605	17,861	14,634
<b>Cash flows</b>				
Premiums received	102,822	-	-	102,822
Claims and other attributable expenses paid	(113,164)	-	-	(113,164)
Insurance acquisition cash flows	(1,924)	-	-	(1,924)
<b>Total cash flows</b>	<b>(12,266)</b>	<b>-</b>	<b>-</b>	<b>(12,266)</b>
<b>Net closing insurance contract liabilities as at December 31, 2023</b>	<b>532,510</b>	<b>1,664</b>	<b>52,650</b>	<b>586,824</b>
Insurance contract liability as at December 31, 2023	532,510	1,664	52,650	586,824
Insurance contract assets as at December 31, 2023	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Insurance Contracts - Total**

**December 31, 2022**

Opening liabilities as at December 31, 2021

Opening assets as at December 31, 2021

**Net opening insurance contract liabilities as at December 31, 2021**

**Insurance service result before reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Insurance service result before reinsurance contracts held**

Finance income/(expenses) from insurance contracts issued

**Total changes in the statement of income**

Other movements - portfolio acquired through merger

Other movements - insurance industry pool portfolio

**Cash flows**

Premiums received

Claims and other attributable expenses paid

Insurance acquisition cash flows

**Total cash flows**

**Net closing insurance contract liabilities as at December 31, 2022**

Insurance contract liability as at December 31, 2022

Insurance contract assets as at December 31, 2022

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening liabilities as at December 31, 2021	-	-	-	-
Opening assets as at December 31, 2021	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2021</u></b>	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>				
Changes that relate to current services	(2,778)	(31)	(786)	(3,595)
Changes that relate to future services	(93)	(228)	321	-
Changes that relate to past services	1,148	21	-	1,169
<b>Insurance service result before reinsurance contracts held</b>	(1,723)	(238)	(465)	(2,426)
Finance income/(expenses) from insurance contracts issued	(50)	10	300	260
<b>Total changes in the statement of income</b>	(1,774)	(227)	(165)	(2,166)
Other movements - portfolio acquired through merger	456,238	1,147	36,821	494,206
Other movements - insurance industry pool portfolio	-	-	-	-
<b>Cash flows</b>				
Premiums received	15,841	-	-	15,841
Claims and other attributable expenses paid	(16,600)	-	-	(16,600)
Insurance acquisition cash flows	(755)	-	-	(755)
<b>Total cash flows</b>	(1,514)	-	-	(1,514)
<b><u>Net closing insurance contract liabilities as at December 31, 2022</u></b>	452,951	919	36,656	490,526
Insurance contract liability as at December 31, 2022	452,951	919	36,656	490,526
Insurance contract assets as at December 31, 2022	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Insurance Contracts - Protection and Savings (P&S) -  
non-linked**

**December 31, 2023**

Opening liabilities as at December 31, 2022

Opening assets as at December 31, 2022

**Net opening insurance contract liabilities as at December 31, 2022**

**Insurance service result before reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Insurance service result before reinsurance contracts held**

Finance income/(expenses) from insurance contracts issued

**Total changes in the statement of income**

Changes in fair value of unit linked investments

Other movements - insurance industry pool portfolio

**Cash flows**

Premiums received

Claims and other attributable expenses paid

Insurance acquisition cash flows

**Total cash flows**

**Net closing insurance contract liabilities as at December 31, 2023**

Insurance contract liability as at December 31, 2023

Insurance contract assets as at December 31, 2023

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening liabilities as at December 31, 2022	32	4	225	261
Opening assets as at December 31, 2022	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2022</b>	<b>32</b>	<b>4</b>	<b>225</b>	<b>261</b>
<b>Insurance service result before reinsurance contracts held</b>				
Changes that relate to current services	(79)	-	(196)	(275)
Changes that relate to future services	(441)	-	444	3
Changes that relate to past services	19	1	-	20
<b>Insurance service result before reinsurance contracts held</b>	<b>(501)</b>	<b>1</b>	<b>248</b>	<b>(252)</b>
Finance income/(expenses) from insurance contracts issued	(5)	-	8	3
<b>Total changes in the statement of income</b>	<b>(506)</b>	<b>1</b>	<b>256</b>	<b>(249)</b>
Changes in fair value of unit linked investments	-	-	-	-
Other movements - insurance industry pool portfolio	-	-	-	-
<b>Cash flows</b>				
Premiums received	560	-	-	560
Claims and other attributable expenses paid	-	-	-	-
Insurance acquisition cash flows	-	-	-	-
<b>Total cash flows</b>	<b>560</b>	<b>-</b>	<b>-</b>	<b>560</b>
<b>Net closing insurance contract liabilities as at December 31, 2023</b>	<b>86</b>	<b>5</b>	<b>481</b>	<b>572</b>
Insurance contract liability as at December 31, 2023	86	5	481	572
Insurance contract assets as at December 31, 2023	-	-	-	-



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Insurance Contracts - Protections and Savings (P&S) - non-linked**

**December 31, 2022**

Opening liabilities as at December 31, 2021

Opening assets as at December 31, 2021

**Net opening insurance contract liabilities as at December 31, 2021**

**Insurance service result before reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Insurance service result before reinsurance contracts held**

Finance income/(expenses) from insurance contracts issued

**Total changes in the statement of income**

Other movements – portfolio acquired through merger

Other movements – insurance industry pool portfolio

**Cash flows**

Premiums received

Claims and other attributable expenses paid

Insurance acquisition cash flows

**Total cash flows**

**Net closing insurance contract liabilities as at December 31, 2022**

Insurance contract liability as at December 31, 2022

Insurance contract assets as at December 31, 2022

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening liabilities as at December 31, 2021	-	-	-	-
Opening assets as at December 31, 2021	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2021</u></b>	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>				
Changes that relate to current services	(4)	-	(3)	(7)
Changes that relate to future services	(105)	-	100	(5)
Changes that relate to past services	40	2	-	42
<b>Insurance service result before reinsurance contracts held</b>	(69)	2	97	30
Finance income/(expenses) from insurance contracts issued	-	-	-	-
<b>Total changes in the statement of income</b>	(69)	2	97	30
Other movements – portfolio acquired through merger	(3)	2	128	127
Other movements – insurance industry pool portfolio	-	-	-	-
<b>Cash flows</b>				
Premiums received	104	-	-	104
Claims and other attributable expenses paid	-	-	-	-
Insurance acquisition cash flows	-	-	-	-
<b>Total cash flows</b>	104	-	-	104
<b><u>Net closing insurance contract liabilities as at December 31, 2022</u></b>	32	4	225	261
Insurance contract liability as at December 31, 2022	32	4	225	261
Insurance contract assets as at December 31, 2022	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Insurance Contracts – Protection and Savings (P&S) - linked**

**December 31, 2023**

Opening liabilities as at December 31, 2022

Opening assets as at December 31, 2022

**Net opening insurance contract liabilities as at December 31, 2022**

**Insurance service result before reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Insurance service result before reinsurance contracts held**

Finance income/(expenses) from insurance contracts issued

**Total changes in the statement of income**

Changes in fair value of unit linked investments

Other movements - insurance industry pool portfolio

**Cash flows**

Premiums received

Claims and other attributable expenses paid

Insurance acquisition cash flows

**Total cash flows**

**Net closing insurance contract liabilities as at December 31, 2023**

Insurance contract liability as at December 31, 2023

Insurance contract assets as at December 31, 2023

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening liabilities as at December 31, 2022	452,919	915	36,431	490,265
Opening assets as at December 31, 2022	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	<b>452,919</b>	<b>915</b>	<b>36,431</b>	<b>490,265</b>
<b>Insurance service result before reinsurance contracts held</b>				
Changes that relate to current services	(7,796)	41	(2,418)	(10,173)
Changes that relate to future services	21,172	(614)	(18,725)	1,833
Changes that relate to past services	(1,255)	(59)	-	(1,314)
<b>Insurance service result before reinsurance contracts held</b>	<b>12,121</b>	<b>(632)</b>	<b>(21,143)</b>	<b>(9,654)</b>
Finance income/(expenses) from insurance contracts issued	(1,394)	44	1,473	123
<b>Total changes in the statement of income</b>	<b>10,727</b>	<b>(588)</b>	<b>(19,670)</b>	<b>(9,531)</b>
Changes in fair value of unit linked investments	103,336			103,336
Other movements - insurance industry pool portfolio	-	-	-	-
<b>Cash flows</b>				
Premiums received	82,936	-	-	82,936
Claims and other attributable expenses paid	(113,164)	-	-	(113,164)
Insurance acquisition cash flows	(1,595)	-	-	(1,595)
<b>Total cash flows</b>	<b>(31,823)</b>	<b>-</b>	<b>-</b>	<b>(31,823)</b>
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	<b>535,159</b>	<b>327</b>	<b>16,761</b>	<b>552,247</b>
Insurance contract liability as at December 31, 2023	535,159	327	16,761	552,247
Insurance contract assets as at December 31, 2023	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**  
**15.3 GMM-VFA Insurance Contracts - Protection and Savings (P&S) - linked**

<b>December 31, 2022</b>	<b>Estimates of PV of Future Cash Flows</b>	<b>Risk Adjustment (RA)</b>	<b>Contractual Service Margin (CSM)</b>	<b>Total</b>
Opening liabilities as at December 31, 2021	-	-	-	-
Opening assets as at December 31, 2021	-	-	-	-
<b>Net opening insurance contract liabilities as at December 31, 2021</b>	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>				
Changes that relate to current services	(2,774)	(31)	(783)	(3,588)
Changes that relate to future services	12	(228)	221	5
Changes that relate to past services	1,108	19	-	1,127
<b>Insurance service result before reinsurance contracts held</b>	(1,654)	(240)	(562)	(2,456)
Finance income/(expenses) from insurance contracts issued	(50)	10	300	260
<b>Total changes in the statement of income</b>	(1,704)	(230)	(262)	(2,196)
Other movements - portfolio acquired through merger	456,241	1,145	36,693	494,079
Other movements - insurance industry pool portfolio	-	-	-	-
<b>Cash flows</b>				
Premiums received	15,737	-	-	15,737
Claims and other attributable expenses paid	(16,600)	-	-	(16,600)
Insurance acquisition cash flows	(755)	-	-	(755)
<b>Total cash flows</b>	(1,618)	-	-	(1,618)
<b>Net closing insurance contract liabilities as at December 31, 2022</b>	452,919	915	36,431	490,265
Insurance contract liability as at December 31, 2022	452,919	915	36,431	490,265
Insurance contract assets as at December 31, 2022	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Insurance Contracts - Property and Casualty (P&C) - others**

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
<b>December 31, 2023 (2022: Nil)</b>				
Opening liabilities as at December 31, 2022	-	-	-	-
Opening assets as at December 31, 2022	-	-	-	-
<b><u>Net opening insurance contract liabilities as at December 31, 2022</u></b>	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>				
Changes that relate to current services	333	-	-	333
Changes that relate to future services	(18,011)	727	17,284	-
Changes that relate to past services	-	-	-	-
<b>Insurance service result before reinsurance contracts held</b>	(17,678)	727	17,284	333
Finance income/(expenses) from insurance contracts issued	(222)	-	263	41
<b>Total changes in the statement of income</b>	(17,900)	727	17,547	374
Changes in fair value of unit linked investments	-	-	-	-
Other movements - insurance industry pool portfolio	(3,832)	605	17,861	14,634
<b>Cash flows</b>				
Premiums received	19,326	-	-	19,326
Claims and other attributable expenses paid	-	-	-	-
Insurance acquisition cash flows	(329)	-	-	(329)
<b>Total cash flows</b>	18,997	-	-	18,997
<b><u>Net closing insurance contract liabilities as at December 31, 2023</u></b>	(2,735)	1,332	35,408	34,005
Insurance contract liability as at December 31, 2023	(2,735)	1,332	35,408	34,005
Insurance contract assets as at December 31, 2023	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Reinsurance Contracts – Total**

**December 31, 2023**

Opening assets as at December 31, 2022

Opening liabilities as at December 31, 2022

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2022**

**Net (expenses) / income from reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Net (expenses) / income from reinsurance contracts held**

Finance income/(expenses) from reinsurance contracts held

**Total changes in the statement of income**

Other movements - insurance industry pool portfolio

**Cash flows**

Reinsurance premiums paid

Claim recoveries received from reinsurer

Fixed commission received

**Total cash flows**

**Net closing reinsurance contract assets as at December 31, 2023**

Reinsurance contract assets as at December 31, 2023

Reinsurance contract liabilities as at December 31, 2023

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening assets as at December 31, 2022	-	-	-	-
Opening liabilities as at December 31, 2022	444	35	(1,048)	(569)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>444</b>	<b>35</b>	<b>(1,048)</b>	<b>(569)</b>
<b>Net (expenses) / income from reinsurance contracts held</b>				
Changes that relate to current services	253	7	201	461
Changes that relate to future services	(13,240)	(649)	14,280	391
Changes that relate to past services	(12)	(2)	-	(14)
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(12,999)</b>	<b>(644)</b>	<b>14,481</b>	<b>838</b>
Finance income/(expenses) from reinsurance contracts held	(377)	2	169	(206)
<b>Total changes in the statement of income</b>	<b>(13,376)</b>	<b>(642)</b>	<b>14,650</b>	<b>632</b>
Other movements - insurance industry pool portfolio	(9,596)	(562)	14,293	4,135
<b>Cash flows</b>				
Reinsurance premiums paid	22,154	-	-	22,154
Claim recoveries received from reinsurer	(148)	-	-	(148)
Fixed commission received	(3,550)	-	-	(3,550)
<b>Total cash flows</b>	<b>18,456</b>	<b>-</b>	<b>-</b>	<b>18,456</b>
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>(4,072)</b>	<b>(1,169)</b>	<b>27,895</b>	<b>22,654</b>
Reinsurance contract assets as at December 31, 2023	(4,072)	(1,169)	27,895	22,654
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Reinsurance Contracts – Total**

**December 31, 2022**

Opening assets as at December 31, 2021

Opening liabilities as at December 31, 2021

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2021**

**Net (expenses) / income from reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Net (expenses) / income from reinsurance contracts held**

Finance income/(expenses) from reinsurance contracts held

**Total changes in the statement of income**

Other movements - portfolio acquired through merger

**Cash flows**

Reinsurance premiums paid

Claim recoveries received from reinsurer

Fixed commission received

**Total cash flows**

**Net closing reinsurance contract assets as at December 31, 2022**

Reinsurance contract assets as at December 31, 2022

Reinsurance contract liabilities as at December 31, 2022

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening assets as at December 31, 2021	-	-	-	-
Opening liabilities as at December 31, 2021	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>				
Changes that relate to current services	(138)	-	59	(79)
Changes that relate to future services	39	-	(39)	-
Changes that relate to past services	213	2	-	215
<b>Net (expenses) / income from reinsurance contracts held</b>	114	2	20	136
Finance income/(expenses) from reinsurance contracts held	2	-	(10)	(8)
<b>Total changes in the statement of income</b>	116	2	10	128
Other movements - portfolio acquired through merger	229	33	(1,058)	(796)
<b>Cash flows</b>				
Reinsurance premiums paid	99	-	-	99
Claim recoveries received from reinsurer	-	-	-	-
Fixed commission received	-	-	-	-
<b>Total cash flows</b>	99	-	-	99
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	444	35	(1,048)	(569)
Reinsurance contract assets as at December 31, 2022	-	-	-	-
Reinsurance contract liabilities as at December 31, 2022	444	35	(1,048)	(569)

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Reinsurance Contracts – Protection and Savings (P&S) - linked**

**December 31, 2023**

Opening assets as at December 31, 2022

Opening liabilities as at December 31, 2022

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2022**

**Net (expenses) / income from reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Net (expenses) / income from reinsurance contracts held**

Finance income/(expenses) from reinsurance contracts held

**Total changes in the statement of income**

Other movements - insurance industry pool portfolio

**Cash flows**

Reinsurance premiums paid

Claim recoveries received from reinsurer

Fixed commission received

**Total cash flows**

**Net closing reinsurance contract assets as at December 31, 2023**

Reinsurance contract assets as at December 31, 2023

Reinsurance contract liabilities as at December 31, 2023

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening assets as at December 31, 2022	-	-	-	-
Opening liabilities as at December 31, 2022	444	35	(1,048)	(569)
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	<b>444</b>	<b>35</b>	<b>(1,048)</b>	<b>(569)</b>
<b>Net (expenses) / income from reinsurance contracts held</b>				
Changes that relate to current services	(369)	7	204	(158)
Changes that relate to future services	(27)	-	418	391
Changes that relate to past services	(12)	(2)	-	(14)
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(408)</b>	<b>5</b>	<b>622</b>	<b>219</b>
Finance income/(expenses) from reinsurance contracts held	21	2	(41)	(18)
<b>Total changes in the statement of income</b>	<b>(387)</b>	<b>7</b>	<b>581</b>	<b>201</b>
Other movements - insurance industry pool portfolio	-	-	-	-
<b>Cash flows</b>				
Reinsurance premiums paid	627	-	-	627
Claim recoveries received from reinsurer	(148)	-	-	(148)
Fixed commission received	-	-	-	-
<b>Total cash flows</b>	<b>479</b>	<b>-</b>	<b>-</b>	<b>479</b>
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>536</b>	<b>42</b>	<b>(467)</b>	<b>111</b>
Reinsurance contract assets as at December 31, 2023	536	42	(467)	111
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Reinsurance Contracts – Protection and Savings (P&S) – linked**

**December 31, 2022**

Opening assets as at December 31, 2021

Opening liabilities as at December 31, 2021

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2021**

**Net (expenses) / income from reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Net (expenses) / income from reinsurance contracts held**

Finance income/(expenses) from reinsurance contracts held

**Total changes in the statement of income**

Other movements - portfolio acquired through merger

**Cash flows**

Reinsurance premiums paid

Claim recoveries received from reinsurer

Fixed commission received

**Total cash flows**

**Net closing reinsurance contract assets as at December 31, 2022**

Reinsurance contract assets as at December 31, 2022

Reinsurance contract liabilities as at December 31, 2022

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening assets as at December 31, 2021	-	-	-	-
Opening liabilities as at December 31, 2021	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2021</u></b>	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>				
Changes that relate to current services	(138)	-	59	(79)
Changes that relate to future services	39	-	(39)	-
Changes that relate to past services	213	2	-	215
<b>Net (expenses) / income from reinsurance contracts held</b>	114	2	20	136
Finance income/(expenses) from reinsurance contracts held	2	-	(10)	(8)
<b>Total changes in the statement of income</b>	116	2	10	128
Other movements - portfolio acquired through merger	229	33	(1,058)	(796)
<b>Cash flows</b>				
Reinsurance premiums paid	99	-	-	99
Claim recoveries received from reinsurer	-	-	-	-
Fixed commission received	-	-	-	-
<b>Total cash flows</b>	99	-	-	99
<b><u>Net closing reinsurance contract assets as at December 31, 2022</u></b>	444	35	(1,048)	(569)
Reinsurance contract assets as at December 31, 2022	-	-	-	-
Reinsurance contract liabilities as at December 31, 2022	444	35	(1,048)	(569)



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.3 GMM-VFA Reinsurance Contracts – Property and Casualty (P&C) - others**

**December 31, 2023 (2022: Nil)**

Opening assets as at December 31, 2022

Opening liabilities as at December 31, 2022

**Net opening reinsurance contract assets/(liabilities) as at December 31, 2022**

**Net (expenses) / income from reinsurance contracts held**

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

**Net (expenses) / income from reinsurance contracts held**

Finance income/(expenses) from reinsurance contracts held

**Total changes in the statement of income**

Other movements - insurance industry pool portfolio

**Cash flows**

Reinsurance premiums paid

Claim recoveries received from reinsurer

Fixed commission received

**Total cash flows**

**Net closing reinsurance contract assets as at December 31, 2023**

Reinsurance contract assets as at December 31, 2023

Reinsurance contract liabilities as at December 31, 2023

	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening assets as at December 31, 2022	-	-	-	-
Opening liabilities as at December 31, 2022	-	-	-	-
<b><u>Net opening reinsurance contract assets/(liabilities) as at December 31, 2022</u></b>	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>				
Changes that relate to current services	622	-	(3)	619
Changes that relate to future services	(13,213)	(649)	13,862	-
Changes that relate to past services	-	-	-	-
<b>Net (expenses) / income from reinsurance contracts held</b>	<b>(12,591)</b>	<b>(649)</b>	<b>13,859</b>	<b>619</b>
Finance income/(expenses) from reinsurance contracts held	(398)	-	210	(188)
<b>Total changes in the statement of income</b>	<b>(12,989)</b>	<b>(649)</b>	<b>14,069</b>	<b>431</b>
Other movements - insurance industry pool portfolio	(9,596)	(562)	14,293	4,135
<b>Cash flows</b>				
Reinsurance premiums paid	21,527	-	-	21,527
Claim recoveries received from reinsurer	-	-	-	-
Fixed commission received	(3,550)	-	-	(3,550)
<b>Total cash flows</b>	<b>17,977</b>	<b>-</b>	<b>-</b>	<b>17,977</b>
<b><u>Net closing reinsurance contract assets as at December 31, 2023</u></b>	<b>(4,608)</b>	<b>(1,211)</b>	<b>28,362</b>	<b>22,543</b>
Reinsurance contract assets as at December 31, 2023	(4,608)	(1,211)	28,362	22,543
Reinsurance contract liabilities as at December 31, 2023	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.4 Impact of contracts recognized in the year**

**For the year ended December 31, 2023**

Estimates of the present value of future cash outflows

- Insurance acquisition cash flows

- Claims and other directly attributable expenses

**Estimates of the present value of future cash outflows**

Estimates of the present value of future cash inflows

Risk adjustment for non-financial risk

Contractual Service Margin (CSM)

**Increase in insurance contract liabilities from contracts recognized in the year**

Non-onerous contracts originated	Onerous contracts originated	Total
SAR "000"		
52,385	385	52,770
7,930	436	8,366
<b>60,315</b>	<b>821</b>	<b>61,136</b>
(79,786)	(573)	(80,359)
757	9	766
<b>18,714</b>	<b>(88)</b>	<b>18,626</b>
-	<b>169</b>	<b>169</b>

For the year ended December 31, 2022

Estimates of the present value of future cash outflows

- Insurance acquisition cash flows

- Claims and other directly attributable expenses

Estimates of the present value of future cash outflows

Estimates of the present value of future cash inflows

Risk adjustment for non-financial risk

Contractual Service Margin (CSM)

Increase in insurance contract liabilities from contracts recognized in the year

Non-onerous contracts originated	Onerous contracts originated	Total
SAR "000"		
292	44	336
989	68	1,057
1,281	112	1,393
(2,117)	(53)	(2,170)
10	1	11
826	(60)	766
-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.5 Insurance revenue and the Contractual Service Margin (CSM) by transition method:**

For the year ended December 31, 2023	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Contracts measured under the modified retrospective approach at transition	Total
	SAR "000"			
<b>Insurance revenue</b>	<b>8,710</b>	<b>4,767</b>	<b>1,656</b>	<b>15,133</b>
<b>Opening CSM</b>	<b>17,731</b>	<b>13,484</b>	<b>5,441</b>	<b>36,656</b>
CSM recognized in profit and loss for the services provided	(1,510)	(739)	(365)	(2,614)
Changes in estimates that adjust the CSM	(2,028)	(13,349)	(3,987)	(19,364)
Contracts initially recognized in the year	18,367	-	-	18,367
	<b>14,829</b>	<b>(14,088)</b>	<b>(4,352)</b>	<b>(3,611)</b>
Finance expenses from insurance contracts issued	792	910	42	1,744
<b>Total amounts recognized as income</b>	<b>15,621</b>	<b>(13,178)</b>	<b>(4,310)</b>	<b>(1,867)</b>
<b>Other movements - insurance industry pool portfolio</b>	<b>17,861</b>	<b>-</b>	<b>-</b>	<b>17,861</b>
<b>Closing CSM</b>	<b>51,213</b>	<b>306</b>	<b>1,131</b>	<b>52,650</b>
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Contracts measured under the modified retrospective approach at transition	Total
	SAR "000"			
For the year ended December 31, 2022				
Insurance revenue	1,868	1,462	477	3,807
Opening CSM	-	-	-	-
CSM recognized in profit and loss for the services provided	(324)	(338)	(124)	(786)
Changes in estimates that adjust the CSM	167	(640)	28	(445)
Contracts initially recognized in the year	766	-	-	766
	<b>609</b>	<b>(978)</b>	<b>(96)</b>	<b>(465)</b>
Finance expenses from insurance contracts issued	96	193	11	300
Total amounts recognized as income	705	(785)	(85)	(165)
Other movements - portfolio acquired through merger	17,026	14,269	5,526	36,821
Closing CSM	17,731	13,484	5,441	36,656

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**15. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**15.6 Expected recognition of the contractual service margin (CSM) for contracts measured under GMM / VFA**

December 31, 2023

Number of years until expected to be recognized	Insurance contracts issued				Reinsurance contracts held		
	Protection & Savings-Non-Linked	Protection & Savings (P&S)-Linked	Property and Casualty (P&C) - others	Total CSM for insurance contracts issued	Protection & Savings (P&S)-Linked	Property and Casualty (P&C) - others	Total CSM for reinsurance contracts held
	SAR "000"				SAR "000"		
1 year	98	1,355	2	1,455	(45)	2	(43)
2 years	42	1,356	185	1,583	(44)	146	102
3 years	41	1,329	1,836	3,206	(43)	1,453	1,410
4 years	41	1,260	7,505	8,806	(39)	5,966	5,927
5 years	41	1,233	13,653	14,927	(39)	10,916	10,877
6 to 10 years	155	5,402	11,954	17,511	(146)	9,661	9,515
More than 10 years	63	4,826	273	5,162	(111)	218	107
<b>Total</b>	<b>481</b>	<b>16,761</b>	<b>35,408</b>	<b>52,650</b>	<b>(467)</b>	<b>28,362</b>	<b>27,895</b>

December 31, 2022

Number of years until expected to be recognized	Insurance contracts issued				Reinsurance contracts held		
	Protection & Savings-Non-Linked	Protection & Savings (P&S)-Linked	Property and Casualty (P&C) - others	Total CSM for insurance contracts issued	Protection & Savings (P&S)-Linked	Property and Casualty (P&C) - others	Total CSM for reinsurance contracts held
	SAR "000"				SAR "000"		
1 year	19	3,029	-	3,048	98	-	98
2 years	21	3,003	-	3,024	95	-	95
3 years	18	2,940	-	2,958	91	-	91
4 years	18	2,869	-	2,887	89	-	89
5 years	18	2,708	-	2,726	83	-	83
6 to 10 years	78	11,331	-	11,409	324	-	324
More than 10 years	53	10,551	-	10,604	268	-	268
<b>Total</b>	<b>225</b>	<b>36,431</b>	<b>-</b>	<b>36,656</b>	<b>1,048</b>	<b>-</b>	<b>1,048</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**16. RELATED PARTY TRANSACTIONS AND BALANCES**

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

Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

The following are the details of the major related parties transactions during the year and the related balances:

	Transactions for the year ended		Net balance receivable / (payable) as at	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	SAR "000"		SAR "000"	
<b>Entities controlled, jointly controlled, or significantly influenced by related parties</b>				
Insurance premium written / receivable from				
- BOD and related parties	<b>98,667</b>	46,789	<b>3,310</b>	21,541
- Key management personnel	<b>34</b>	27	-	-
- Major Shareholders and related parties	<b>20,676</b>	37,081	<b>1,971</b>	44,929
Other business with Directors and related parties	<b>4,158</b>	-	<b>(3,830)</b>	(13)
Policy acquisition costs with major Shareholders and their related parties	<b>5,793</b>	572	<b>(3,820)</b>	(572)
Rebate income from Major Shareholders and their related parties	<b>4,480</b>	417	-	-
Claims paid and payable to BOD and their related parties.	<b>61,693</b>	17,007	<b>(16,835)</b>	(5,881)
Claims paid and payable to major Shareholders and their related parties	<b>35,895</b>	14,304	<b>(33,936)</b>	(51,553)

**Remuneration and compensation of BOD Members and Top Executives**

The following table shows the annual salaries, remuneration and allowances obtained by the Board members and 5 top executives for the year ended December 31, 2023, and 2022:

<b>2023</b>	<b>BOD members</b>	<b>Top Executives</b>
	<b>(non-executive)</b>	<b>including the CEO and CFO</b>
	SAR "000"	
Salaries, allowances and other benefits	-	<b>10,150</b>
Annual remuneration and other charges	<b>4,029</b>	-
End of service provision for the year	-	<b>957</b>
Other service benefits paid to BOD members	<b>500</b>	-
<b>Total</b>	<b>4,529</b>	<b>11,107</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**16. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

<b>2022</b>	BOD members (non-executive)	Top Executives including the CEO and CFO
	SAR "000"	
Salaries, allowances and other benefits	-	9,794
Annual remuneration and other charges	4,711	-
End of service provision for the year	-	796
Other service benefits paid to BOD members	300	-
Total	5,011	10,590

**17. ZAKAT AND INCOME TAX**

**Zakat**

The current year's zakat provision is based on the following:

	2023	2022
	SAR "000"	
Share capital	850,583	688,353
Reserves, provisions and other adjustments	369,974	249,953
Book value of long-term assets	(844,970)	(576,636)
	375,587	361,670
Adjusted income for the year	164,305	22,324
Zakat base	539,892	383,994
Saudi shareholder's share of Zakat base @ 89.32% (2022: 87.75%)	482,231	336,955
Zakat due at 2.5776%	12,430	8,685

The differences between the financial and Zakatable results are mainly due to provisions which are not allowed in the calculation of adjusted income. The movement in the zakat provision for the year was as follows:

	2023	2022
	SAR "000"	
Balance, January 1	44,417	30,880
Liability assumed from business combination	-	5,722
Provided during the year	12,430	8,685
Provision adjustment for prior years	-	2,468
Total provision charged to income statement	12,430	11,153
Other adjustment	(215)	-
Payments during the year	(13,274)	(3,338)
Balance, December 31	43,358	44,417

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**17. ZAKAT AND INCOME TAX (CONTINUED)**

*Income tax:*

	2023	2022
	SAR "000"	
Net profit (loss) for the year before zakat and income tax	146,109	(15,725)
Provisions charged during the year for end of service benefits	5,147	4,134
Provision charged during the year for expected credit losses	9,973	5,033
Others	3,076	28,882
	<b>164,305</b>	<b>22,324</b>
Foreign shareholders' share of tax base @ 10.68% (2022: 12.25%)	17,548	2,735
Payments of end of service benefits	(2,250)	(2,476)
Others	(1,661)	-
	<b>(3,911)</b>	<b>(2,476)</b>
Foreign shareholders' share of tax payments	(418)	(303)
	<b>17,130</b>	<b>2,432</b>
Less: Brought forward losses	(4,282)	-
Tax base	<b>12,848</b>	<b>2,432</b>
Tax at 20%	<b>2,570</b>	<b>486</b>

Income tax charge for the current year is calculated at 20% of the adjusted taxable income on the portion of equity owned by the foreign shareholders. The movement in the tax provision for the year was as follows:

	2023	2022
	SAR "000"	
Balance, January 1	814	328
Provided during the year	2,570	486
Payments during the year	(459)	-
Balance, December 31	<b>2,925</b>	<b>814</b>

**Zakat filing**

The Company has filed Zakat and income tax returns with Zakat, Tax, and Customs Authority ("ZATCA") up to the year ended December 31, 2022, and obtained the required certificate from ZATCA that is valid up to April 30, 2024.

**Status of assessments**

In 2019, the Company has received an assessment order for the year 2016 for an additional zakat and tax liability amounting to SAR 20 million. The Company successfully appealed against most of the items in this assessment and paid an amount of SAR 1.9 million as a full and final settlement.

In 2020, the Company received an assessment order for the year 2014 for an additional zakat and tax liability amounting to SAR 5.9 million. Further, during 2020, the Company has received assessment orders for the years 2015, 2017 and 2018 for an additional zakat and tax liability amounting to SAR 9.3 million.

The Company has appealed against these assessments, which are under review and consideration by The General Secretariat of Tax Committees ("GSTC").

The internal settlement committee offered an amount of SAR 9.2 million for years 2014, 2017 and 2018 to close the appeal for which the company has accepted the offer and shall pay the settlement amount to close the dispute.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**17. ZAKAT AND INCOME TAX (CONTINUED)**

As for the year 2015 appeal, GSTC decision issued with rejecting the Company's appeal in full and requesting the company to pay the initial assessment amount of SAR 2.59 million, the Company submitted a reconsideration request and waiting for the final decision to be issued.

During 2022, the Company received an assessment for the years 2019 and 2020 for an additional zakat and tax liability amounting to SAR 8.8 million. The Company has appealed against these assessments and in order for the objection to be accepted, the Company has partially paid Ten percent (10%) of assessed amount. During the year, the internal settlement committee offered an amount of SAR 5.59 million to close the appeal, for which the Company has accepted the offer and paid the settlement amount to close the dispute.

During 2023, the Company submitted documents required by ZATCA for the years 2021 and 2022 and is awaiting ZATCA's response.

**Indirect tax matters**

In addition to above, the Company has received VAT assessments for 2018 to 2020 for an additional liability amounting to SAR 27 million.

The Company was in discussions with ZATCA over these assessments and on 31 May 2023, the Company has settled the VAT liability for the years 2018, 2019 and 2020 amounting SAR 9.7 million to get benefit from amnesty of the delay fines and ZATCA requested to re-study the case. This resulted in a credit balance in favour of the Company amounting to SAR 227 thousand.

During 2023, the Company submitted documents required by ZATCA for the years 2021 and 2022 and is awaiting ZATCA's response.

**Status of SABB Takaful assessments:**

During 2018, ZATCA has issued the tax/zakat assessment for years from 2011 to 2014. The Company filed an objection against the ZATCA assessment. Since ZATCA rejected the objection, the Company filed an appeal before GSTC. During 2023, the case reached the final level of appeal and the decision was in the company's favour. The Company after discussion with ZATCA to apply the ruling, has paid SAR 774,342 and the case has been closed.

During 2019, the ZATCA issued the tax/zakat assessment for the year ended December 31, 2018. The Company filed an appeal against the ZATCA assessment, with net zakat impact of around SAR 0.9 million before the GSTC. During 2021, the TVDRC conducted the hearings to discuss the case and issued its ruling of rejecting the Company's contention. The Company appealed against the ruling to TVDAC. The decision issued in company's favor with amount of SAR 165,688 to be paid in which the company shall settle and close the case.

The Company submitted documents required by ZATCA for which assessment results came with additional liability to be paid amounted to SAR 399,242 for which the company submitted an objection to ZATCA.

Objection result was not in favour of the Company and as a result, the company paid an amount of SAR 173,019 and SAR 226,223, for years 2019 and 2020 respectively and the case was closed.

During 2023, the Company submitted documents required by ZATCA for years 2021 and (2022 short period till the date of merger) and is awaiting ZATCA's response.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**17. ZAKAT AND INCOME TAX (CONTINUED)**

**Status of SABB Takaful assessments (continued)**

**Indirect tax matters- SABB Takaful:**

During 2020, the ZATCA raised an assessment based on the tax audit conducted with respect to VAT. In the said assessment, ZATCA had decided to apply 5% VAT on the policyholder charges for life insurance policies supplied by SABB Takaful Company under Individual Family with effect from January 1, 2018 till November 30, 2019 along with the late payment penalties, amounting to SAR 1.68 million.

During 2020, the Company used the ZATCA initiative program and paid the principal VAT amount of SAR 0.97 million under protest. Upon the Payment, the ZATCA waived the late payment penalties amounting to SAR 0.71 million.

Further, the management of the Company reviewed assessment orders and responded in the specified time and is confident that the additional liability would be adjusted significantly in favour of the Company, the management also believes that the provision as reflected in these financial statements is sufficient to meet any additional zakat and tax obligation.

**Status of MetLife assessments**

**Direct tax matters - MetLife**

ZATCA requested documents related to the year 2018 and has not yet issued the assessment.

**Indirect tax matters - MetLife**

The Company has received VAT assessments for 2020 and requirements were sent to ZATCA after receiving the initial assessment, the company paid SAR 95,393 and the case was closed.

**Provision for Zakat and Income Tax**

Provision for zakat has been made at 2.5776% of the higher of approximate zakat base or adjusted net income and 2.5% on adjusted net income attributable to the Saudi shareholders of the Company.

Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

**Shareholding subject to zakat and income tax**

The following is the assumed shareholding percentage for computation as at the end of the year. Actual percentage might vary at the time of computation and submission of zakat and tax return:

	<b>December 31, 2023</b>	December 31, 2022
	%	%
Shareholding subject to zakat	<b>89.32</b>	87.75
Shareholding subject to income tax	<b>10.68</b>	12.25

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**18. SHARE CAPITAL**

The authorized, issued and paid-up capital of the Company at December 31, 2023 is amounted to SAR 850.6 million comprising of 85.06 million shares of SAR 10 each (December 31, 2022: SAR 850.6 million comprising of 85.06 million shares of SAR 10 each).

In the year 2015, the Company had increased its share capital from SAR 200 million to SAR 400 million, by issuing 20 million right shares to its existing shareholders, which were offered at an exercise price of SAR 12 per share. This resulted in a share premium less issuance cost amounting to SAR 30.1 million.

The Company's Board of Directors in their meeting held on April 8, 2019, corresponding to 3 Sha'aban 1440H recommended to the Extraordinary General Assembly to increase share capital of the Company. The Extraordinary General Assembly approved to increase share capital of the Company from SAR 440 million to SAR 528 million by issuing one bonus share for every five existing shares owned by the shareholder. The increase in share capital is through capitalization of retained earnings of SAR 88 million. The increase in share capital was approved by the shareholders in their meeting held on 16 Ramadan 1440H (Corresponding to May 21, 2019).

The Board of Directors in their meeting held on 30 Muharram 1441 H (corresponding to 29 September 2019) resolved to increase the share capital from SAR 528,000,000 to SAR 646,397,060 by issuing 11,839,706 ordinary shares to merge MetLife AIG ANB Cooperative Insurance Company "MAA" into the Company and transferring all of MAA's assets and liabilities to the Company through a securities exchange offer. The merger was successfully completed and shared issued accordingly during 2020. The fair value of 11,839,706 shares of the Company was determined on the basis of closing market price of the Company's ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium amounting to SAR 118,397 thousand and SAR 73,169 thousand, respectively.

The shareholders in the EGM held on September 15, 2022 corresponding to 19 Safar 1444H approved the merger of SABB Takaful Company into the Company in accordance with the provisions of Articles (191), (192) and (193) of the Companies Law by issuing (0.6005476176470590) new shares in the Company against each share in SABB Takaful Company ("SABB Takaful") ("Merger Transaction"), in accordance with the terms and conditions of the merger agreement.

The purchase consideration was determined to be SAR 294,028 thousand which was settled by issuing 20,418,619 new shares of the Company to the shareholders of SABB Takaful at the Company's market price of SAR 14.4 per share at the effective date of merger.

The Board of Directors in their meeting held on September 17, 2023 (corresponding to 03 Rabi Al Awwal 1445H) recommended to increase share capital by offering right issue with an additional amount of SAR 425 million to support growth plan of the company and maintain its solvency margin.

Subsequent to the year ended December 31, 2023, the Board of Directors after discussing the Rights Issue with the financial advisor, decided on February 25, 2024 (corresponding to 15/8/1445H) to amend its recommendation to the Extraordinary General Assembly regarding the increase of the company's capital by offering of Rights Issue and change the offering amount to SAR 467.5 million instead of SAR 425 million, through offering a total of 42.5 million ordinary shares of a nominal value of SAR 10 per share, with an offer price of SAR 11 per share.

However, this is subject to relevant regulatory authorities' approvals in addition to Extraordinary General Assembly approval.

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**18. SHARE CAPITAL (CONTINUED)**

Shareholding structure of the Company is as below. Substantial shareholders holding 5% or more shares have been presented separately:

	<b>December 31, 2023</b>		
	<b>Authorized and issued</b>		<b>Paid up</b>
	<b>No. of Shares</b>	<b>SAR “000”</b>	
Saudi Awwal Bank	13,272,100	132,721	132,721
Others	71,786,225	717,862	717,862
<b>Total</b>	<b>85,058,325</b>	<b>850,583</b>	<b>850,583</b>
	<b>December 31, 2022</b>		
	<b>Authorized and issued</b>		<b>Paid up</b>
	<b>No. of Shares</b>	<b>SAR “000”</b>	
Saudi Awwal Bank	13,272,100	132,721	132,721
Others	71,786,225	717,862	717,862
<b>Total</b>	<b>85,058,325</b>	<b>850,583</b>	<b>850,583</b>

**19. STATUTORY RESERVE**

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by Insurance Authority, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

**20. STATUTORY DEPOSIT**

In accordance with Article 58 of the Insurance Implementing Regulations of Insurance Authority (IA), the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of IA. Accrued income on this deposit is payable to IA amounting to SAR 4.34 million (December 31, 2022: SAR 17.25 million and January 1, 2022: SAR 10.76 million) and this deposit cannot be withdrawn without approval from IA. As requested by IA, the Company has released the accrued income on statutory deposit to IA up to December 31, 2022 amounting to SAR 17.25 million.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**21. GROSS WRITTEN PREMIUM (GWP)**

Analysis of gross premium written is as follows:

For the year ended December 31, 2023						
Class	Corporate					Total Gross premiums written
	Micro	Small	Medium	Large	Individual	
SAR "000"						
Medical	67,269	57,662	82,460	352,320	120,409	680,120
Motor	18,111	21,877	21,217	64,094	669,916	795,215
Property	41,131	32,085	44,052	181,538	-	298,806
Engineering	11,178	16,494	54,141	163,087	-	244,900
Energy	10,538	473	18,497	548,243	-	577,751
P&S - non-linked	55,907	1,898	6,820	142,036	385	207,046
P&S - linked	-	-	-	-	76,839	76,839
P&C - others	32,726	63,022	64,168	242,976	62,592	465,484
<b>Total</b>	<b>236,860</b>	<b>193,511</b>	<b>291,355</b>	<b>1,694,294</b>	<b>930,141</b>	<b>3,346,161</b>

For the year ended December 31, 2022						
Class	Corporate					Total Gross premiums written
	Micro	Small	Medium	Large	Individual	
SAR "000"						
Medical	72,272	57,615	59,433	394,648	72,874	656,842
Motor	5,477	10,068	13,241	44,752	367,107	440,645
Property	26,298	21,049	26,515	133,309	26	207,197
Energy	326	79,217	22,989	538,170	-	640,702
Engineering	5,104	9,415	28,972	129,511	-	173,002
P&S - non-linked	58,837	706	1,867	134,619	1,646	197,675
P&S - linked	-	-	-	-	15,401	15,401
P&C - others	18,877	37,603	47,861	184,445	21,682	310,468
<b>Total</b>	<b>187,191</b>	<b>215,673</b>	<b>200,878</b>	<b>1,559,454</b>	<b>478,736</b>	<b>2,641,932</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**22. OTHER OPERATING EXPENSES**

Other operating expenses comprises of the expenses that has not been attributed or allocated to the insurance and reinsurance contracts. The attributed or allocated expenses are recognized in the insurance service expenses in the statement of income, whereas the non-attributable and non-allocated expenses are recognized as other operating expenses in the statement of income.

Breakup of other operating expenses is as follows:

	2023	2022 (Restated)
	SAR "000"	
Salaries and staff cost	9,829	6,937
Information technology costs	806	341
Occupancy cost (rent, lease of office space)	296	248
Depreciation	1,120	407
Marketing, advertising and promotion	1,074	402
Communication	508	371
Travel expenses	2,181	1,227
Insurance pool expenses	11,299	-
Other expenses	9,926	11,005
Total	<b>37,039</b>	<b>20,938</b>

**23. 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 amount of dividends paid to shareholders or issue shares.

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

As per guidelines laid out by Insurance Authority (IA) previously known as "SAMA" in Article 66 of the Implementing Insurance 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 the Implementing Regulations:

- Minimum Capital Requirement of SAR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company's net admissible assets as at December 31, 2023 are 172% (2022: 141%) of the required minimum margin for solvency. Further, the Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at December 31, 2023 consists of paid-up share capital of SAR 850.6 million, share premium of SAR 193.1 million, statutory reserves of SAR 79.9 million and retained earnings of SAR 66.4 million (December 31, 2022: paid-up share capital of SAR 850.6 million, share premium of SAR 193.1 million, statutory reserves of SAR 63.3 million and accumulated losses of SAR 65.0 million.) in the statement of financial position.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial year.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24. RISK MANAGEMENT**

**Risk governance**

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

*Risk management structure:*

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

*Board of Directors:*

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

*Audit Committee and Internal Audit Department:*

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

*Senior management:*

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

*Risk Management Committee:*

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 of Directors on 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.

Risk management covers mainly the followings:

- Insurance and reinsurance risks
- Financial risks

**a. Insurance and reinsurance risks**

The risk under an insurance contract is the possibility that the insured event may occur and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk the Company faces under insurance contracts is that the actual claim payments or the timing thereof, differs from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

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

**Accident, liability, motor and other general insurance**

The accident category includes personal accident, money insurance, business all risk insurance and business travel insurance. Liability insurance includes general third-party liability, product liability and workmen's compensation/employer's liability protection arising out of acts of negligence during their business operations.

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**24. RISK MANAGEMENT (CONTINUED)**

**a. Insurance and reinsurance risks (Continued)**

Motor insurance is designed to compensate policyholders for damage suffered to their vehicles or liability to third parties arising through accidents. Policyholders could also receive compensation for fire damage or theft of their vehicles.

For accident, liability and motor policies the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company has well developed risk acceptance procedures based on critical underwriting factors such as driver's age, driving experience and nature of vehicle to control the quality of risks that it accepts. It also has risk management procedures in place to control the costs of claims.

**Property**

Property insurance is designed to compensate policyholders for damage suffered to properties or for the value of property lost. Policyholders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

Significant risks underwritten by the Company under this class are physically inspected by qualified risk engineers to make sure adequate fire protection and security is in place. Also, the Company tracks the potential of risk accumulation.

**Marine**

Marine insurance solutions are mainly designed to compensate policyholders from accidents at sea, on land and in the air resulting in the total or partial loss to goods and/or merchandise cargo insurance.

The underwriting strategy for the marine class of business is to ensure that coverage is provided based on the quality of vessels used and shipping routes followed. Vessel details are validated through international agencies while making the underwriting decisions.

**Engineering**

Engineering covers two principal types as summarized below:

- "Contractors all risk" insurance offering cover during erection or construction of buildings or civil engineering works such as houses, shops, blocks of flats, factory buildings, buildings, roads, bridges, sewage works and reservoirs; and
- "Erection all risk" insurance offering cover during the erection or installation of plant and machinery such as power stations, oil refineries, chemical works, cement works, metallic structures or any factory with plant and machinery.

The Engineering line of business also includes machinery breakdown insurance, electronic equipment insurance and plant all risk.

Significant risks underwritten by the Company under this class are physically inspected to make sure adequate fire protection, security and project management is in place.

**Health and protection**

Health insurance is designed to cover the medical expenses incurred as a result of a disease or an illness or an injury. The policy seeks to provide the policyholder and their employees with access to good medical facilities and the latest treatments and technologies, subject to the terms of the relevant policy and the policyholders' personal circumstances.

Protection insurance covers the risks of death or disability following accident or illnesses and compensates the member or dependents in event of loss.

The main risk the Company faces with health and protection insurance is an increase of medical costs which can be more than expected or increase in claims due to exceptional events like outbreak of pandemic diseases. The underwriting strategy includes management of exposures and concentrations within acceptable risk appetite and risk tolerance levels and optimization of reinsurance strategies through a combination of reinsurance cession with approved and well-rated reinsurers and retrocession arrangements. The Company's authorized claims management companies smoothly control and manage its medical insurance claims.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24. RISK MANAGEMENT (CONTINUED)**

**a. Insurance and reinsurance risks (Continued)**

**Reinsurance risks**

Similar to other insurance companies, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company only deals with reinsurers approved by the Board of Directors of the Company. The criteria may be summarized as follows:

- (a) Minimum acceptable credit rating by agencies that is not lower than prescribed in the Regulations;
- (b) Reputation of particular reinsurance companies; and
- (c) Existing or past business relationships.

The financial strengths, managerial, technical expertise and historical performance of reinsurer, wherever applicable, are thoroughly reviewed by the Company before placement of reinsurance.

**Regulatory risks**

The operations of the Company are subject to regulatory requirements in Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. In management's opinion, the Company has substantially complied with such regulatory requirements.

**Sensitivities on major assumptions considered while applying IFRS 17**

The following sensitivity analysis shows the impact on gross and net liabilities impacting the profit / loss before tax and equity for reasonably possible movements in key assumptions with all other assumptions in notes 2 and 3 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.

The insurance results are sensitive to various assumptions. It has not been possible to quantify the sensitivity specific variable such as legislative changes or uncertainties in the estimation process.

Sensitivities before risk mitigation by reinsurance contracts held

<b>Gross</b>	<b>2023</b>	<b>2022</b>
	<b>SAR "000"</b>	
Insurance contract liabilities	<b>2,554,671</b>	2,111,879
Expenses increase by 10 %	<b>(20,232)</b>	(17,769)
Expenses decrease by 10 %	<b>20,265</b>	17,786
Yields curve shift up by 1 %	<b>(830)</b>	(971)
Yields curve shift down by 1 %	<b>828</b>	965
Loss reserve increase by 3 %	<b>(29,902)</b>	(35,523)
Loss reserve decrease by 3 %	<b>29,902</b>	35,523
Lapse/surrenders increase by 5 %	<b>183</b>	229
Lapse/surrenders decrease by 5 %	<b>(215)</b>	(358)
Mortality increase by 1 %	<b>(247)</b>	(158)
Mortality decrease by 1 %	<b>270</b>	160



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**24. RISK MANAGEMENT (CONTINUED)**

**a. Insurance and reinsurance risks (Continued)**

Sensitivities after risk mitigation by reinsurance contracts held

<b>Net of Reinsurance</b>	<b>2023</b>	<b>2022</b>
	<b>SAR “000”</b>	
Insurance contract liabilities	<b>2,554,671</b>	2,111,879
Reinsurance contract assets	<b>(789,878)</b>	(798,129)
<b>Net insurance contract liabilities</b>	<b>1,764,793</b>	1,313,750
Expenses increase by 10 %	<b>(20,227)</b>	(17,754)
Expenses decrease by 10 %	<b>20,270</b>	17,801
Yields curve shift up by 1 %	<b>1,026</b>	1,128
Yields curve shift down by 1 %	<b>(949)</b>	(1,058)
Loss reserve increase by 3 %	<b>(10,363)</b>	(11,621)
Loss reserve decrease by 3 %	<b>10,439</b>	11,685
Lapse/surrenders increase by 5 %	<b>(135)</b>	(197)
Lapse/surrenders decrease by 5 %	<b>242</b>	390
Mortality increase by 1 %	<b>247</b>	(367)
Mortality decrease by 1 %	<b>(192)</b>	438

**Sources of uncertainty in estimation of future claim payments**

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of IBNR at the statement of financial position date.

**Claims development table**

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24. RISK MANAGEMENT (CONTINUED)**

**a. Insurance and reinsurance risks (Continued)**

Following is the claim development table for values gross of reinsurance:

<b>2023 Accident year</b>	<b>2018 &amp; earlier</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Undiscounted liabilities for incurred claims, gross of reinsurance:</b>							
At end of accident year	2,197,230	592,757	581,050	1,174,074	1,126,989	1,499,661	7,171,761
1 year later	319,556	68,224	97,109	162,513	216,918	-	864,320
2 years later	40,173	25,466	26,175	25,480	-	-	117,294
3 years later	12,693	3,566	14,050	-	-	-	30,309
4 years later	11,169	13,194	-	-	-	-	24,363
5 years later	13,006	-	-	-	-	-	13,006
<b>Gross estimates of the undiscounted amount of the claims</b>	<b>2,593,827</b>	<b>703,207</b>	<b>718,384</b>	<b>1,362,067</b>	<b>1,343,907</b>	<b>1,499,661</b>	<b>8,221,053</b>
<b>Cumulative gross claims and other directly attributable expenses paid</b>	<b>(2,564,250)</b>	<b>(649,533)</b>	<b>(688,478)</b>	<b>(1,316,257)</b>	<b>(1,173,915)</b>	<b>(837,721)</b>	<b>(7,230,154)</b>
<b>Gross undiscounted liabilities for incurred claims</b>	<b>29,577</b>	<b>53,674</b>	<b>29,906</b>	<b>45,810</b>	<b>169,992</b>	<b>661,940</b>	<b>990,899</b>
Effect of discounting	-	-	-	-	-	-	(24,931)
<b>Gross discounted liabilities for incurred claims excluding risk adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>965,968</b>
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	-	-	38,487
<b>Gross liabilities for incurred claims</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,004,455</b>

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**24. RISK MANAGEMENT (CONTINUED)**

**a. Insurance and reinsurance risks (Continued)**

2022	2017 & earlier	2018	2019	2020	2021	2022	Total
Accident year							
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	637,391	659,376	606,558	546,405	1,323,400	1,529,341	5,302,471
1 year later	57,249	46,973	79,291	72,791	41,522	-	297,826
2 years later	12,248	4,609	33,539	100,984	-	-	151,380
3 years later	1,420	6,340	8,827	-	-	-	16,587
4 years later	3,903	42,705	-	-	-	-	46,608
5 years later	977,060	-	-	-	-	-	977,060
Gross estimates of the undiscounted amount of the claims	1,689,271	760,003	728,215	720,180	1,364,922	1,529,341	6,791,932
Cumulative gross claims and other directly attributable expenses paid	(1,657,667)	(754,930)	(667,118)	(676,982)	(1,239,787)	(630,271)	(5,626,755)
Gross undiscounted liabilities for incurred claims	31,604	5,073	61,097	43,198	125,135	899,070	1,165,177
Effect of discounting							(25,891)
Gross discounted liabilities for incurred claims excluding risk adjustment							1,139,286
Effect of the risk adjustment margin for non- financial risk							49,175
Gross liabilities for incurred claims							<u>1,188,461</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24. RISK MANAGEMENT (CONTINUED)**

**a. Insurance and reinsurance risks (Continued)**

Following is the claim development table for values net of reinsurance:

<b>2023 Accident year</b>	<b>2018 &amp; earlier</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
<b>Undiscounted liabilities for incurred claims, net of reinsurance:</b>							
At end of accident year	1,739,137	517,238	518,661	858,395	945,137	1,066,260	5,644,828
1 year later	230,320	47,712	66,927	137,641	157,068	-	639,668
2 years later	30,884	9,962	8,257	3,302	-	-	52,405
3 years later	9,181	2,948	6,383	-	-	-	18,512
4 years later	9,469	3,336	-	-	-	-	12,805
5 years later	7,062	-	-	-	-	-	7,062
<b>Net estimates of the undiscounted amount of the claims</b>	<b>2,026,053</b>	<b>581,196</b>	<b>600,228</b>	<b>999,338</b>	<b>1,102,205</b>	<b>1,066,260</b>	<b>6,375,280</b>
<b>Cumulative Net claims and other directly attributable expenses paid</b>	<b>(2,023,303)</b>	<b>(575,655)</b>	<b>(595,291)</b>	<b>(990,928)</b>	<b>(1,055,268)</b>	<b>(790,399)</b>	<b>(6,030,844)</b>
<b>Net undiscounted liabilities for incurred claims</b>	<b>2,750</b>	<b>5,541</b>	<b>4,937</b>	<b>8,410</b>	<b>46,937</b>	<b>275,861</b>	<b>344,436</b>
Effect of discounting	-	-	-	-	-	-	(12,351)
<b>Net discounted liabilities for incurred claims excluding risk adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>332,085</b>
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	-	-	15,210
<b>Net liabilities for incurred claims</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>347,295</b>

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**24. RISK MANAGEMENT (CONTINUED)**

**a. Insurance and reinsurance risks (Continued)**

2022 Accident year	2017 & earlier	2018	2019	2020	2021	2022	Total
Undiscounted liabilities for incurred claims, net of reinsurance:							
At end of accident year	603,159	635,586	531,616	525,053	950,748	1,120,611	4,366,773
1 year later	50,042	42,375	36,232	63,590	60,763	-	253,002
2 years later	6,166	4,432	18,566	16,322	-	-	45,486
3 years later	1,400	6,255	7,076	-	-	-	14,731
4 years later	3,886	591	-	-	-	-	4,477
5 years later	806,201	-	-	-	-	-	806,201
Net estimates of the undiscounted amount of the claims							
Cumulative Net claims and other directly attributable expenses paid	1,470,854	689,239	593,490	604,965	1,011,511	1,120,611	5,490,670
Net undiscounted liabilities for incurred claims	(1,469,258)	(687,129)	(586,573)	(595,700)	(974,033)	(811,460)	(5,124,153)
Effect of discounting	1,596	2,110	6,917	9,265	37,478	309,151	366,517
Net discounted liabilities for incurred claims							(7,623)
excluding risk adjustment							358,894
Effect of the risk adjustment margin for non-financial risk							29,550
Net liabilities for incurred claims							<u>388,444</u>

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**24. RISK MANAGEMENT (CONTINUED)**

**b. Financial risks**

Financial risk comprises of the followings:

- Liquidity Risk
- Market Risk
- Operational Risk
- Credit Risk

**Liquidity risk**

Liquidity risk, also referred to as funding risk, is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with insurance contracts. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any commitments as they arise. The Company has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business.

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

- The Company's liquidity risk policy 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's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

**Maturity profiles**

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on remaining contractual obligations. For insurance and reinsurance contract liabilities maturity profiles are determined based on the estimated timing of net cash outflows from the recognized insurance and reinsurance liabilities and assets respectively.

	2023	2022	2023	2022	2023	2022
	Less than 12 months		More than 12 months		Total	
	SAR "000"					
<b>Financial assets and liabilities:</b>						
<b>Insurance Operations</b>						
Cash and cash equivalents	503,905	424,119	-	-	503,905	424,119
Short term Deposits	360,983	249,999	-	-	360,983	249,999
Long term Deposits	-	-	259,914	49,997	259,914	49,997
Investment measured at amortized cost	-	-	138,914	211,293	138,914	211,293
Accrued investment income	15,691	9,192	-	-	15,691	9,192
Financial assets for unit linked contracts	-	-	543,235	483,741	543,235	483,741
Prepayments and other assets	52,764	122,420	-	-	52,764	122,420
Accrued expenses and other liabilities	(168,393)	(251,065)	-	-	(168,393)	(251,065)
Net reinsurance contract assets receivable	53,310	2,432	736,568	795,697	789,878	798,129
Net insurance contract liabilities payable	(820,236)	(428,211)	(1,734,435)	(1,683,668)	(2,554,671)	(2,111,879)
	(1,976)	128,886	(55,804)	(142,940)	(57,780)	(14,054)
<b>Shareholders' Operations</b>						
Cash and cash equivalents	8,506	110,091	-	-	8,506	110,091
Short term Deposits	59,997	105,000	-	-	59,997	105,000
Long term Deposits	-	-	94,984	-	94,984	-
Investments measured at FVTPL	484,537	366,187	-	-	484,537	366,187
Investment measured at FVOCI	-	-	86,925	79,406	86,925	79,406
Investment measured at amortized cost	10,032	38,860	391,212	259,786	401,244	298,646
Accrued investment income	5,026	7,976	-	-	5,026	7,976
Statutory deposit	-	-	85,058	85,058	85,058	85,058
Prepayments and other assets	-	590	-	-	-	590
Accrued expenses and other liabilities	(1,902)	(3,736)	-	-	(1,902)	(3,736)
	566,196	624,968	658,179	424,250	1,224,375	1,049,218
<b>Total</b>	<b>564,220</b>	<b>753,854</b>	<b>602,375</b>	<b>281,310</b>	<b>1,166,595</b>	<b>1,035,164</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24. RISK MANAGEMENT (CONTINUED)**

**b. Financial risks (Continued)**

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- Currency risk (foreign exchange rates);
- Commission rate risk (market interest rates); and
- Price risk (market prices)

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 gives 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 a 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.

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

**Currency risk**

The Company's exposure to foreign currency risk is mainly limited to United States Dollars which is pegged against Saudi Riyals. Management believes that the currency risk to the Company is not significant.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest 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 interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The Company has no significant concentration of interest rate risk.

The Company is exposed to interest 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24. RISK MANAGEMENT (CONTINUED)**

**b. Financial risks (Continued)**

The Company's exposure to interest rate risk sensitive deposits and debt instruments are as follows:

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit/(loss) before tax and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest 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.

	<u>2023</u>	<u>2022</u>
	<u>SAR "000"</u>	
<b>Impact in commission income and net profit :</b>		
Interest rate increase by 1 %	<b>11,182</b>	8,280
Interest rate decrease by 1 %	<b>(12,465)</b>	(8,780)

**Price risk**

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 interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or 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.

Only the insurance contract liability portfolio for unit linked contracts with participating feature is exposed to price risk. However, this risk is offset by the underlying investment for unit linked contracts.

The Company has an unquoted equity investment carried at FVOCI and certain investments carried at FVTPL under level 3 fair valuation approach which are not susceptible to market price risk.

The Company's FVTPL level 1 investments are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets. The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on individual and total equity instruments.

The Company has no significant concentration of price risk.

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

Sensitivity Factor	<u>2023</u>			<u>2022</u>		
	Carrying value of FVTPL investments	Estimated fair value	Effect on equity	Carrying value of FVTPL investment	Estimated fair value	Effect on equity
	SAR "000"			SAR "000"		
<b>Price change</b>						
Increase 10%	<b>316,140</b>	<b>347,754</b>	<b>31,614</b>	231,404	254,544	23,140
Decrease 10%	<b>316,140</b>	<b>284,526</b>	<b>(31,614)</b>	231,404	208,264	(23,140)



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**24. RISK MANAGEMENT (CONTINUED)**

**b. Financial risks (Continued)**

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all the Company's activities.

The operations of the Company are subject to regulatory requirements in Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. In management's opinion, the Company has substantially complied with such regulatory requirements.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors.

This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation policies and procedures

**Credit risk**

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The Company only enters into insurance and reinsurance contracts with recognized and creditworthy 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 on-going basis in order to reduce the Company's exposure to bad debts. The Company limits its credit risk with regard to time deposits by dealing with reputable banks only.

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. Maximum credit exposure to top five customers is 18.67%.

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 grade credit rating.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**24. RISK MANAGEMENT (CONTINUED)**

**b. Financial risks (Continued)**

**Credit exposure**

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties:

Financial assets	2023			2022 (Restated)		
	Investment grade	Unrated / Non-Investment grade	Total	Investment grade	Unrated / Non-Investment grade	Total
	SAR "000"			SAR "000"		
<b>Insurance operations</b>						
Cash and cash equivalents	503,905	-	503,905	424,119	-	424,119
Short term deposits	360,983	-	360,983	249,999	-	249,999
Long term deposits	259,914	-	259,914	49,997	-	49,997
Investments measured at amortized costs	138,914	-	138,914	211,293	-	211,293
Accrued investment income	15,691	-	15,691	9,192	-	9,192
Prepayment and other assets	-	52,764	52,764	-	122,420	122,420
Financial assets for unit linked contracts	543,235	-	543,235	483,741	-	483,741
<b>Total insurance operations</b>	<b>1,822,642</b>	<b>52,764</b>	<b>1,875,406</b>	<b>1,428,341</b>	<b>122,420</b>	<b>1,550,761</b>
<b>Shareholders' operations</b>						
Cash and cash equivalents	8,506	-	8,506	110,091	-	110,091
Short term deposits	59,997	-	59,997	105,000	-	105,000
Long term deposits	94,984	-	94,984	-	-	-
Investments measured at amortized costs	401,244	-	401,244	298,646	-	298,646
Statutory deposit	85,058	-	85,058	85,058	-	85,058
Accrued investment income	5,026	-	5,026	7,976	-	7,976
Prepayment and other assets	-	-	-	-	590	590
Equities and mutual funds	571,462	-	571,462	445,593	-	445,593
<b>Total shareholders' operations</b>	<b>1,226,277</b>	<b>-</b>	<b>1,226,277</b>	<b>1,052,364</b>	<b>590</b>	<b>1,052,954</b>
<b>Total</b>	<b>3,048,919</b>	<b>52,764</b>	<b>3,101,683</b>	<b>2,480,705</b>	<b>123,010</b>	<b>2,603,715</b>

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**24. RISK MANAGEMENT (CONTINUED)**

**b. Financial risks (Continued)**

**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. 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.

- The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document.
- Claims payable can be netted off against amounts receivable from them to reduce the risk of default.

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

**Impairment assessment**

The Company's ECL assessment and measurement method is set out below:

**Significant increase in credit risk, default, and cure**

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees.
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection.
- Counterparty's listed debt or equity suspended at the primary exchange because of rumors or facts about financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and, therefore, re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default on financial assets during the year.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**24. RISK MANAGEMENT (CONTINUED)**

**b. Financial risks (Continued)**

**Expected credit loss (ECL)**

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 60%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

**Impairment losses on financial investments subject to impairment assessment**

Following are the financial assets measured at amortized cost along with the ECL (12-month ECL) impact:

	2023			2022 (Restated)		
	Investment Value	ECL	Carrying value	Investment Value	ECL	Carrying value
	SAR "000"			SAR "000"		
<b>Insurance Operations</b>						
Cash and cash equivalents	503,908	(3)	503,905	424,128	(9)	424,119
Short Term Deposits	360,997	(14)	360,983	250,000	(1)	249,999
Long Term Deposits	260,000	(86)	259,914	50,000	(3)	49,997
Investments measured at amortized costs	138,919	(5)	138,914	211,293	-	211,293
Other assets	52,784	(20)	52,764	122,449	(29)	122,420
	<b>1,316,608</b>	<b>(128)</b>	<b>1,316,480</b>	<b>1,057,870</b>	<b>(42)</b>	<b>1,057,828</b>
<b>Shareholders' Operations</b>						
Cash and cash equivalents	8,506	-	8,506	110,093	(2)	110,091
Short Term Deposits	59,999	(2)	59,997	105,000	-	105,000
Long Term Deposits	95,000	(16)	94,984	-	-	-
Investments measured at amortized costs	401,254	(10)	401,244	298,646	-	298,646
Other assets	-	-	-	596	(6)	590
	<b>564,759</b>	<b>(28)</b>	<b>564,731</b>	<b>514,335</b>	<b>(8)</b>	<b>514,327</b>
<b>Total</b>	<b>1,881,367</b>	<b>(156)</b>	<b>1,881,211</b>	<b>1,572,205</b>	<b>(50)</b>	<b>1,572,155</b>

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**25. SUPPLEMENTARY INFORMATION**

	2023			2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR "000"			SAR "000"		
<b>Assets</b>						
Cash and cash equivalents	503,905	8,506	512,411	424,119	110,091	534,210
Short term deposits	360,983	59,997	420,980	249,999	105,000	354,999
Accrued income on investments and deposits	15,691	5,026	20,717	9,192	7,976	17,168
Prepaid expenses and other assets	52,764	-	52,764	122,420	590	123,010
Insurance contract assets	-	-	-	8,793	-	8,793
Reinsurance contract assets	789,878	-	789,878	801,387	-	801,387
Financial assets for unit linked insurance contracts	543,235	-	543,235	483,741	-	483,741
Due from shareholders' / insurance operations	29,876	-	29,876	3,280	-	3,280
Statutory deposit	-	85,058	85,058	-	85,058	85,058
Accrued income on statutory deposit	-	4,347	4,347	-	17,246	17,246
Investments	138,914	972,706	1,111,620	211,293	744,239	955,532
Long term deposits	259,914	94,984	354,898	49,997	-	49,997
Property and equipment, net	19,084	16,400	35,484	32,061	-	32,061
Intangible assets	38,299	83,267	121,566	5,295	91,680	96,975
Goodwill	-	24,415	24,415	-	24,415	24,415
<b>Total assets</b>	<b>2,752,543</b>	<b>1,354,706</b>	<b>4,107,249</b>	<b>2,401,577</b>	<b>1,186,295</b>	<b>3,587,872</b>
<b>Liabilities and equity</b>						
<b>Liabilities</b>						
Insurance contract liabilities	2,554,671	-	2,554,671	2,120,672	-	2,120,672
Reinsurance contract liabilities	-	-	-	3,258	-	3,258
Accrued expenses and other liabilities	168,393	1,902	170,295	251,065	3,736	254,801
Accrued income payable to Insurance Authority (IA)	-	4,347	4,347	-	17,246	17,246
Due to insurance / shareholders' operations	-	29,876	29,876	-	3,280	3,280
Provision for zakat and income tax	-	46,283	46,283	-	45,231	45,231
Provision for end-of-service benefits (EOSB)	32,819	503	33,322	26,445	503	26,948
<b>Total liabilities</b>	<b>2,755,883</b>	<b>82,911</b>	<b>2,838,794</b>	<b>2,401,440</b>	<b>69,996</b>	<b>2,471,436</b>
<b>Equity</b>						
Share capital	-	850,583	850,583	-	850,583	850,583
Share premium	-	193,119	193,119	-	193,119	193,119
Statutory reserve	-	79,915	79,915	-	63,327	63,327
Retained earnings / (accumulated losses)	-	66,351	66,351	-	(65,038)	(65,038)
Fair value reserve for investments	-	81,827	81,827	-	74,308	74,308
<b>Total shareholders' equity</b>	<b>-</b>	<b>1,271,795</b>	<b>1,271,795</b>	<b>-</b>	<b>1,116,299</b>	<b>1,116,299</b>
Re-measurement of EOSB related to insurance operations	(3,340)	-	(3,340)	137	-	137
<b>Total equity</b>	<b>(3,340)</b>	<b>1,271,795</b>	<b>1,268,455</b>	<b>137</b>	<b>1,116,299</b>	<b>1,116,436</b>
<b>Total liabilities and equity</b>	<b>2,752,543</b>	<b>1,354,706</b>	<b>4,107,249</b>	<b>2,401,577</b>	<b>1,186,295</b>	<b>3,587,872</b>

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**25. SUPPLEMENTARY INFORMATION (CONTINUED)**

	2023			2022 (Restated)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR "000"			SAR "000"		
Insurance revenue	2,887,642	-	2,887,642	2,572,335	-	2,572,335
Insurance service expenses	(1,679,206)	-	(1,679,206)	(1,669,524)	-	(1,669,524)
<b>Insurance service results before reinsurance contracts held</b>	<b>1,208,436</b>	<b>-</b>	<b>1,208,436</b>	<b>902,811</b>	<b>-</b>	<b>902,811</b>
Allocation of reinsurance premiums	(1,321,613)	-	(1,321,613)	(1,174,833)	-	(1,174,833)
Amounts recoverable from reinsurers for incurred claims	141,298	-	141,298	152,026	-	152,026
<b>Net expenses from reinsurance contracts held</b>	<b>(1,180,315)</b>	<b>-</b>	<b>(1,180,315)</b>	<b>(1,022,807)</b>	<b>-</b>	<b>(1,022,807)</b>
<b>Insurance service result</b>	<b>28,121</b>	<b>-</b>	<b>28,121</b>	<b>(119,996)</b>	<b>-</b>	<b>(119,996)</b>
Commission income on investments and deposits	40,266	18,133	58,399	13,026	10,969	23,995
Dividends on investments	-	16,791	16,791	-	12,308	12,308
Realized gain / (loss) on investments measured at FVTPL	-	9,202	9,202	-	37,442	37,442
Unrealized gain / (loss) on investments measured at FVTPL	-	80,696	80,696	(12,893)	(31,363)	(44,256)
Net credit impairment losses on financial assets	(71)	(34)	(105)	-	(800)	(800)
Bargain purchase gain	-	-	-	-	49,677	49,677
<b>Net investment income</b>	<b>40,195</b>	<b>124,788</b>	<b>164,983</b>	<b>133</b>	<b>78,233</b>	<b>78,366</b>
Finance income / (expenses) from insurance contracts issued	(6,285)	-	(6,285)	(20,351)	-	(20,351)
Finance income / (expenses) from reinsurance contracts held	1,932	-	1,932	13,872	-	13,872
<b>Net insurance finance income / (expenses)</b>	<b>(4,353)</b>	<b>-</b>	<b>(4,353)</b>	<b>(6,479)</b>	<b>-</b>	<b>(6,479)</b>
<b>Net insurance and investment result</b>	<b>63,963</b>	<b>124,788</b>	<b>188,751</b>	<b>(126,342)</b>	<b>78,233</b>	<b>(48,109)</b>
Other income	7,148	4,117	11,265	-	12,606	12,606
Other operating expenses	(14,074)	(22,965)	(37,039)	-	(20,938)	(20,938)
<b>Net income / (loss) for the year before zakat &amp; tax, attributable to the shareholders</b>	<b>57,037</b>	<b>105,940</b>	<b>162,977</b>	<b>(126,342)</b>	<b>69,901</b>	<b>(56,441)</b>
Surplus transferred to Shareholders	(57,037)	57,037	-	126,342	(126,342)	-
<b>Net results after transfer of surplus to the shareholders</b>	<b>-</b>	<b>162,977</b>	<b>162,977</b>	<b>-</b>	<b>(56,441)</b>	<b>(56,441)</b>
Zakat & tax charge for the year	-	(15,000)	(15,000)	-	(11,639)	(11,639)
<b>Net income / (loss) for the year after zakat &amp; tax, attributable to the shareholders</b>	<b>-</b>	<b>147,977</b>	<b>147,977</b>	<b>-</b>	<b>(68,080)</b>	<b>(68,080)</b>
<b>Earnings / (loss) per share (expressed in SAR per share)</b>						
Basic and diluted earnings / (loss) per share			1.74			(0.99)
Weighted average number of ordinary outstanding shares (in thousands)			85,058			68,779

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**25. SUPPLEMENTARY INFORMATION (CONTINUED)**

	2023			2022 (Restated)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR "000"			SAR "000"		
<b>Net income / (loss) for the year attributable to the shareholders</b>	-	147,977	147,977	-	(68,080)	(68,080)
<b>Other comprehensive income:</b>						
<i>Items that will not be reclassified to the statement of income in subsequent periods</i>						
Actuarial (loss) / gain for end-of-service benefits	(3,477)	-	(3,477)	284	-	284
Net changes in fair value of investments measured at FVOCI	-	7,519	7,519		5,341	5,341
<b>Total comprehensive income / (loss) for the year</b>	<b>(3,477)</b>	<b>155,496</b>	<b>152,019</b>	<b>284</b>	<b>(62,739)</b>	<b>(62,455)</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**25. SUPPLEMENTARY INFORMATION (CONTINUED)**

	2023			2022 (Restated)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR "000"			SAR "000"		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income / (loss) for the year before zakat and income tax	-	162,977	162,977	-	(56,441)	(56,441)
<b><u>Adjustments for non-cash and non-operating items:</u></b>						
Depreciation of property and equipment	8,299	-	8,299	6,611	-	6,611
Amortization of intangible assets	9,565	6,554	16,119	2,421	589	3,010
Amortization of investments measured at amortized costs	-	(458)	(458)	-	22	22
Dividends on investments	-	(16,791)	(16,791)	-	(12,308)	(12,308)
Expected credit and impairment loss	96	18	114	4	800	804
Commission income on investments and deposits	(40,266)	(18,133)	(58,399)	(13,026)	(10,969)	(23,995)
Realized gain on investments measured at FVTPL	-	(9,202)	(9,202)	-	(37,442)	(37,442)
Bargain purchase gain	-	-	-	-	(49,677)	(49,677)
Unrealized (gain) / loss on investments measured at FVTPL	-	(80,696)	(80,696)	12,893	31,363	44,256
Provision for end-of-service benefits	5,147	-	5,147	4,134	-	4,134
<b><u>Changes in operating assets and liabilities:</u></b>						
Insurance contract assets	8,793	-	8,793	(8,793)	-	(8,793)
Insurance contract liabilities	433,999	-	433,999	189,295	-	189,295
Reinsurance contract assets	11,509	-	11,509	(22,294)	-	(22,294)
Reinsurance contract liabilities	(3,258)	-	(3,258)	(5,178)	-	(5,178)
Prepaid expenses and other assets	42,309	590	42,899	(32,437)	94	(32,343)
Accrued expenses and other liabilities	(80,092)	(2,049)	(82,141)	77,139	(11,621)	65,518
	<b>396,101</b>	<b>42,810</b>	<b>438,911</b>	<b>210,769</b>	<b>(145,590)</b>	<b>65,179</b>
End-of-service benefits paid	(2,250)	-	(2,250)	(2,476)	-	(2,476)
Zakat and income tax paid	-	(13,733)	(13,733)	-	(3,338)	(3,338)
<b>Net cash generated from / (used in) operating activities</b>	<b>393,851</b>	<b>29,077</b>	<b>422,928</b>	<b>208,293</b>	<b>(148,928)</b>	<b>59,365</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investments measured at FVTPL, net	99,279	(127,731)	(28,452)	(12,795)	92,698	79,903
Investments measured at amortized costs, net	(26,900)	(2,861)	(29,761)	(138,491)	36,173	(102,318)
Financial assets for unit linked insurance contracts	(59,494)	-	(59,494)	14,899	-	14,899
Additions in intangible assets	(18,647)	1,859	(16,788)	(2,534)	43	(2,491)
Commission income received on investments and deposits	33,767	21,083	54,850	5,834	8,411	14,245
Dividends received on investments	-	16,791	16,791	-	12,308	12,308
Cash and cash equivalents acquired through business combination	-	-	-	22,409	22,963	45,372
(Addition) / disposals of short term deposits	(110,997)	45,001	(65,996)	11,858	20,510	32,368
(Addition) / disposals of long term deposits	(210,000)	(95,000)	(305,000)	50,000	-	50,000
Additions in property and equipment	(6,724)	-	(6,724)	(4,807)	-	(4,807)
<b>Net cash (used in) / generated from investing activities</b>	<b>(299,716)</b>	<b>(140,858)</b>	<b>(440,574)</b>	<b>(53,627)</b>	<b>193,106</b>	<b>139,479</b>



**WALAA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**25. SUPPLEMENTARY INFORMATION (CONTINUED)**

	2023			2022 Restated)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR "000"			SAR "000"		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Due from / to shareholders' / insurance operations	(10,196)	10,196	-	(50,159)	50,159	-
Net change in statutory deposits	-	-	-	-	13,582	13,582
Lease liability paid	(4,153)	-	(4,153)	(3,264)	-	(3,264)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(14,349)</b>	<b>10,196</b>	<b>(4,153)</b>	<b>(53,423)</b>	<b>63,741</b>	<b>10,318</b>
<b>Net change in cash and cash equivalents</b>	<b>79,786</b>	<b>(101,585)</b>	<b>(21,799)</b>	<b>101,243</b>	<b>107,919</b>	<b>209,162</b>
Cash and cash equivalents, beginning of the year	424,119	110,091	534,210	322,876	2,172	325,048
<b>Cash and cash equivalents, end of the year</b>	<b>503,905</b>	<b>8,506</b>	<b>512,411</b>	<b>424,119</b>	<b>110,091</b>	<b>534,210</b>

**26. DIVIDEND**

No dividend was proposed or paid during the year.

**27. EARNING/ (LOSS) PER SHARE ("EPS")**

Basic and diluted earnings / (loss) per share from shareholders' income/ (loss) is calculated by dividing net income/ (loss) for the year by weighted average number of ordinary shares outstanding during the year.

**28. COMPARATIVE FIGURES**

Post implementation of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" effective January 01, 2023, comparative figures have been restated as referred to note 4 of these financial statements.

**29. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors on March 12, 2024, corresponding to 2 Ramadan 1445H.