Allianz Saudi Fransi Cooperative Insurance invites its shareholders to attend the first Ordinary General Meeting via modern technology means.

Introduction	The Board of Directors of Allianz Saudi Fransi Cooperative Insurance is pleased to invite shareholders to participate and vote in the (First) Ordinary General Meeting scheduled on Tuesday, Shawal 12, 1444 AH, corresponding to May 02, 2023 AD, via modern technology means.
General Meeting Venue	Head Office - Riyadh - via modern technology means.
General Meeting Link	www.tadawulaty.com.sa
General Meeting Date	Tuesday, Shawal 11, 1444 AH, corresponding to May 02, 2023 AD.
General Meeting Time	06:30 PM
Right to Attend	Every shareholder registered in ALLIANZ SF's shareholder register at the Depository Center (Edaa) by the end of the trading session preceding the General Meeting has the right to attend the General Meeting pursuant to the laws and regulations.
Required Quorum	The Ordinary General Meeting shall be deemed valid if it is attended by shareholders representing at least half of the capital, and if the required quorum is not available for holding this meeting, a second meeting shall be held an hour after the end of the period specified for the first meeting, and the second meeting shall be deemed valid if attended by any number of shareholders representing any number of shares.
General Meeting Agenda	1) Review and discuss the Board of Directors' report for the fiscal year ended on 12/31/2022 AD. 2) Review and discuss the Financial Statements for the fiscal year ended on 12/31/2022 AD. 3) Voting on the Auditors' report for the fiscal year ended on 12/31/2022 AD. 4) Voting on the discharge of the Board Members from liability for the fiscal year ended on 12/31/2022 AD. 5) Voting on the appointment and determination of fees of auditors for ALLIANZ SF from among the candidates recommended by the Audit Committee, in order to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2023 AD and the first quarter of the fiscal year 2024 AD.

	6) **Voting on the business and contracts that will take place between ALLIANZ SF and Banque Saudi Fransi and its affiliates, where Mr. Mazen Al Tamimi (a member of the previous Board of Directors) and Mr. Badr AlSalloom, an ALLIANZ SF Board Member and the CEO of Banque Saudi Fransi have an indirect interest; i.e., management of the asset portfolio, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 487,049,866 (attached).** 7) **Voting on the business and contracts that will take place between ALLIANZ SF and Banque Saudi Fransi and its affiliates, where Mr. Mazen Al Tamimi (a member of the previous Board of Directors) and Mr. Badr AlSalloom, an ALLIANZ SF Board Member and the CEO of Banque Saudi Fransi have an indirect interest; i.e., balances of bank and investment accounts, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 591,436,951 (attached).** 8) **Voting on the business and contracts that will take place between ALLIANZ SF and Banque Saudi Fransi and its affiliates, where Mr. Mazen Al Tamimi (a member of the previous Board of Directors) and Mr. Badr AlSalloom, an AFCI Board Member and the CEO of Banque Saudi Fransi have an indirect interest; i.e., insurance contracts, especially car insurance and life insurance contracts, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 89,623,182 (attached).** 9) **Voting on the business and contracts that will take place between ALLIANZ SF and Allianz Group and its affiliates, where each of (Eng. AlWaleed AlDryaan, Mr. Patrick Tellez, Mr. Anuj Agarwal, Mr. Mohammed Amine Benabbou, and Mr. Adel), ALLIANZ SF Board Members and Representatives of Allianz Group have an indirect interest; i.e., business related to reinsurance contracts, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 178,004,275 (attached).** 10) **Voting on the business and contracts that will take place between ALLIANZ SF and "Next Care," an affiliate of the Allianz International Group, where ALLIANZ SF (represented by Mr. Anuj Agarwal - a Board Member) and a "Next Care" Board Member have an indirect interest; i.e., business related to management of claims**

	(Medical Insurance), where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 1,305,089 (attached). 11) Voting on the business and contracts that will take place between ALLIANZ SF and "Data Quest S.I.L.," an affiliate of the Allianz International Group, where Mr. Mohammed Amine Benabbou, an ALLIANZ SF Board Member and a Representative of the Allianz International Group, has an indirect interest; i.e., business related to the technical system, and technical support and development, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 2,332,469 (attached). 12) Voting on the business and contracts that will take place between ALLIANZ SF and the "Saudi Networks Services (SNS)" Company, where Mr. Osama Alsabeg, an ALLIANZ SF Board Member and a Shareholder in "SNS," and Mr. AlWaleed AlDryaan and Mr. Adel Mallawi, a Board Members of ALLIANZ SF as well as "SNS," have an indirect interest; i.e., insurance business (General Insurance), where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 22,208 (attached). 13) Voting on the business and contracts that will take place between ALLIANZ SF and "Saudi Electronic Trading & Contracting (SETRA)" Company, where Mr. Osama Alsabeg, an ALLIANZ SF Board Member and a Shareholder in "SETRA," has an indirect interest; i.e., insurance business (General and Car Insurance), where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 329,614 (attached). 14) Voting on the business and contracts that will take place between ALLIANZ SF and "Al Khaleej Training and Education" Company, where Eng. AlWaleed AlDryaan and Dr. Abdullah Al Hussaini, ALLIANZ SF Board Members and Shareholders in "Al Khaleej Training and Education," have an indirect interest; i.e., insurance business (Car Insurance), where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 705,86 (attached). 15) Voting on the business and contracts that will take place between ALLIANZ SF and the "Agricultural Development" Company, where Mr. Kamel Al Munajjed, a member of the previous ALLIANZ SF Board of Directors and a shareholder in the "Agricultural

	Development" Company has an indirect interest; i.e., debt portfolio insurance, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 1,496,562 (attached). 16) Voting on the business and contracts that will take place between ALLIANZ SF and "Desert Hills Veterinary Services" Company, where Mr. Kamel Al Munajjed, a member of the previous ALLIANZ SF Board of Directors and a shareholder in "Desert Hills Veterinary Services," has an indirect interest; i.e., insurance business, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 201,747 (attached). 17) Voting on the business and contracts that will take place between ALLIANZ SF and the "Supreme Food Ltd." Company, where Mr. Kamel Al Munajjed, a member of the previous ALLIANZ SF Board of Directors and a shareholder in the "Supreme Food Ltd.," has an indirect interest; i.e., debt portfolio insurance, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 291,240 (attached). 18) Voting on the business and contracts that will take place between ALLIANZ SF and Eng. AlWaleed AlDryaan in his own capacity as the Chairman of the ALLIANZ SF Board of Directors; i.e., insurance business (Individuals), general and car insurance, where there are no preferential terms, noting that the total amount of this business in 2022 was SAR 28,892 (attached).
Proxy Form	Attached
Right to Register Attendance and Vote	Note that the right to register attendance for the General Meeting ends as soon as the Meeting is convened, and the right of the attendees to vote on the agenda items ends when the voting committee finishes counting the votes.
Online Voting	Shareholders signed up in Tadawulaty services can remotely vote online on the agenda items, starting from 1 am on Sunday, Shawal 10,1444 AH, corresponding to April 30, 2023 AD until the end of the Meeting. Signing up and voting on Tadawulaty services will be available and free for all shareholders using the following link: www.tadawulaty.com.sa

Contact Method	Questions and inquiries of our valued shareholders will be received through the Shareholder Relations Department via the following e-mail: ASFLegal@Allianzsf.com.sa Phone: 0118213093

Best Regards

Allianz Saudi Fransi Cooperative Insurance Company

Annual Report 2022

Chairman's Statements
The Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors whom I thank for their dedication and guidance, I present the 16th Annual Report and Financial Statements of Allianz Saudi Fransi Cooperative Insurance Company for the fiscal year ending 31 December 2022.

The year 2022 represented turnaround of the market conditions. Allianz Saudi Fransi also saw a positive turnaround in its financial performance, marketing through improved performance of its businesses. As we look back to how we finished the financial year, The Company recorded a net profit before surplus, zakat, and income tax for the year ended December 31, 2022.

While we are proud of our accomplishments, we are definitely not satisfied. In 2023 the Company will continue to focus on profitability, growth, enhancing the customer experience, gaining customer trust, digitalization of services and operations.

Furthermore, we will continue to develop our multi-distribution channels strategy for both Retail and Corporate Customers.

Employees' development and empowerment are crucial components of our strategy to reinforce the culture of the Company where people and performance matters most.

To conclude, I express my sincere gratitude to all our employees, the management, our distribution partners who have shown remarkable resilience and resourcefulness that lead to the fine results of 2022.

Saudi Arabia under the vision 2030, and the leadership of the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud and the Crown Prince Mohammad Bin Salman Al Saud is witnessing thankfully leaps of development in all sectors including insurance.

We thank the Saudi Central Bank, the Council of Cooperative Health Insurance, The Capital Market Authority, and the Ministry of Commerce for their regulatory, and support roles.

Looking forward to a challenging and rewarding year ahead.

Alwaleed Abdulrazaq Aldryaan

Chairman of the Board of Directors

Letter from the CEO

Dear Shareholders,

2022 was the year of great transition for the company as well the country. Kingdom of Saudi Arabia under the wise leadership of the Custodian of the Two Holy mosques King Salman Bin Abdulaziz Al Saud and the Crown Prince Mohammad Bin Salman Al Saud has seen the various economic sectors work aggressively towards fulfillment of the Vision 2030. Economy has been strengthening in both the oil-based sector as well as the non-oil based sector. Given the geopolitical changes emanating from war on the European border, oil continued to contribute immensely to the Saudi GDP. On the back of USD SAR peg, the SIBOR climbed to all time high of over 5% by the end of 2022. Accentuated growth due to unfilled demand coming out of COVID years, high oil demand and announcement and on-going implementation of Giga projects led to the Saudi economy being among the fastest growing economies of G20.

Significant changes in the financial and specifically insurance sector have been announced that shall fundamentally strengthen the insurance industry in the long run. In his speech at the Insurance Symposium, the Minister of Finance announced the carve out of separate regulatory authority for the sector. The insurance market for the 9 months period grew by 27%. The majority of the growth came from Medical Line of business that forms 61% of the insurance sector in the Kingdom. Motor Line of business formed 19% of the market and P/C including the insurance for the Giga projects was at 16%. Life line of business is a major pillar under Vision 2030 and currently forms 3% of the market.

Your Company, Allianz Saudi Fransi, considers 2022 as a transformative year. The company came out of 2021 with a small profit of SAR 17m against operating loss of SAR 17m in 2020. The question of whether the profitability and business model is sustainable was settled unequivocally in 2022. The company has delivered above market average profitability.

Financial Performance of the company

Motor remains line of business with the highest Net Earned Premium contribution for the company. As a company with Net Loss ratio of 79% against the market Net Loss ratio of 91.6% for the nine-month period, the company has the second best net loss ratio among the top 15 companies. The growth of the line of business at 28% against market growth of 20% brings solace that the company is growing profitably in the line of business. The growth in the online channels need to be tempered with profitability and improvement in customer experience. Medical line attained technical profitability on gross basis for the company and second half of the year was focused on acquiring new business. Contribution of profit from Hajj and Umrah increased on back of higher number of visitors to the holy cities post COVID years. The growth in the line of business profitably is based on improving customer experience and improving fraud detection. The company remains strong in P&C line of business with the highest profitability. The further growth in Line of business is based on optimizing the reinsurance structure and writing more of smaller sum assured business with the ability to retain more within the company. The company is the third largest in the market in terms of Protection and Savings. Given its importance for Vision 2030, Allianz Saudi Fransi is well placed to grow the line. The company has achieved break even for the line of business in 2022.

Operational Performance of the company

In terms of manpower structure of the company, the year saw the appointments of the vacant C level positions. With COO, Mr Turki Al Shahrani joining us in late 2021, CFO, Mr Hani Albukhaitan joined us in June 2022 and CSMO Mr Abdullah AlQuabaily joined us in Nov 2022. This also accompanied filling up of key managerial positions. The company improved the Saudiazation rate to 70% with the objective of reaching 75% by the end of first quarter of 2023. We focused on the recruitment of fresh graduates during the year to widen our talent pool and improve reliance on internal training and rotation going forward. Personal Development Plans were done for every employee within the company, which forms the basis on undertaking regular training. The company put heavy emphasis on the Control functions to ensure we steer our business responsibly and transparently in line with the best global standards. Allianz Saudi Fransi achieved Net Promoter Score of "At Market" for the year ended 2022 and we received renewal of license from SAMA.

In terms of Operating Profit we are currently the 8th most profitable insurance company in the Kingdom (9M 2022), we shall work towards improving it to meet the shareholder expectations for Return on Capital in 2023. While from the market share point of view, we are currently 13th in the hierarchy of insurance companies. Naturally, our objective for 2023 is to improve our market ranking in terms of GWP to match our profitability. This increase in sales we hope to achieve by servicing more new customers, and all lines for existing customers.

Our strategy for 2023 is broadly split into the following parts that we shall continue to monitor monthly:

1. Line of business strategy (Motor, BCEB, PC and Individual Life)

2. Receivables (Premiums and Claims recoveries) and Expense Optimization

3. Channel strategy with focus on cross selling and new business growth

4. Digitalization

5. People Strategy

With that said, we hope for the best in achieving the company's 2023 goals.

Anuj Agarwal
Chief Executive Officer

The Board of Directors (BOARD) of Allianz Saudi Fransi Cooperative Insurance Company has the pleasure to present to the shareholders, the Company's 16th Annual Report together with the audited financial statements for the fiscal year ending on 31st December 2022.

Following is a presentation of the most significant developments, operational activities, and financial results:

1. Introduction

Allianz Saudi Fransi Cooperative Insurance Company is a joint-stock company, founded upon the decision of the Council of Ministers No. 233 dated 16/9/1427 H, 9th October 2006 and the Royal Decree No. 60/M dated 18/09/1427 H, 11th October 2006.

The initial authorized and issued capital of the Company was SAR 100 million consisting of 10,000,000 shares with a nominal value of SR 10 each, all of which are fully paid. On April 2010, the Company increased its capital by offering 10,000,000 ordinary shares at an offer price of SR 12.5 per share (nominal value of SR 10 plus a premium of SR 2.5) through a rights issue. The share capital of the Company became SAR 200 million consisting of 20 million shares with a nominal value of SR 10 each. On July 2020, the Company increased its capital again through the rights issue. The share capital of the Company became 600 million consisting of 60 million shares. The ownership of Allianz Saudi Fransi's shares as of 31st December 2021 is as follows:

- 18.5% Allianz Europe B.V
- 16.25% Allianz France – (100% owned by Allianz SE)
- 16.25% Allianz MENA Holding Bermuda – (100% owned by Allianz SE)
- 14.00% Banque Saudi Fransi (BSF)

- **Within the remaining 35% public shareholders, the following owns more than 1% share:**
- 1.55% Saad Ali Mohammed Alissa.
- 1.28% Abdulmohsen Abdulaziz Al Hokair Holding Group

The Company has received its operational license (Ref: TMN/11/20083) from the Saudi Central Bank (SAMA) on 30/02/1429 H, 8th March 2008 and has successfully renewed it on 30/02/1432 H– 5th February 2011 on 29/02/1435 H - 1st January 2014 and on 28/02/1438 corresponding to 28th November 2016 and on 28/02/1441 corresponding to 28th October 2019 for a period of another 3 years. The latest SAMA license was renewed for a period of 3 years staring on September 24th 2022 corresponding to 28/02/1444H and ending on 21st of August 2025 corresponding to 27/02/1447 H

2. The Company's Vision, Mission, Strategy & Values

Our Vision is

To be amongst the top Saudi Insurers with global expertise and local insight, providing world-class products and services in all lines of business, with nationwide reach using diverse channels of distribution, through highly trained and motivated employees.

Our Mission Statement is

Create Trust by delivering Excellence. Deliver Excellence from A to Z.

Our Strategy is

To provide insurance solutions in all lines of business through three axes of development:

- Banque Saudi Fransi: to provide Retail and Corporate Bancassurance products.
- Direct Sales Force: to provide individual insurance solutions.
- Selected brokers and dedicated account executives: to provide comprehensive solutions for corporate customers.

The Company will keep investing strongly to develop those distribution channels to further improve its market position in Property, Casualty and Health Business as well as in Protection and Savings products.

Our Values are

Expertise, Integrity, and Sustainability.

3. Allianz Saudi Fransi Key Dates and Developments

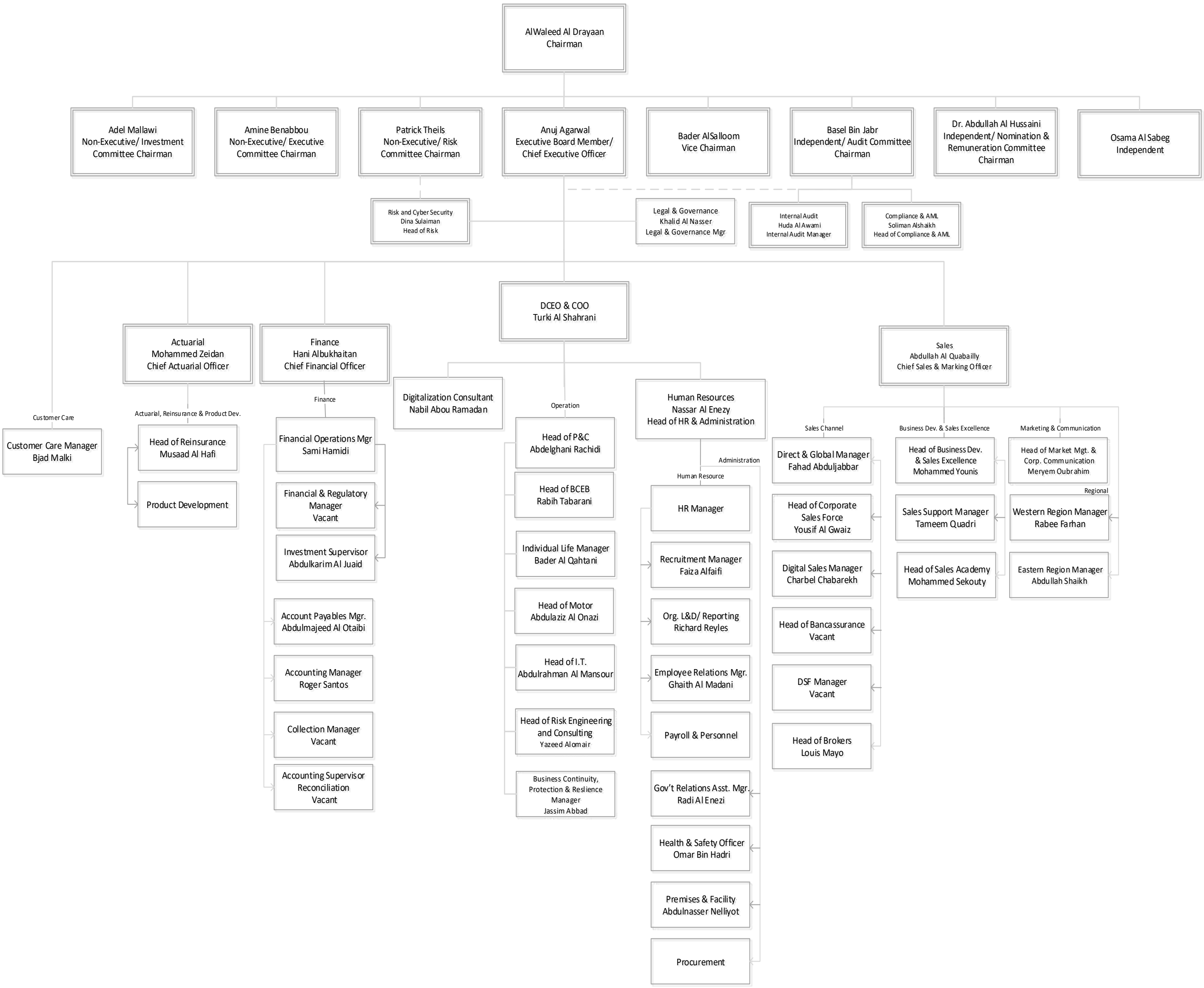
Allianz Saudi Fransi witnessed since its incorporation many significant developments:

▪ October 2006	The founders received the authorization to establish the Company as per Royal Decree No. 60/M
▪ March 2007	The Company went public through an Initial Public Offering.
▪ June 2007	The Constituting General Assembly was held.
▪ March 2008	The operational license from SAMA (Ref: TMN/11/20083) was obtained.
▪ September 2008	The Company moved to the New Head Office in Riyadh and received its first products' approval.
▪ November 2008	SAMA approved the transfer of Insaudi portfolio subject to no goodwill.
▪ January 2009	Insaudi portfolio transfer was completed and integrated in the opening balance sheet for 2009.
▪ March 2009	The individual Protection & Savings products approvals were received.
▪ November 2009	Banque Saudi Fransi Bancassurance Protection & Savings products approvals are received.
▪ April 2010	The Company completed its 10 million shares rights issue and the Capital became SAR 200 Million.
▪ November 2010	Banque Saudi Fransi Bancassurance Portfolio transfer was completed.
▪ February 2011	The Company obtained from SAMA the renewal of its operational license for another 3 years.
▪ June 2011	The Company launched the Sharia Compliant Protection & Savings "Gold" Products.
▪ January 2013	Launched common workflow platform for all Sales Channels including Sales Support function.
▪ August 2013	Xavier Denys succeeded Antoine Issa as Chief Executive Officer.
▪ January 2014	The Company obtained from SAMA the renewal of its operational license for 3 years.
▪ May 2014	Mr. Ammar Al Khudairy appointed as new Chairman of the Company
▪ September 2014	D&O Liability and Medical Malpractice Insurance Products approved by SAMA
▪ November 2014	Mr. Oliver Bäte, Future CEO of Allianz SE (Effective 7th of May 2015) visited the company.
▪ September 2015	Mr. Sergio Balbinot, Member of Allianz SE Board of Management, Insurance Western & Southern Europe, Middle East, Africa, India visited the company.
▪ October 2015	Claims Workflow launched in the H.O. and Branches
▪ November 2015	Launching the new strategic initiatives (Renewal Agenda).

- February 2016 Renewal Agenda official kick off and announcement to employees.
- November 2016 The Company obtained from SAMA the renewal of its operational license for 3 years.
- December 2016 Fully Fledged Customer Call Center launched
- March 2017 The Company opened Travel Insurance Points of Sale at the VFS Centers in Riyadh, Jeddah and Khobar
- September 2017 Fast Quote online Motor Quotation Tool launched
- October 2017 Allianz Group reached an agreement with Bank Saudi Fransi to purchase an 18.5% shareholding in Allianz Saudi Fransi from the Bank.
- March 2018 Eng. Alwaleed Al Dryaan appointed as Chairman of the Board of Directors.
- March 2018 Allianz Group completed an agreement with Bank Saudi Fransi to purchase an 18.5% shareholding in Allianz Saudi Fransi from the Bank.
- June 2018 The Board recommends to increase capital through rights issue with a total value of SAR 400Mn
- November 2018 The Company obtained SAMA's non-objection to proceed with the Rights Issue.
- January 2019 Andreas Brunner succeeded Xavier Denys as Chief Executive Officer
- October 2019 The Company obtained from SAMA the renewal of its operation license for three years.
- November 2019 Mr. Niran Peiris, Member of the Board of Management of Allianz SE, Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa, visited the Company.
- November 2019 Online TPL Insurance Portal Launched
- July 2020 The Company completes its Capital Increase through Rights Issue and the new Capital becomes SAR 600 Million
- December 2020 The Company launches its Visit Visa Travel Insurance product
- May 2021 Anuj Agarwal succeeded Andreas Bruner as Chief Executive Officer
- September 2021 Customer Mobile App launched
- December 2021 Extraordinary General Assembly approved the new Company Bye-law
- August 2022 New Board of Directors session 2022-2025 approved by SAMA & the company General Assembly
- October 2022 SAMA approved the formation of committees emanating from the Board of Directors
- November 2022 The newly elected Board of Directors visited the Allianz SE to discuss future plans
- December 2022 The General Assembly approves the updated Governance Manual V. 26

4. Organization Chart

Allianz Saudi Fransi organization structure as of 31/12/2022 is shown here below:



5. Top Management

Names	Positions	Year of Birth	Highest Degree
Anuj Agarwal	Chief Executive Officer	1971	Masters in Management Studies
Hani Albukhaitan	Chief Finance Officer	1981	Masters of Accountancy
Turki AlShahrani	Deputy CEO / Chief Operating Officer	1983	Masters Insurance and Risk Management
Mohammed Zeidan	Chief Actuarial Officer	1985	Bachelor of Actuarial Science
Abdullah Al Qubayli	Chief Sales and Marketing Officer	1979	Master of Business Administration

6. Human Resources

As part of our Renewal Agenda, we introduced the Inclusive Meritocracy initiative to re-enforce a culture where both people and performance matter. We foster knowledge and strive for excellence at every point with the customer. Thus we must empower our employees and provide them with purpose and direction, encouraging them to take the initiative to improve our customer experience and move forward in their careers. In 2022 Allianz Saudi Fransi continued its efforts to preserve the ratio of Saudization. As of 31st December 2022, the percentage of Saudi nationals within the company represented ***70.62%***.

7. Geographical Presence

Our geographical presence in the Kingdom of Saudi Arabia is shown here below:

Offices	Addresses	Contact Numbers
Riyadh Head Office & Riyadh Branch	Al Safwa Commercial Building, Khorais Road - Al Khaleej Bridge, Malaz District, PO Box 3540, Riyadh 11481	Toll Free: 8003010001 Tel: 966 (11) 8213000 Tel: 966 (11) 920028727 Fax: 966 (11) 8213999
Jeddah Regional Office	9133 Ibrahim Al Jaffali - Al Andalus Dist. Unit No 3 Jeddah 23326 - 3755 Kingdom of Saudi Arabia	Tel: 0118213720 Fax:
Khobar Branch (Corporate Sales & Claims)	7553 Ibn Ash Shwkani - Ar Rakah Al Janubiyah Dist. Unit No 886 Al Khobar 34226 - 4785 Kingdom of Saudi Arabia	Tel: 0118213600 Fax:
Hasa Branch (Retail Sales and Claims)	2691 - Al Shurofiyah Dist. Unit No 60 Al Mubarraz 36342 - 6126 Kingdom of Saudi Arabia	Tel: 0118213600 Fax:
Madinah Branch (Retail Sales & Claims)	3360 King Abdul Aziz Branch Road - Al Ariyd Dist. Unit No 45 Al Madinah Al Munawwarah 42314 - 6109 Kingdom of Saudi Arabia	Tel: 0118213720 Fax:
Riyadh – VFS Visa Center (Point of Sale)	Jouf Plaza (Hyper Panda) Umm Al-Hammam St, Umm Al-Hammam, Riyadh	Toll Free: 8003010001

8. The Company's Products and Services

Allianz Saudi Fransi provides comprehensive insurance services to corporate and individual customers. With the General line of business (Property and Casualty insurance), Allianz Saudi Fransi embraces the entire spectrum of risk management supported by a diversified range of insurance products for corporate and individual customers. With the Protection, Savings, and Health insurances, the company plays a leading role in the field of Employee Benefits schemes as well as in retail with Retirement and Education savings plans. The Company provides corporate and individual solutions as listed hereunder:

	Product Name		الرقم التعريفي		اسم المنتج
#		Category	Product ID	التصنيف	
1	Public Liability	General	A-AZSF-1-C-12-002	عام	تأمين السئولية العامة
2	Contractors All Risks	General	A-AZSF-1-C-08-003	عام	تأمين جميع أخطار المقاولين
3	Money	General	A-AZSF-1-C-10-004	عام	تأمين النقود
4	Contractors Plant & Machinery	General	A-AZSF-1-C-08-005	عام	التأمين على مباني ومعدات المقاول
5	Credit Insurance	General	A-AZSF-1-C-16-006	عام	التأمين ضد مخاطر الائتمان التجاري
6	Directors & Officers Liability	General	A-AZSF-1-C-16-007	عام	تأمين مسؤولية المدراء والمسؤولين
7	Erections All Risks	General	A-AZSF-1-C-08-008	عام	تأمين جميع أخطار التركيب
8	Electronic Equipment	General	A-AZSF-1-C-08-009	عام	تأمين المعدات الالكترونية
9	Fidelity Guarantee	General	A-AZSF-1-C-08-010	عام	تأمين خيانة الأمانة
10	Fire & Allied Perils	General	A-AZSF-1-C-16-011	عام	تأمين الحريق والأخطار المتعلقة
11	House Occupants Comprehensive	General	A-AZSF-1-B-10-012	عام	التأمين الشامل للمنازل
12	Marine Cargo voyage	General	A-AZSF-1-C-16-013	عام	تأمين الشحن البحري
13	Marine Open Cover	General	A-AZSF-1-C-16-014	عام	التأمين المفتوح على شحنات الرحلات البحرية
14	Property All Risks	General	A-AZSF-1-C-16-015	عام	تأمين الممتلكات لجميع المخاطر
15	Public & Products Liability	General	A-AZSF-1-C-12-016	عام	تأمين المسؤولية العامة والمنتجات
16	Sabotage Terrorism Riot Strike and Civil Commotion	General	A-AZSF-1-C-16-017	عام	تأمين مخاطر التخريب والإرهارب والإضراب و أعمال الشغب والاضراب
17	Workmen Compensation	General	A-AZSF-1-C-11-018	عام	تأمين حوادث العمال
18	Boiler, Pressure & Vessel	General	A-AZSF-1-C-08-019	عام	تأمين المراجل وخزانات الضغط
19	Credit Insurance - Corporate Advantage	General	A-AZSF-1-C-18-020	عام	- تأمين ضد مخاطر الإئتمان التجاري المميز للشركات
20	Machinery Breakdown Insurance	General	A-AZSF-1-C-08-021	عام	تأمين أعطال الآلات
21	Motor comprehensive	General	A-AZSF-1-B-15-022	عام	التأمين الشامل للمركبات
22	Motor TPL	General	A-AZSF-1-B-15-023	عام	تأمين مسئولية الطرف الثالث للمركبات
23	Travel	General	A-AZSF-1-B-16-024	عام	تأمين السفر
24	Group Personal Accident	General	A-AZSF-1-C-16-038	عام	الحوادث الشخصية الجماعية
25	BBB bankers blanket bond and Electronic Computer	General	A-AZSF-1-C-12-040	عام	التامين الشامل للبنوك والجرائم الالكترون
26	Personal Accident	General	A-AZSF-1-I-16-041	عام	تأمين الحوادث الشخصية
27	Appliance and device protection (Contractual	General	F-AZSF-1-C-21-050	عام	تأمين حماية الأجهزة الألكترونية (المسئولية التعاقدية)
28	Engineers Professional Indemnity Insurance	General	A-AZSF-1-C-20-042	عام	تأمين المسئولية المهنية للمهندسين
29	Miscellaneous Professional Indemnity Insurance	General	A-AZSF-1-C-20-043	عام	تأمين المسئولية المهنية المتنوعة
30	Construction Professional Indemnity Insurance	General	A-AZSF-1-C-20-044	عام	تأمين المسئولية المهنية في مجال الإنشاءات
31	Technology Telecommunications	General	A-AZSF-1-C-20-045	عام	تأمين المسئولية المهنية في مجال التكنولوجيا والاتصالات
32	Clinical Trials Liability Insurance	General	A-AZSF-1-C-20-046	عام	تأمين المسؤولية للتجارب السريرية
33	Digital Business & Data Protection Insurance	General	F-AZSF-1-C-21-051	عام	تأمين حماية الأعمال والبيانات الرقمية
34	Comprehensive Crime Insurance	General	A-AZSF-1-C-11-055	عام	التأمين ضدّ جميع الجرائم
35	Medical expenses insurance	Medical	A-AZSF-2-B-13-025	صحي	التأمين الطبي
36	Medical SME	Medical	A-AZSF-2-C-17-026	صحي	التأمين الطبي - للشركات الصغيرة والمت
37	Visit Visa insurance (CCHI product)	Medical	A-AZSF-1-C-08-003	صحي	تأمين تأشيرة الزيارة (منتج من مجلس ال
38	Tourist visa insurance (CCHI product)	Medical	A-AZSF-1-C-10-004	صحي	تأمين تأشيرة السياحة (منتج من مجلس ا
39	Al Anjal - Bancca	Protection & Saving	A-AZSF-3-I-09-027	حماية وادخار	الانجال - من منتجات التأمين البنكي
40	Al Ghad - Bancca	Protection & Saving	A-AZSF-3-I-09-028	حماية وادخار	الغد - من منتجات التأمين البنكي
41	Takaful Al Anjal- Bancca	Protection & Saving	A-AZSF-3-I-09-029	حماية وادخار	تكافل الانجال - من منتجات التأمين البنك
42	Takaful Al Ghad- Bancca	Protection & Saving	A-AZSF-3-I-09-030	حماية وادخار	تكافل الغد - من منتجات التأمين البنكي
43	Waad Al Ajyal Gold	Protection & Saving	A-AZSF-3-I-11-031	حماية وادخار	وعد الأجيال الذهبي
44	Waad Al Isteqrar Gold	Protection & Saving	A-AZSF-3-I-11-032	حماية وادخار	وعد الاستقرار الذهبي
45	Waad Al Ajyal	Protection & Saving	A-AZSF-3-I-09-033	حماية وادخار	وعد الأجيال
46	Waad Al Isteqrar	Protection & Saving	A-AZSF-3-I-09-034	حماية وادخار	وعد الاستقرار
47	Group Retirement BSF	Protection & Saving	A-AZSF-3-C-10-035	حماية وادخار	التقاعد للمجموعات- البنك السعودي الفر
48	Waad Al Ousra	Protection & Saving	A-AZSF-3-I-09-036	حماية وادخار	وعد الأسرة
49	Waad Al Ousra Gold	Protection & Saving	A-AZSF-3-I-11-037	حماية وادخار	وعد الأسرة الذهبي
50	Group Life	Protection & Saving	A-AZSF-3-C-09-039	حماية وادخار	تأمين الحماية والادخار للمجموعات
51	Group Credit Life	Protection & Saving	A-AZSF-3-C-10-054	حماية وادخار	تأمين حماية مديني المجموعة

9. Financial Highlights

a) Gross Written Premiums

SAR Million	2022	2021	2020	2019	2018
▪ Property, Casualty & Health:	689.7	618.7	548.8	892.9	752.2
a) Motor	240.4	189.3	181.9	469.1	397.0
b) Engineering	91.8	87.2	48.8	41.5	52.3
c) Medical:	209.5	199.1	176.3	190.2	110.9
d) Other General	147.8	143.1	141.8	192.2	192.0
▪ Protection & Savings:	158.5	144.3	125.9	118.7	118.5

Gross Written Premiums in property, casualty and health increased by 11.5% compared to 2021. This was driven by the increase in Motor business of 27% and Medical Business of 5.2% and in Engineering Business of 5.3% and in Other General Business of 3.3%. .Protection & Savings Gross Written Premiums are showing a growth of 9.8% compared to 2021.

Although all the premiums are booked in the Head Office in Riyadh, the sales process is decentralized in the various offices in the Kingdom of Saudi Arabia.

The volumes generated in each region are summarized below:

SAR Million	2022	2021	2020	2019	2018
Central Region:	622.9	527.9	447.1	727.4	616.7
Western Region:	108.9	135.5	107.7	141.7	105.0
Eastern Region:	116.5	99.7	119.8	142.5	149.0

b) Net Premiums Earned

The Net Premiums Earned calculated after deducting the premiums ceded to reinsurers and the reserves for unearned premiums, amounted to SAR 479.6 Million for the year ended December 2022 against SAR 417.8 Million for the year ended December 2021.

As a result of the increase in the changes in unearned premiums, the net earned premium increased by 14.8% in 2021 compared to the previous year.

c) Reinsurance Commissions

Reinsurance commissions amounted to SAR 6 Million compared to SAR 4.9 Million and showed an increase of 23.1%.

d) Net Claims and Other Benefits Incurred

The Net Incurred Claims during the period after deducting the reinsurance shares and reserves amounted to SAR (367.6) Million for the twelve months ended December 2022 against SAR (316.8) Million for the twelve months ended December 2021, representing an increase of 16%.

e) Unrealized Gain on Unit-Linked Investment

The unrealized gain on unit-linked investment related to Protection & Savings products amounted to SAR 5.2 Million for the twelve months ended December 2022 against SAR 45.3 Million in 2021. The market fluctuations of the underlying funds causes the unrealized gains/losses.

f) Mathematical Reserve Change

The Mathematical Reserve Change applicable to Protection & Savings products amounted to SAR 30.3 Million for the twelve months ended December 2022 against SAR 8.2 Million in 2021 due to the net impact of written premiums, Surrenders and revaluation of Unit Link Investments.

g) Policy Acquisition Costs

The commissions paid to producers (policy acquisition costs) amounted to SAR (48) Million compared to SAR (37.7) Million showing an increase of 27.5%.

h) General Expenses

The Company has incurred during 2022 insurance operations expenses of SAR (117.6) Million against insurance operations expenses of SAR (114.5) Million during 2021.

In addition, the Company incurred during 2022 inspection expenses of SAR (3.4) Million compared to (6.1) Million in 2021. The inspection expenses are influenced by the level of business booked during the year.

Also, the Company not incurred during 2022 provision of doubtful debts compared to SAR (4.3) Million in 2021.

i) Investments

The Company investments excluding investments from unit-linked Protection & Savings products as of December 2022 are summarized here below.

SAR Million	2022	2021	2020	2019	2018
Cash & cash equivalents:	194.9	161.0	325.0	148.9	93.1
Sukuk/Funds:	585.1	546.7	398.2	379.1	328.2
Subscription in Najm & NextCare Companies	3.2	3.2	3.2	3.2	3.2
Saudi Aramco	3.1	3.1	3.1	3.1	-
Held to maturity	-	-	-	-	-

The investment income excluding unrealized gain on investments from unit-linked Protection & Savings products and excluding Other Operational Income amounted to SAR 24.3 Million as of December 2022 against SAR 15 Million as of December 2021.

j) Other Income

Other Income in 2022 amounting to SAR 20.6 Million vs. SAR 7.7 Million in 2021.

k) Net Income from insurance operations (Operating Results)

The technical result before shareholder investment income and before shareholder general expenses is showing a Net surplus of SAR 11.6 Million for the twelve months ended December 2022 against a Net profit of SAR 8.7 Million for the twelve months ended December 2021, representing an increase by 34%.

Note: The operating result announced on Tadawul represents the operating results explained above and amounting to SAR 11.6 Million, minus the investment income in policyholders' amounting to SAR 6.5 Million in 2022.

l) Net Income before Zakat and Tax

The result for the twelve months ended 31st December 2022 is a Net income before zakat & tax of SAR 28 Million against SAR 16.5 Million after distribution of 10% of the Net Surplus from insurance operations amounting to SAR 1.2 Million for the twelve months ended 31st December 2022. The increase in net profit before zakat and tax is mainly due to the increase in net earned premium by 14.8% due to the increase in business and also the increase in investment income by 61.5% compared to the previous year.

m) Assets

The total assets of the Company as of 31st December 2022 amounted to SAR 2,537,1 Million divided as follows:

SAR Million	2022	2021	2020	2019	2018
Insurance Operations' Assets	1,803.5	1,857.2	1,911.7	1977.1	1,790.6
Shareholders' Assets	733.7	726.1	720.2	357.1	306.6

n) Shareholder's Equity

The Shareholder's Equity as of 31st December 2022 amounted to SAR 701.8 Million, split as follows:

SAR Million	2022	2021	2020	2019	2018
Share Capital	600.0	600.0	600.0	200.0	200.0
Retained Earnings (Accumulated Losses)	68.1	52.2	47.7	75.0	49.6
Statutory Reserve	25.9	21.9	20.7	20.7	14.4
Other Reserves	7.8	28.1	33.1	31.0	17.3

o) Profit Distribution Strategy

As stated in the articles of association of the Company, article 44, shareholder's profits shall be distributed in the following way:

- Zakat & Tax allocations are to be withheld.
- As per the bylaws of the Company, the Company shall allocate 20% of the Net Income of each period to the statutory reserve.
- The Ordinary General Assembly may, at the recommendation of the Board, set aside a specific percentage of net profits to build up reserves allocated for specific purposes.
- The remainder shall be distributed to shareholders as share profits or to be transferred to retained profits account.

- By resolution of the Board of Directors, periodic profits, deducted from the annual profits, may be distributed in accordance with applicable rules and regulations issued by competent authorities.

As a cooperative insurance company, Allianz Saudi Fransi distributes on a yearly basis 10% of the annual Net Surplus arising from its insurance operation to the policyholders in accordance with the rules and regulations applicable to cooperative insurance companies. This 10% of Net Surplus, if any, is calculated at the end of each fiscal year, audited, and distributed upon approval of the Saudi Central Bank (SAMA).

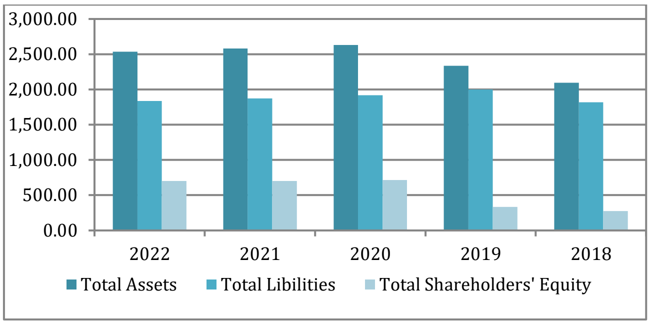
p) Financial highlights

The following is a summary of the most important indicators for the past five years:

SAR Million	2022	2021	2020	2019	2018
Gross Written Premium	848.3	763.1	674.7	1011.7	870.7
Net Premium Earned	479.6	417.8	519.3	685.4	601.1
Reinsurance Commission	6.0	4.9	9.8	17.2	16.6
Net Claims and other benefits incurred	(367.6)	(316.8)	(394.9)	(515.9)	(459.8)
Unrealized gain on UL	5.2	45.3	14.2	19.7	17.0
Mathematical Reserve Change	30.3	8.2	17.3	22.3	15.3
Policy acquisition costs	(48.0)	(37.7)	(55.1)	(65.1)	(54.2)
General Expenses Insurance operations (including Inspection and Supervision Fees)	(121.2)	(122.9)	(141.5)	(130.3)	(104.4)
Provision of doubtful debts	-	(4.3)	(3.3)	(3.0)	(5.6)
Investment income	24.3	15.0	11.4	10.4	10.8
Other Income	20.6	7.7	5.1	5.0	3.8
Net Income for the year before surplus, Zakat and income tax	29.2	17.4	(17.6)	45.6	40.5
Surplus attributed to insurance operations	(1.2)	0.9	-	(4.0)	(3.4)
Net income before Zakat and Income Tax	28.0	16.5	(17.6)	41.6	37.1

Balance Sheet "SAR Million"	2022	2021	2020	2019	2018
Total Assets	2,537,1	2,583.3	2,631.9	2,334.2	2,097.1
Total Liabilities	1,837.3	1,872.0	1,917.2	1,999.7	1,820.2
Total Shareholders' Equity	701.8	702.1	714.7	334.5	276.9

Balance Sheet "SAR Million"



10. Corporate Governance, Regulations & Committees

a) Compliance with Corporate Governance

In 2022, Allianz Saudi Fransi was in full compliance with the CMA corporate governance regulations, Insurance Corporate Governance regulations issued by SAMA, and other guidelines except for the following issues- where the company has paid penalty for noncompliance:

- **50,000 SAR enforcement resolution from SAMA during March 14** regarding non compliance with Central Bank regulations related to SLA/Audit/and Customer Care.
- **780,000 SAR enforcement resolution from SAMA during April 28 for** regarding non compliance with Central Bank regulations.
- **40,000 SAR enforcement resolution from SAMA during May 5 for** Violation of the supervisory instructions of the Central Bank regarding no periodic review done by internal audit on customer care department in order to ensure accuracy of information provided.
- **400,000 SAR enforcement resolution from SAMA during June 16** regarding non compliance with Central Bank regulations.

Noting that the company's executive management has put in place corrective plans and improved internal controls based on the above-mentioned Central Bank decisions.

b) Board of Directors (Current term) 08 August 2022 to 07 August 2025

Name of the Board Members	No. of Shares beginning of year*	No. of Shares end of year*	Change in No. of Shares	Board Membership in Saudi companies	Rep.	Member Classification	Qualification	Experience
Alwaleed Al Dryaan (Ongoing Member)	3000	3000	Nil	• Al Khaleej Training and Education • Al Enayah Medical Co. • Saudi Telecom Co. • Malaz Capital Co. • Arabian Cement Co	Allianz Group	Non-Executive	B.S & M.S Electrical Engineering	• CEO of Alkhaleej training • MD of Al Khaleej Training Egypt • MD of Fast Lane Co. • Chairman of Online Trading Academy Dubai • Chairman of Franklin Covey Co. Dubai
Bader Alsalloom (Board Membership start date 08.08.2022)	Nil	Nil	Nil	• Chairman of risk committee – Banque Saudi Fransi • - Executive Committee Member – BSF • - Head of Corporate and Corporate Banking Group - BSF	Bank Saudi Fransi	Non-Executive	B.S Finance and Economics	• Relationship Management – Corporate Banking • Treasury Risk Advisory • Deputy Head • GM • CEO
Mazen AlTamimi (Former Board Member) (From 08.08.2019 Until 07.08.2022)	Nil	Nil	Nil	• Saudi Fransi Leasing Co. • Saudi Fransi Capital Co.	BSF	Non-Executive	B.S Computer Science	• Senior Executive Director Banque Saudi Fransi Western Region Manager - Banque Saudi Fransi
Antoine Issa (Former Board Member) (Until 13.07.2022)	Nil	Nil	Nil	• Nil	Allianz entities	Non-Executive	M.S. Engineering M.S. Finance	• Allianz MENA CEO • Allianz SNA Chairman • Allianz Egypt Chairman • Allianz SF CEO
Anuj Agarwal (Ongoing Member)	Nil	Nil	Nil	• Nil	Allianz entities	Executive	M.S. Management Studies (Finance) B.S. Engineering (Electronics & Communications)	• Chief Executive Officer of Allianz Saudi Fransi • Regional Chief Financial Officer and Member of Board of Management (Allianz SE Africa) • Managing Director and Chief Executive Officer (Allianz SE Africa) • Chief Financial Officer (Allianz Egypt)

Abdullah Al-Hussaini (Ongoing Member)	3000	3000	Nil	• Saudi Advanced Industries Co. • Deutsch Gulf Finance Co. • Saudi Company For Automotive Services and Equipment • Al Babtain Power and Telecommunication • Alkhaleej training and education	Public	Independent	PhD in Accounting	• Dean of Student Affairs • Financial Manager • Financial Advisor • Financial Accountant and internal auditor
Kamel Al Munajjed (Former Board Member) (From 08.08.2019 Until 07.08.2022)	Nil	Nil	Nil	• Tanmiah Food Group	Public	Independent	M.S. Business Administration B.S. Electrical Engineering	• General Manager of Urjuan Real Estate Development • Vice President (Almunajem) • Head of Investment & Private Banking (Banque Saudi Fransi)
Basel Bin Jabr (Ongoing Member)	Nil	Nil	Nil	• Taiba Investment Co. • Tayseer Finance Co. • Tech Investment Co. • Mallaz Capital • Arch Capital • Food Basics Co • Riyadh Capital	Public	Independent	M.S. Business Administration B.S. Business Administration	• Vice-President of Development Affairs (Bin Laden Group) • President of Interactive Saudi Arabia Ltd. • President of Mohammed and Abdullah Alsubaiey investment • Secretary General for committee of e-commerce - MOC
Patrick Theils (ongoing Member)	Nil	Nil	Nil	• Allianz Benelux	Allianz Group	Non-Executive	B.S Economics & IT M.S Insurance Management M.S Human Resources Management	• Board Member – Allianz Benelux • Regional CEO – Allianz Global Corporate and Specialty SE • CEO – HDI gerling verzekeringen • MD – Gerling Belgium
Amine Benabbou (Ongoing Member)	Nil	Nil	Nil	Nil	Allianz Group	Non-Executive	M.S in Corporate Finance M.S in Industrial Engineering	• Head of Business Division Africa & MENA at Allianz SE – Previously Country manager • Investment Director – Fipar Holding • Capital Conucil – BMCE Group • Project Finance Analyst - DEXIA

Osama Alsabeg (Board Membership start date 08.08.2022)	NIL	NIL	NIL	• National Finance Co. • Saudi Networkers for services • Bayader AL Aryaf Telecom • Saudi Telicom Company	Public	Independent	B.S in Electrical Engineering	• CEO – Sat Sytstems • MD – Saudi Networkers Services • Director – STC • Radio Frequency Team Leader – Lucent Tech
Adel Mallawi (Board Membership start date 08.08.2022)	NIL	NIL	NIL	• Saudi Fransi Capital • Saudi Telecom Systems Company • Saudi Networkers for services • Tamweel al-oula	Allianz Group	Non-Executive	B.S in chemistry MBA	• Chairman and member of multiple boards and committees • CIO – Banque Saudi Fransi • CFO – Banque Saudi Fransi • Head of Global Markets Group-Treasurer – Banque Saudi Fransi

Members of the Top Management		Anuj Agarwal	Turki Al Shahrani	Mohammed Zeidan	Hani Al Bukhaitan	Abdullah Al Qubaily
Number of Shares*	beginning of year	Nil	Nil	Nil	Nil	Nil
	End of year	Nil	Nil	Nil	Nil	Nil

BOARD Responsibilities

Without prejudice to the competencies of the General Assembly, the Board shall have the broadest powers in managing the Company and guiding its activities to achieve its objectives. The Board of Directors is ultimately responsible for the policies and management of the Company.

The Board of Directors approves strategic, accounting, organizational, and financing policies adopted by the Company as well as strategic plans and major transactions. Its responsibilities include the appointment and appropriate succession planning of executive officers and authorized signatories of the Company, in addition to supervision over the Company's management and performance.

The Board of Directors also ensures the integrity of the accounting and financial reporting as well as the appropriateness of its disclosure.

It promotes high standards of Corporate Governance and ensures compliance with applicable laws and regulation. It ensures that the interest of the policyholders is always protected. The Board of Directors is also entrusted with organizing the Shareholders' meetings and carrying out Shareholders' resolutions.

The Board of Directors shall also review and approve on annual or periodic basis the policies and procedures of the Company.
The Board shall also assess the performance of the Board Committees on a periodic basis.

1. **The major duties and responsibilities of the Board of Directors are highlighted as follows:**

   Relation with Stakeholders

   1. Representing the Company and acting on its behalf before others whether it is a private or public party. Those may include but are not limited to the following parties within or outside the Kingdom of Saudi Arabia (KSA).
      a) Ministries and Governmental agencies.
      b) Financial institutes.
      c) All kind of courts and judicial parties.
      d) Capital Market Authority (CMA)
      e) Customs offices.
      f) Police Departments.
      g) Civil Affairs departments.
   2. Ensure that systems are in place for communication and relations with stakeholder including the mentioned above, monitor system effectiveness and significant sensitive and legally required communications.
   3. Develop and adopt mechanisms for indemnifying the Company stakeholders in case of contravening their rights under the law and their respective contracts. Noting that the members of the Board, who had committed a mistake that harmed the interests

of the shareholders and which resulted in a profit to them, shall return to the company all the profits they have gained from this mistake.

4. Preparing the Board Report and approving it before publishing it to the shareholders and CMA, addressing the following as a minimum:
   a) A description of the principal activities of the Company. If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it;
   b) A description of the Company's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations of the Company), the future prospects of the Company's business and any risks facing the Company;
   c) A summary, in the form of a table or a chart, of the assets and liabilities of the Company and of the Company's business results for the last five financial years or from incorporation, whichever is shorter;
   d) A geographical analysis of the Company's gross revenues;
   e) An explanation for any material differences in the operating results of the previous year or any announced forecast made by the Company;
   f) An explanation for any departure from the accounting and financial reporting standards;
   g) A description of the Company's dividend policy;
   h) A description of any interest in a class of voting shares held by persons (other than the Company's Directors, senior executives and their relatives) that have notified the Company of their holdings together with any change to such interests during the last financial year;
   i) A description of any interest, contractually based securities, and subscription rights of the Company's Directors, senior executives and their relatives in the shares or debt instruments of the Company, together with any change to such interest or rights during the last financial year;
   j) Information relating to any borrowings of the Company (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of the Company together with any amounts paid by the Company as a repayment of loans during the year. In case there are no loans outstanding for the Company, it must provide an appropriate statement;
   k) The number of meetings of the Directors held during the last financial year and the attendance record of each meeting listing names of the attendees;
   l) A description of any transaction between the Company and any related party;
   m) Information relating to any businesses or contract to which the Company is a party and in which a board Director of the Company, the CEO, COO, CFO or any person related to any of them is or was interested, or if there are no such businesses or contracts, the Company must submit an appropriate statement;
   n) A description of any arrangement or agreement under which a Director or a senior executive of the Company has waived any salary or compensation;
   o) A description of any arrangement or agreement under which a shareholder of the Company has waived any rights to dividends;
   p) A statement of the value of any outstanding statutory payment on account of any zakat, taxes, fees or any other charges with a brief description and the reasons therefore;
   q) A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the Company;
   r) Declaration that:
      (i) Proper books of account have been maintained;
      (ii) The system of internal control is sound in design and has been effectively implemented; and

(iii) *There are no significant doubts concerning the Company's ability to continue as a going concern; if any of the statements above cannot be made, the report must contain a statement clarifying the reasons thereof.*

s) If the external auditor's report containing reservations or the relevant annual financial statements is qualified, the Directors report must include such qualifications, its reasons and any related information.

t) If the Directors recommend that the external auditors should be changed before the elapse of the term it is appointed for, the report must contain a statement to that effect and the reasons for such recommendation;

u) Names of any joint stock company or companies in which the company Board of Directors member acts as a member of its Board of Directors.

v) Formation of the Board of Directors and classification of its members as follows: executive board member, non-executive board member, or independent board member.

w) A brief description of the jurisdictions and duties of the Board's main committees such as the Audit, Risk, & Compliance Committee, the Governance, Nomination & Remuneration Committee, Executive & Investment Committee; indicating their names, names of their chairmen, names of their members, and the aggregate of their respective meetings.

x) Details of compensation and remuneration paid to each of the following:

   (i) The Chairman and members of the Board of Directors.

   (ii) The Top Five executives who have received the highest compensation and remuneration from the company CEO, COO, and CFO shall be included if they are not within the top five.

y) Any punishment or penalty or preventive restriction imposed on the company by the Authority or any other supervisory or regulatory or judiciary Boardy; and,

z) Results of the annual audit of the effectiveness of the internal control procedures of the company.

2. Overseeing the Company's Operations

1. Determine and control in broad terms the purposes, goals, mission, visions, activities and general characteristics of the Company.
2. Strategic Planning & Budgets:

   a) Set and approve the Company's strategic business plan proposed by the management and adopt such a plan with such changes, upon annual reviews and assessments, as the Board of Directors deems appropriate;

   b) Review and approve the Company operational plans, financial plans and budgets proposed by the management and adopt the same with such changes as the Board of Directors deems appropriate;

   c) In connection with such reviews, the Board of Directors shall seek to provide a balance of long-term versus short-term orientation of the Company strategic and operational plans; and

   d) Review corporate performance against strategic plan, operations plans, financial, budget plans and peers performance.

3. Hiring and dismissal of the CEO, planning for his succession.
4. Ensure that senior officers are achieving acceptable current financial results relative to corporate objectives, budgets, and the economic environment, and are developing the resources necessary for future success. These resources include:

   a) Management competence, organization, and depth;

   b) Fixed assets;

   c) Marketing capability – Customer loyalty, distribution organization, and market knowledge;

   d) Workforce and employee relations;

e) Financial resources, including relations with the financial community; and

f) Reputation and relations with various regulators.

5. Establish an overall compensation policy, based on a recommendation from the Governance, Nomination & Remuneration Committee, for the Company and monitor its implementation with special attention devoted to the senior officers. Review the policy from time to time to ensure that it continues to be appropriate and in line with better practices.

6. Oversee corporate financial operations, including:

   a) Capital structure management, maintaining reasonable financial flexibility and safety while achieving an appropriate return on equity;

   b) Reviewing the Company's interim and annual financial statements to ensure sufficiency and reliability of applied financial reporting controls, and approving them before publishing them;

   c) Allocation of Company assets;

   d) Maintaining access to suitable sources of new capital;

   e) Indemnity, social security and other major employee benefit programs;

   f) Dividend pay-out policy and action; and

   g) Propose selection of external auditors for approval by the General Assembly.

7. Maintenance of Systems Integrity:

   a) Reviewing the effectiveness of the Company's internal control procedures on an annual by obtaining a report from and confirming with the Audit, Risk, & Compliance Committee that it has reviewed and discussed the adequacy of the Company internal controls;

   b) Ensure that the Board of Directors has free and full access to management regarding all matters of compliance and performance; and,

   c) Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.

8. Oversee the conduct and performance of the Company and its divisions to ensure they are being properly and appropriately managed. To discharge this duty the Board of Directors will give specific and regular attention to:

   a) Ensuring setting key performance indicators/objectives for the performance of the Company functions/departments, and approve the same;

   b) Monitoring performance against the strategic and business plans, and key performance indicators;

   c) Monitoring performance against peer and competitor companies; and,

   d) Enquiring into and following up areas of poor performance and their cause.

9. Review and approve material transactions outside of the corporate budget, including but not limited to material licenses, long term contracts or obligations.

10. Sell, accept payment on behalf, mortgage, all the Company assets and properties with the following restrictions:

    a) Documentation of reasons and purpose of sales;

    b) The sale must be at least at market value;

    c) Proper guarantee of all sales; and

    d) Such sales do not affect the Company operations.

11. Enter in and obtain loan agreements from financial institutions.

12. Write off bad debts based on the following and in line with the approved authority matrix:

    a) Bad debt has aged for over a year at minimum;

    b) Write offs can only be performed once per year per debtor and not to exceed 1% of the Company's capital;

c) The total bad debt write off not to exceed SAR 4 million per year; and,

d) Bad debts write off shall not be delegated to anyone else by the Board.

3. Risk Management

The Board establishes, oversees and monitors internal controls and risk management framework including the Market Risk (Interest Rate Risk, Equity Risk, Property Risk, Currency Risk, Spread Risk and Liquidity Risk), Counterparty default Risk (Reinsurance, Concentration, Other counterparties and Credit Risk), Non Life Underwriting Risk (Pricing [General], Pricing [Health], Reserving [General], Reserving [Health], Non-Life catastrophe and Lapse), Life Underwriting Risk (Mortality, Longevity, Morbidity & Disability, Lapse, Expense and Catastrophe), Strategic Risk (Business, Market/ Country and Reputational), Operational Risk (Internal fraud, external fraud, HR, Physical Damage, Cyber-attack, System Failure, Data Quality and Process management), Actuarial Outputs Risk (Reserving, Underwriting non-life, Underwriting Life, Reinsurance and Solvency), Oversight Risk (Senior Management, Risk Management, Compliance, Audit, Operational management), Conduct of Business Risk (Product development, Product promotion disclosure & sales, Claims, Complaints and Privacy protection), and Regulatory & AML Risk (Regulatory, AML)

The Board is responsible to ensure the following with the assistance of the management, and Audit, Risk & Compliance:

1. Approving the risk appetite statement and levels.
2. Identify the principal risks of the Company business and ensure implementation and monitoring of systems to effectively mitigate/manage these risks.
3. Implement and ensure that systems are in place to monitor and maintain the integrity of the Company internal controls and information systems.
4. Risk Identification and Management:
   a) Ensuring the implementation of appropriate control for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company.
   b) Instruct management to regularly advise on Company's business risks; and
   c) Review and discuss with management such risks and the systems designed to monitor and manage such risks.
   d) Oversee the Company's capacity to identify and respond to changes in its economic and operating environments.

4. Investment

1. The Board of Directors shall be responsible for the approval of the investment policy and activities, taking into account the analysis of the asset/liability relationship, the Company's overall risk tolerance, its long-term risk-return requirements, its liquidity requirements and its solvency position.

2. The Board of Directors is also responsible for approving policies on related issues of a more operational nature, including:
   a) The criteria for selection of the external investment manager(s).
   b) The selection and use of partners and brokers.
   c) The nature of custodial arrangements.
   d) The methodology and frequency of the performance and investment risk measurement.

3. The Board of Directors authorizes the investment committee and the senior management to formulate the investment policy, review it and implement the overall investment activities.

4. The Board of Directors must also ensure that adequate reporting and internal control systems of the Company are in place, and designed to monitor that assets are being managed in accordance with the investment policy, and legal and regulatory requirements. This should be done by ensuring that:
   a) The board receive quarterly information, including feedback from the Company's risk management function, on asset exposures, and the associated risks.
   b) The systems provide accurate and timely information on asset risk exposure and are capable of generating ad-hoc requests.
   c) Remuneration policies are structured to avoid potential incentives for unauthorized risk taking.

5. The Board of Directors must ensure that senior management is in a position to monitor the performance of the external investment manager(s) against Board approved policies and procedures. The Board of Directors should review on an annual basis the adequacy of its overall investment policy in light of the Company's activities, and its overall risk tolerance, long-term risk return requirements, and solvency position.

5. Compliance

The Board is responsible to ensure the following with the assistance of the management, and Audit, Risk & Compliance:

1. Ensure existence of appropriate controls and procedures in place for compliance with applicable laws and regulations (SAMA, CMA, Ministry of Commerce, municipalities, etc.).
2. Ensure that the Company has in place appropriate environmental, health and safety policies, having regard to legal, industry and community standards, and ensure implementation of management systems to monitor the effectiveness of those policies.
3. Provide leadership and policy direction to the management with a view of establishing and maintaining a high standard of legal and ethical conduct for the Company by:
   a) Taking all necessary steps to ensure that the Company complies with applicable laws and regulations, and with its internal regulations, including its Articles of Association, and that it operates to high ethical and moral standards; being alert and sensitive to situations that could be considered illegal, unethical or improper, and taking corrective steps;
   b) Establishing the means of monitoring performance in this area with assistance of legal counsel; and
   c) Complying with legal requirements, applicable to the Board of Directors, including, without limitation, the duty to act honestly and in good faith with a view to the best interests of the Company and all its shareholders, and the duty to exercise the care, diligence and skill that reasonably prudent people exercise in comparable circumstances.

6. Other Board Responsibilities

1. Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members.

2. Manage Board operations, including, without limitation:
   a) Ensure adopting a transparent mechanism to orient new Board members on company and Board matters, including demonstrating Company strategy, accomplishments, threats, financial position, and Board working mechanism, in addition to developing briefing material on the same.
   b) Influence the structuring of agendas and how meeting time is spent.
   c) Conflict of interest policy.

7. Duties of Individual Members / Directors

1. Tasks and Duties of the Board Members

   Without prejudice to duties and responsibilities of the Board as a whole each member of the Board shall, being a Board member, perform the following tasks and duties:

   a) Providing proposals to develop the strategy of the Company;
   b) Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company;
   c) Reviewing reports related to the performance of the Company;
   d) Ensuring the integrity and impartiality of the financial statements and information of the Company;
   e) Ensuring that the financial control and risk management systems are sound;
   f) Determining the appropriate level of remunerations of the members of the Executive Management;
   g) Expressing opinions as to the appointment and dismissal of members of the Executive Management;
   h) Participating in developing the succession and replacement plans of executive positions within the Company;
   i) Complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the bylaws when performing his/her duties as a member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs;
   j) Attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the chairman of the Board shall be notified by prior notice, or for emergency reasons;
   k) Allocating sufficient time to fulfil his/her responsibilities and preparing for the Board and its committees meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives;
   l) Studying and analyzing all information related to the matters looked into by the Board before expressing an opinion on the same;
   m) Enabling other Board members to express their opinions freely, and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary;
   n) Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. the concerned member shall abstain from voting on any decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
   o) Notifying the Board fully and immediately of his/her participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its

activities, in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;

p) Refraining from disclosing or announcing any secrets he/she came across through his/her membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;

q) Working on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders;

r) Recognizing his/her duties, roles and responsibilities arising from the membership;

s) Developing his/her knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields; and

t) Resigning from the membership of the Board if he/she is unable to fully fulfil his/her duties in the Board.

2. Tasks and Duties of the Independent Director

Without prejudice to duties and responsibilities of the Board as a whole and other executive / non-executive members, an Independent Director of the Board shall effectively participate in the following duties:

a) Expressing his/her independent opinion in respect of strategic issues and the Company’s policies and performance and appointing members of the Executive Management.

b) Ensuring that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest.

c) Overseeing the development of the Company’s Corporate Governance rules, and monitoring the implementation of the rules by the Executive Management.

8. Matters Reserved for the Board of Directors

There are matters that must be considered by the Board of Directors as a whole and may not be delegated, even to a Committee of the Board of Directors. The Board of Directors reserves the right to review and amend these matters from time to time as considered necessary.

These matters include the following:

1. Temporary nomination and Remuneration of Directors (to fill the vacant position) for approval by the General Assembly.
2. Appointment of the Chief Executive Officer (CEO)
3. Appointment/resignation and termination and remuneration of the CEO supported with the recommendations of the Governance, Nomination & Remuneration Committee.
4. Membership and terms of reference of Board committees (apart from the Audit, Risk, & Compliance, and Governance, Nomination & Remuneration committees).
5. Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:

   a) Increasing or decreasing the share capital of the Company; and

   b) Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.

6. Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
   a) Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose;
   b) Forming additional financial allocations or reserves for the Company; and
   c) The method of distributing the net profits of the Company.

7. Approving the Company's interim and annual financial statements and approving them before publishing them.
8. Annual review and update (if necessary) of the Board of Director's Charter.
9. Matters referred to the Board of Directors by Board Committees.
10. Approve of the write offs as per the approved authority matrix and the Company's bylaws.
11. Approve loans and financing facilities as per the approved authority matrix and the Company's bylaws.
12. Conduct the Board annual performance self-assessment relative to the Board purpose, duties, and responsibilities outlined herein as well as those of its individual members.
13. Decide upon corporate governance matters relating to the Board of Directors and senior management, and matters of principle regarding corporate governance structure, such as developing/updating the Company's organizational structure and the underlying functional responsibilities as the need arise and which is recommended by the Governance, Nomination, & Remuneration Committee.
14. Review prior Board minutes of meeting and follow up on decisions taken and documented in the action sheet of prior Board meetings, in order to ensure that matters raised have been resolved.

The Board of Directors reserves the right to review and amend this list from time to time as considered necessary.

c) BOARD Meetings

The BOARD met nine times during the year ended 31st December 2022 with attendance percentage of 92.6%

BOARD #	Date	Attendance	Percentage	Percentage with Proxy
81	20/01/2022	1- Alwaleed Al Dryaan, 2- Mazen AlTamimi, 3- Antoine Issa, 4- Patrick Thiels 5- Abdullah AlHussaini, 6- Kamel Al Munajjed, 7- Basel Bin Jabr 8- Amine Benabbou 9- Anuj Agarwal	100.0%	100.0%

82	17/03/2022	1- Alwaleed AlDryaan 2- Mazen AlTamimi 3- Antoine Issa, 4- Patrick Thiels 5- Abdullah Al Hussaini, 6- Kamel Al Munajjed 7- Basel Bin Jabr 8- Amine Benabbou 9- Anuj Agarwal	100.0%	100.0%
83	17/05/2022	1- Alwaleed AlDryaan 2- Mazen AlTamimi 3- Antoine Issa 4- Patrick Thiels 5- Abdullah AlHussaini 6- Kamel Al Munajjed 7- Basel Bin Jabr 8- Amine Benabbou 9- Anuj Agarwal	100.0%	100.0%
84	25/05/2022	1- Alwaleed AlDryaan 2- Mazen AlTamimi 3- Antoine Issa, 4- Abdullah AlHussaini, 5- Kamel Al Munajjed, 6- Basel Bin Jabr 7- Amine Benabbou	77.7%	77.7%
85	10/08/2022	1- Alwaleed AlDryaan, 2- Bader Alsalloom 3- Adel Mallawi 4- Osama Alsabeg 5- Abdullah Al Hussaini, 6- Anuj Agarwal 7- Basel Binjabr 8- Patrick Thiels	88.8%	88.8%
86	15/09/2022	1- Alwaleed Al Dryaan, 2- Bader Alsalloom 3- Adel Mallawi 4- Osama Alsabeg 5- Abdullah Al Hussaini 6- Basel Bin Jabr 7- Anuj Agarwal 8- Amine Benabbou	88.8%	88.8%
87	03/11/2022	1- Alwaleed AlDryaan 2- Bader Alsalloom 3- Anuj Agarwal 4- Abdullah AlHussaini 5- Amine Benabbou 6- Basel Binjabr 7- Patrick Thiels 8- Adel Mallawi	88.8%	88.8%

88	22/11/2022	1- Alwaleed Al Dryaan 2- Bader Alsalloom 3- Amine Benabbou 4- Anuj Agarwal, 5- Abdullah Al-Hussaini, 6- Adel Mallawi 7- Basel Bin Jabr 8- Osama Alsabeg,	88.8%	88.8%
89	27/12/2022	1- Alwaleed Al Dryaan 2- Bader Alsalloom, 3- Osama Alsabeg, 4- Anuj Agarwal 5- Abdullah AlHussaini 6- Adel Mallawi 7- Amine Benabbou 8- Basel Bin Jabr 9- Patrick Thiels	100%	100%

The above BOARD meetings covered the following major tasks:

- Approved Appointment of the new Director, Mr. Patrick Thiels
- Approval of the updated Governance Manual of the year 2022
- Discussed IT gap assessment
- Discussed IFRS 17 external auditor second dry run
- Discussed Competition Landscape
- Discussed the process of c-level recruitment
- Discussed the appointment of Board Secretary
- Discussed the financial results of Q1 2022
- Approval of health and safety policy
- Appointment of the Chairman and Vice-Chairman of the Board of Directors and Secretary
- Formation of the BOARD sub-committees
- Discussed Q2 Financial results
- Discussion of market status
- Updated Actuarial Policy
- Reviewing Updated Governance Manual
- Discussed Q3 Financial Results
- Discussed Competitive Landscape, Position and Allianz sf strategy for 2023
- Discussed Management Proposal Dividends

D) Remuneration and Compensation of Board Members and Top Executives

The Remuneration and Compensation of the top Executives (the CEO, his Deputy, CFO, COO, CSMO,) for the year ending 31st December 2022 were

Position	Annual Wage
Chief Executive Officer	1,125,000.00
Deputy CEO – Chief Operations Officer	981,745.88
Chief Financial Officer	312,421.48
Chief Actuarial Officer	801,963.59
Chief Sales & Marketing Officer	169,999.20
Total	3,391,130.15

The BOARD and Sub-Committees Remunerations are detailed as follows:

Name of the Board Members	Member Classification	Attendance Fees	Annual Remunerations	Total Remunerations 2022 (SAR)
Alwaleed Al Dryaan	Non-Executive	45,000	160,000	205,000
Bader AlSalloom *(after 8th of August 2022)*	Non-Executive	24,000	63,562	87,562
Mazen Al-Tamimi *(until 7th of August 2022)*	Non-Executive	48,000	95,562	143,562
Antoine Issa *(until 13th of July 2022)*	Non-Executive	39,000	39,452	78,452
Anuj Agarwal	Executive	54,000	100,000	154,000
Abdullah Al-Hussaini	Independent	108,000	220,000	328,000
Kamel Al Munajjed *(until 7th of August 2022)*	Independent	45,000	95,562	140,562
Basil Bin Jabr	Independent	54,000	183,836	237,836
Amine Benabbou	Non-Executive	42,000	100,000	142,000
Patrick Thiels	Non-Executive	33,000	100,000	133,000
Osama Alsabeg *(after 8th of August 2022)*	Independent	27,000	63,562	90,562
Adel Mallawi (after 8th of August 2022)	Non-Executive	39,000	63,562	102,562
Mohammad Helmi	Independent Audit Member	48,000	60,000	108,000
Mostafa Abdullatif	Independent Audit Member	51,000	60,000	111,000
Total	-	657,000	1,405,098	2,062,098

BOARD Remuneration Policy:

1- Remuneration of the Board members shall be a specified amount, attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits. Two or more of these benefits may be combined.

2- If such remuneration is a certain percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in application of the provisions of Cooperative Insurance Companies Control Law, Companies Law and these Articles, and after distributing a profit not less than (5%) of the company's paid-up capital to the shareholders, provided that the entitlement to this remuneration shall be proportional to the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly, and any assessment to the contrary shall be deemed void. In all cases, the total remunerations and financial or in-kind benefits received by a Board member shall not exceed five hundred thousand Saudi riyals annually (with exception of Audit Committee members), in accordance with the regulations set by the Capital Market Authority.

Each member of BOARD, including the Chairman shall be paid the actual expenses borne thereby for attending meetings of BOARD or committees emanating there from, including travel expenses, accommodation and subsistence expenses.

BOARD report to the Ordinary General Assembly shall include a full statement of all the amounts received by members of BOARD within the fiscal year, including remunerations, expenses and other benefits. The said report shall also include a statement of the amounts received by BOARD members in their capacity as employees or administrators, or the amounts received thereby in return of technical, administrative, or consultative works. The said report shall also include the number of meetings of the BOARD and the number of meetings attended by each member as from the date of the last meeting of the General Assembly.

e) BOARD Declaration of Related-Party Transactions

The Board of Directors confirms that during 2022 there was no contract in which the Company was a party and it's Chief Executive Officer, Chief Financial Officer, Board Members or any other person who may have a relationship with any of them benefited from it. Moreover, there are no arrangements or agreements by which any of the members of the Board of Directors or any of the top executives or any of the shareholders of Allianz Saudi Fransi waived their interests or rights to receive dividends.

The Related-Party transactions and balances of shareholders and related affiliates during 2022 are related to the following activities:

No.	Relevant Party	Nature of relation	Value (SAR)	Period	Description
1	Bank Saudi Fransi and its related affiliates	Bank Saudi Fransi owns 14% of Allianz SF and is represented in the Board of Directors by Mr. Mazen Al Tamimi (Former Board Member) and Mr. Bader AlSalloom (Current Board Member)	487,049,866	N.A	Portfolio Asset management
2	Bank Saudi Fransi and its related affiliates	Bank Saudi Fransi owns 14% in ALLIANZ SF and is represented in the Board of Directors by Mr. Mazen Al Tamimi (Former Board Member) and Mr. Bader AlSalloom (Current Board Member)	591,436,951	N.A	Banking & Asset Custody balances.
3	Bank Saudi Fransi and its related affiliates	Bank Saudi Fransi owns 14% in ALLIANZ SF and is represented in the Board of Directors by Mr. Mazen Al Tamimi (Former Board Member) and Mr. Bader AlSalloom (Current Board Member)	89,623,182	N.A	Insurance contract mainly in Motor & Life.
4	Allianz Group & its affiliates	Allianz Europe BV owns 18.5 %& Allianz France owns 16.25% & Allianz MENA Holding Bermuda owns 16.25%. They are represented by Eng. ALWaleed AlDryaan, Mr. Patrick Theils, Mr. Anuj Agarwal, Mr. Amine Benabbou and Mr. Adel Mallawi	178,004,275	Annual	Reinsurance contracts.
5	Saudi Next Care	Allianz Saudi Fransi is a shareholder in Next Care Saudi Arabia. They are represented by Mr. Anuj Agarwal	1,305,089	Annual	Claims Management "Medical".

6	Dataquest SAL	Dataquest SAL is a company of Allianz. They are represented by Mr. Amine Benabbou	2,332,469	Annual	Insurance Management System Maintenance, Support and Development.
7	Saudi Networks Services	Board Member Mr. Osama AlSabeg is a shareholder & Mr. Adel Mallawi is a Board Member	22,208	Annual	General Insurance.
8	Saudi Electronic Trading (SETRA)	Board Member Mr. Osama AlSabeg is a shareholder	329,614	Annual	Motor and General Insurance.
9	Al Khaleej Training and Education	Board Chairman Eng. Alwaleed Aldryaan and Dr. Abdullah Al Hussaini are a shareholders	86,705	Annual	Motor Insurance.
10	Agricultural Development Co. Ltd	Former Board Member Kamel Al Munajjed is a Board Member	1,496,562	Annual	Credit Insurance.
11	Desert Hills for Veterinary Services	Former Board Member Kamel Al Munajjed is a Board Member	201,747	Annual	Credit Insurance.
12	Supreme Foods Processing Ltd	Former Board Member Kamel Al Munajjed is a Board Member	291,240	Annual	Credit Insurance.
13	Eng. Alwaleed Aldryaan	Board Chairman Eng. Alwaleed Aldryaan	28,892	Annual	Individual Insurance (Motor and General)

f) Regulatory Status

The Company enjoys a healthy relationship with the Regulators and appreciates their continuous support and guidance.

g) BOARD Committees

Executive Committee

The BOARD Executive Committee is responsible for providing recommendations to the Board on various issues including the strategy and business plans. Its primary objective is to oversee the day-to-day performance of the Company and to provide support and guidance to the CEO.

Main responsibilities include:

- Representing the Board of Directors in day-to-day management
- Supervising the organization of the Board's meeting
- Executing the Board's decisions in accordance with the CEO and the Company's management
- Proposing/setting up the general company policy, objectives and strategy
- Studying the budget and following up the performances and achievements versus the plan
- Undertaking and supervising the progress of the operation and project's development
- Review on annual or periodic basis the policies and procedures of the Company.

The Committee comprises the following members:

Executive Committee	As of 31 Dec 2022
Amine Benabbou *(from 03/10/2022)*	**Chairman**
Antoine Issa *(until 13/07/2022)*	Chairman
Alwaleed Al Dryaan	Member
Bader Alsalloom *(from 03.10.2022)*	Member
Mazen Al Tamimi *(until 07.08.2022)*	Member
Anuj Agarwal	Member

The Board Executive Committee met six times during 2022 with 100% attendance.

Meeting #	Date	Attendance	Percentage	Percentage with Proxy
65	17 03 2022	1- Antoine Issa 2- Alwaleed Al Dryaan 3- Mazen AlTamimi 4- Anuj Agarwal	100%	100%
66	27 04 2022	1- Antoine Issa 2- Alwaleed Al Dryaan 3- Mazen AlTamimi 4- Anuj Agarwal	100%	100%
67	31 05 2022	1- Antoine Issa 2- Alwaleed Al Dryaan 3- Mazen AlTamimi 4- Anuj Agarwal	100%	100%
68	02 11 2022	1- Amine Benabbou 2- Alwaleed Al Dryaan 3- Bader AlSalloom 4- Anuj Agarwal	100%	100%

69	22 11 2022	1-	Amine Benabbou	100%	100%
		2-	Alwaleed Al Dryaan		
		3-	Bader AlSalloom		
		4-	Anuj Agarwal		
70	27 12 2022	1-	Amine Benabbou	100%	100%
		2-	Alwaleed AlDryaan		
		3-	Bader AlSalloom		
		4-	Anuj Agarwal		

The above Executive Committee meetings covered the following major tasks:

The following summarizes the committee's remuneration as of 31st December 2022:

- Discussed Financial Results of 2021
- Discussed Updates on Digital Transformation
- Discussed Q1 2022 Financial Updates
- Approval of Appointment of Executive Committee Secretary
- Discussed Bancassurance Internal Policy Updates
- Discussed Litigation Updates
- Discussed Updated Outsourcing/Customer Care Policy
- Discussed Actuarial Reports
- Discussed Reinsurance Scenarios
-

Executive Committee Members	Period	Annual Fixed Remuneration	Attendance Fees	Total
Antoine Issa	Member Until 13.07.2022	-	9,000	9,000
Amine Benabbou	Member from 03.1.2022	-	9,000	9,000
Alwaleed Al Dryaan		-	18,000	18,000
Mazen AlTamimi	Member Until 07.08.2022	-	9,000	9,000
Bader Alsalloom	Member from 03.10.2022	-	9,000	9,000
Anuj Agarwal		-	18,000	18,000
Total		-	**72,000**	**72,000**

Audit Committee

The primary responsibility of the Audit Committee is to oversee the Company's financial controls (including appropriate disclosure and internal controls), external and internal audit activities, compliance, and reporting processes, and report the results of its activities to the Board. Further, to review the accounting policies in force and advice the Board of any recommendations regarding them.

The Company's Management is responsible for preparing the financial statements, and the independent auditors are responsible for auditing those financial statements that are in line with applicable accounting standards e.g. SOCPA and International Financial Reporting Standards (as applicable). The Audit Committee shall take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, compliance culture, and ethical behaviour.

In addition, the Audit Committee of "Allianz Saudi Fransi Cooperative Insurance Company" shall takes guidance from the Audit Committee Regulation in Insurance and/or Reinsurance Companies issued by SAMA's Insurance Supervision Department.

According to the Capital Market Authority "If a conflict arises between the recommendations of the audit committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations".

The tasks and responsibilities of the Audit Committee include the following:

1. External Audit

a) Submit recommendations to the Board to approve the appointment or reappointment, dismissal and remuneration of external auditors. This recommendation requires having obtained SAMA's non-objection in writing.
b) Ensure the independence of the external auditors from the Company, the Board members and the senior management of the company.
c) Reviewing the audit plan of the external auditors.
d) Supervising the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
e) Reviewing the external auditors reports and submits the related recommendations to the Board.
f) Pursues the implementation of the corrective measures in respect of the comments included in the reports.
g) Reviewing the external auditors' assessment of the internal control of Saudi Central Bank, Insurance Supervision Department processes.
h) Assessing the competence level, efficiency and objectivity of the external auditors.
i) Discussing the annual and quarterly financial statements with the external auditors and the company's management before issuing them.
j) Reviewing the external auditor's comments on the financial statements and follow up actions taken about them
k) To review the following topics with the external auditors:
   (i) Key amendments made by the Company to its accounting policies.
   (ii) Material conflicts with the management regarding any issue pertaining to the safeguarding of invested assets.
   (iii) Violations of Laws, Regulations and Instructions issued by the supervisory and control entities or non-compliance with the Company's policies and procedures.
   (iv) Comments of other auditors (of external, non-Saudi Arabian, branches) on accounting procedures, reports and professional conduct.
   (v) Deficiencies in the general structure and performance of internal control systems.
   (vi) Material errors in financial statements.
   (vii) Management decisions and the basis on which the external auditors relied to validate critical accounting estimates, such as technical provisions and reserves.
   (viii) Accounting principles and standards and disclosure decisions related to extraordinary transactions.
   (ix) Adequacy of technical provisions and reserves set by the Actuary.
   (x) Actuary's Reports relevant to the Financial Statements.

(xi) Any major problems in dealing with the management that affected the working of the audit.

(xii) Internal control and the assessment of the Company's assets and solvency.

(xiii) Any other issues that the committee is aware of and falls within its responsibilities.

(xiv) Any amendments introduced to the audit scope and the reasons thereof.

(xv) Reviewing letters to management prepared by the external auditors and the Company's management comments thereon.

2. Financial Reports

a) Reviewing and recommending the approval of the annual and quarterly financial statements to the Board of Directors.

b) Reviewing the critical accounting policies and procedures in addition to the modifications that might be introduced thereto.

c) Ensure that all financial transactions are according to the local rules and regulations.

3. Internal Audit

a) Submit recommendations to the Board to appointing or dismissing the manager of the internal audit department or the internal auditor. This recommendation requires having obtained SAMA's non-objection in writing.

b) Supervise the company's internal audit department to ensure its effectiveness in executing the activities and duties specified by the Board of Directors.

c) To review the Internal Audit policies and procedures on annual or periodic basis and prepare a written report and its recommendations with respect to it.

d) Ensure the independence of the internal audit department or the internal auditor in performing their tasks and ensure that there are no restrictions on their scope of work or any impediments that might negatively affect their work.

e) Determining the monthly salary and bonus of the internal audit department manager or the internal auditor after obtaining the Board's written approval.

f) Reviewing the audit plan of the internal auditors.

g) Reviewing the reports of the internal audit department or the internal auditor and submits the related recommendations to the Board.

h) Pursues the implementation of the corrective measures in respect of the comments included in the reports.

i) Assessing the competence level, efficiency and objectivity of the internal audit department or the internal auditor.

j) Reviewing the internal auditors' assessment of the internal control of Saudi Central Bank, Insurance Supervision Department processes.

4. Compliance

a) Submit recommendations to the Board the appointing or dismissing of the manager, the compliance control department or the compliance officer. This recommendation requires having obtained SAMA's non-objection in writing.

b) Ensure the independence of the compliance control department or the compliance officer in performing their tasks and ensure that there are no restrictions on their scope of work or any impediments that might negatively affect their work.

c) Determining the monthly salary and bonus of the compliance control department manager or the compliance officer after obtaining the Board's written approval.

d) Reviewing, approving and monitoring the implementation of the compliance plan and the reports of the compliance control department or the compliance officer including any high risk for fraud findings and submits the related recommendations to the Board.

e) Reviewing the comments of SAMA and the related supervisory and control entities and submits the related recommendations to the Board.

f) Assessing the competence level, efficiency and objectivity of the compliance control department or the compliance officer.

g) Following up on the reports issued by SAMA and the related supervisory and control entities in addition to any international developments such as the guidelines of the International Association of Insurance Supervisors and submits the related recommendations to the Board.

5. Appointed Actuary

a) Submit recommendations to the Board to appoint the Actuary. This recommendation requires having obtained SAMA's non-objection in writing.

b) Ensure the Company's compliance with the actuary suggestions and recommendations.

c) Reviewing the actuary reports and submits the related recommendations to the Board.

6. Overseeing Controls over Operations

a) Ensuring the Company has a written code of conduct duly approved by its Board of Directors to ensure that the Company's activities are conducted in a fair and ethical manner.

7. Board of Directors

a) Reports directly to the Board of Directors not less than quarterly about its activities, issues and related recommendations.

b) Provide an open avenue of communication between internal audit, the external auditors, and Board of Directors.

8. Other Responsibilities

a) Develop a detailed plan stating its roles, responsibilities and mandate, provided that the plan is approved for implementation by a Board decision.

b) Reviewing intra-group transactions and related parties transactions.

c) Following up on the important lawsuits filed by or against the company and submits the related periodic reports to the Board.

d) Ensuring the optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.

e) The Audit Committee members are accountable to SAMA, the Company's shareholders and the Board for implementing the articles of SAMA's "Audit Committee Regulation in Insurance and/or Reinsurance Companies" and executing the committee's action plan issued by a Board's decision.

f) The committee members should, while performing their tasks, give priority to the company's interest against any other considerations that might affect their work or decisions.

9. **Responsibilities of Individual Committee Members**
   a) Attend all or majority of Committee meetings.
   b) Dedicate enough time to participate in the conduct of AC Committee matters and meetings.
   c) Inform the Chairman of the Committee in writing if they cannot attend a meeting.
   d) Maintain the confidentiality of the Company's information gained through performing their duties and shall not publicize confidential information to shareholders out of the General Assembly or to any other party.
   e) Ensure integrity with the conduct of AC Committee matters and meetings.
   f) Obtain adequate skills and trainings necessary for the participation and conduct of the Committee matters.
   g) Participate and vote on the Committee decisions.
   h) Provide full support to the Chairman (and Vice Chairman) of the Committee in setting-up of the meeting agendas and confirmation on minutes of the meetings.
   i) Inform other members of the Committee on any change in regulations and leading practices effecting role and responsibilities of the Committee.

The Committee comprises the following members:

Audit Committee	As of 31 Dec 2022
Abdullah Al-Hussaini Member until 07.08.2022	Chairman
Basel Bin Jabr Member from 03.10.2022	Chairman
Mohammad Helmi Ongoing Member	Member
Mostafa Abdullatif Ongoing Member	Member

The Audit Committee met 15 times during 2022 with 98.3% attendance.

Meeting #	Date	Attendance	Percentage	Percentage with Proxy
1	22.02.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
2	15.03.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
3	19.04.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
4	16.05.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
5	22.05.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
6	24.05.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
7	30.05.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
8	31.05.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
9	27.06.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
10	05.07.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
11	13.07.2022	Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
12	11.08.2022	Basel Bin Jabr Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
13	26.10.2022	Basel Bin Jabr Abdullah Al-Hussaini , Mostafa Abdullatif	75.0%	75.0%
14	01.11.2022	Basil Bin Jabr Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%
15	06.11.2022	Basel Bin Jabr Abdullah Al-Hussaini, Mohammad Helmi, Mostafa Abdullatif	100.0%	100.0%

There is no financial or family relationship between the BOARD members and the Audit Committee. The Audit Committee member & Chairman Dr. Abdullah Al-Hussaini is an independent Member of the Board of Directors.

The above Audit Committee meetings covered the following major tasks:

- Discussed Open and Closed findings
- Discussion of IA plan
- Discussed Financial Statements for the year 2021
- Discussed Q1 2022 Financials

- Discussion of SAMA findings
- Reviewing External Auditors Proposals
- Discussion of the IFRS17
- Discussion of External Cyber Security Consultant
- Selection of the Audit Committee Chairman and The AC Secretary
- Financial statement of Q2
- IFRS 17 dry run results
- Financial Statement Q3

The following summarizes the committee's remuneration as of 31st December 2022

Audit Committee Members	Annual Fixed Remuneration	Attendance Fees	Total
Basel Bin Jabr	23,836	15,000	38,836
Abdullah Al-Hussaini	60,000	48,000	108,000
Osama Alsabeg ***(Until 11.08.2022)***	-	3,000	3,000
Mohammad Helmi	60,000	48,000	108,000
Mostafa Abdullatif	60,000	51,000	111,000
Total	**203,836**	**165,000**	**368,836**

Investment Committee

The Investment Committee shall prepare, review, and approve the investment policy of the Company and set the investment strategy in accordance with the investment policy approved by the Board of Directors and in line with SAMA's regulations.

The Investment Committee reports to the Board and its main responsibilities are:

- Assess the investment recommendation made by the top management.
- Formulate the investment policy and review the implementation of the investment activities on a quarterly basis. These activities include but are not limited to:
  - Reviewing the performance of each asset class.
  - Monitoring the overall risks of the policy.
  - Submitting a performance review report to the Board of Directors.
- Review on annual or periodic basis the investment related policies and procedures of the Company and recommend amendments to its.
- Set the investment strategy in accordance with the investment policy approved by the BOARD.
- Ensure the proper implementation of the investment policy/strategy on a quarterly basis.
- Establishing and reviewing Investment guidelines for the Company.
- Establishing and reviewing quality criteria for the Company's investment and strategy.
- Establishing and reviewing guidelines for the Company's portfolio structure.
- Reviewing the Financial markets' analysis prepared by the Investment department and the asset manager.
- Investment income and performance review against the plan.
- Ensure the compliance of all investment activities with the requirements of the Investment Regulation issued by SAMA and any other applicable laws and regulations.
- Review the monthly report prepared by the Management regarding the activities of the period, the portfolio structure and composition, the risk exposure, the details of any regulatory or internal limits breached during the period as well as the actions taken; the activities planned for the future.

The Committee comprises the following members:

Investment Committee	As of 31 Dec 2022
Adel Mallawi Chairman from 03.10.2022	Chairman
Basel Bin Jabr Member from 03/10/2022	Member
Amine Benabbou Member until 07.08.2022	Member
Kamel Al Munajjed Member until 07.08.2022	Member
Anuj Agarwal Member from 03/10/2022	Member

The Investment Committee met four times during 2022 with 88.8% attendance.

Meeting #	Date	Attendance	Percentage	Percentage with Proxy
39	17.03.2022	Adel Mallawi, Kamel Al Munajjed, Basel Bin Jabr, Anuj Agarwal	88.8%	88.8%
40	27.04.2022	Adel Mallawi, Kamel Al Munajjed, Basel Bin Jabr, Anuj Agarwal	88.8%	88.8%
41	23.10.2022	Adel Mallawi, Basel Bin Jabr, Anuj Agarwal	100%	100%
42	21.12.2022	Adel Mallawi, Basel Bin Jabr, Anuj Agarwal	100%	100%

The above Investment Committee meetings covered the following major tasks:

- Reviewed the Company's portfolio status.
- Discussed company Investment performance
- Appointed the new committee secretary
- Discussed UL Investments – Competitive analysis
- Reviewed Company Investment Strategy

The following summarizes the committee's remuneration as of 31st December 2022

Investment Committee Members	Annual Fixed Remuneration	Attendance Fees	Total
Amine Benabbou	-	-	-
Adel Mallawi	-	12,000	12,000
Kamel Al Munajjed	-	6,000	6,000
Basel Bin Jabr	-	12,000	12,000
Anuj Agarwal	-	12,000	12,000
Total		42,000	42,000

Nomination & Remuneration Committee

The duties and responsibilities of the Nomination & Remuneration Committee are mainly:

1) Recommend to the Board appointments of membership to the Board of Directors, Board Committees and of Top Executives in accordance with the approved policies and standards and regulatory requirements. The Committee shall ensure that no person who has been previously convicted or any offense affecting honor or honesty is nominated for such membership.
2) Establish a succession policy and procedures for the CEO and other key members of Senior Management and monitoring the implementation of the succession plans and process.
3) Regularly review the structure and composition of the Board of Directors and its committees and recommend changes.
4) Reviewing the requirement of suitable skills for membership of the Board and its committees on an annual basis and preparing descriptions of the required capabilities and qualifications for such memberships, including7 the time that a member should reserve for the activities of the Board and/or Board committees.
5) Assess and monitor the independence of Board and Board committee members and ensure the absence of any conflict of interest, including ensuring the independence of the independent members, at least on an annual basis.
6) Determine strengths and weaknesses of the BOARD and the Committees and recommend remedies.
7) Prepare description of required capabilities and qualifications for membership in the BOARD, including the time that a Board member should reserve for the activities of the Board.
8) Carve clear policies regarding the compensation and remuneration of the Board members, Board committees and senior executives.
9) Evaluate the performance of the Board and Sub-Committee members on a regular basis (at least once per year).
10) Approve and evaluate the compensation and succession plans, policies and programs of the Company.
11) Make recommendations to the Board with regards to selecting and dismissing members of Senior Executives.
12) Provide recommendations to the Board of Directors on various issues related to nomination and remuneration.
13) Ensure that an annual remuneration review is conducted independently of executive management (by internal audit or external specialized firm).
14) Review on annual or periodic basis the HR policies and procedures and recommend amendments to it.

The Nomination & Remuneration Committee (NRC) comprises the following:

Nomination & Remuneration Committee	As of 31 Dec 2022
Kamel Al Munajjed (Chairman until 07.08.2022)	Chairman
Abdullah Al Hussaini (Chairman from 03.10.2022)	Chairman
Antoine Issa (Member until 13.07.2022)	Member
Mazen AlTamimi (Member until 07.08.2022)	Member
Adel Mallawi (Member from 03.10.2022)	Member
Osama Alsabeg (Member from 03.10.2022)	Member
Patrick Thiels (Member from 03.10.2022)	Member

The Nomination & Remuneration Committee met eleven times during 2022 with 93.1% attendance.

Meeting #	Date	Attendance	Percentage	Percentage with Proxy
51	11 01 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussaini 3- Antoine Issa 4- Mazen Al Tamimi	100%	100%
52	13 01 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussaini 3- Mazen Al Tamimi	75%	75%
53	01 03 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussaini 3- Antoine Issa 4- Mazen Al Tamimi	100%	100%
54	14 03 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussaini 3- Antoine Issa 4- Mazen Al Tamimi	100%	100%
55	30 03 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussain 3- Antoine Issa 4- Mazen Al Tamimi	100%	100%
56	26 04 2022	1- Kamel Al Munajjed, 2- Abdullah Al-Hussaini 3- Antoine Issa 4- Mazen Al Tamimi	100%	100%

57	02 06 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussaini 3- Mazen Al Tamimi 4- Antoine Issa	100%	100%
58	23 06 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussaini 3- Mazen Al Tamimi	75%	75%
59	01 08 2022	1- Kamel Al Munajjed 2- Abdullah Al-Hussaini 3- Mazen Al Tamimi	75%	
60	25 10 2022	1- Abdullah Al-Hussaini 2- Patrick Thiels 3- Adel Mallawi 4- Osama Alsabeg	100%	100%
61	14 12 2022	1- Abdullah Al-Hussaini 2- Patrick Thiels 3- Adel Mallawi 4- Osama Alsabeg	100%	100%

The above NRC meetings covered the following major tasks:

- Discussion of C-Level Vacancies candidates
- Updated Governance Manual
- BOARD Remuneration for the year 2021 proposal
- Reviewing the updated Saudization plan
- Discussing the succession plan – Org chart
- Appointment of committee secretary
- Sales commissions Incentive structure
- Development plan

The following summarizes the committee's remuneration as of 31st December 2022

Remuneration Committee Members	Annual Fixed Remuneration	Attendance Fees	Total
Kamel Al Munajjed	-	27,000	27,000
Abdullah Al Hussaini	-	33,000	33,000
Antoine Issa	-	18,000	18,000
Mazen AlTamimi	-	27,000	27,000
Patrick Thiels	-	6,000	6,000
Adel Mallawi	-	6,000	6,000
Osama Alsabeg	-	6,000	6,000
Total	-	**123,000**	**123,000**

Risk Committee

The Risk Committee's objective is to oversee the Risk Management Function ensuring the identification of risks that may imperil the Company and maintain an acceptable risk profile. The duties and responsibilities of the Risk Committee are:

1. Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company and ensuring that the Company does not go beyond such level;
2. Overseeing the risk management system and assessing its effectiveness;
3. Defining a comprehensive risk management strategy for the Company that are consistent with the nature and volume of the Company's activities, overseeing its implementation,

and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company;

4. Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months;
5. Ensuring the availability of adequate resources and systems for risk management;
6. Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board;
7. Verifying the independence of the risk management employees from activities that may expose the Company to risk;
8. ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk;
9. reviewing any issues raised by the Audit Committee that may affect the Company's risk management;
10. Reviewing risk management policies, procedures and Risk Appetite Framework on annual or periodic basis and recommend amendments to it;
11. Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g. through stress testing exercises);
12. Reporting to the Board details of risk exposures and recommending actions to manage them; and
13. Advising the Board on issues related to risk management.

The scope of the Risk Committee shall cover the below risk categories together with their underlying sub-categories:

- Market Risk: Interest Rate Risk, Equity Risk, Property Risk, Currency Risk, Spread Risk and Liquidity Risk.
- Counterparty default Risk: Reinsurance, Concentration, Other counterparties and Credit Risk.
- Non-Life Underwriting: Pricing (General), Pricing (Health), Reserving (General), Reserving (Health), Non-Life catastrophe and Lapse
- Life Underwriting: Mortality, Longevity, Morbidity & Disability, Lapse, Expense and Catastrophe.
- Strategic Risk: Business, Market/ Country and Reputational
- Operational Risk: Internal fraud, external fraud, HR, Physical Damage, Cyber-attack,
- System Failure, Data Quality and Process management
- Actuarial outputs: Reserving, Underwriting non-life, Underwriting Life, Reinsurance and Solvency
- Oversight: Senior Management, Risk Management, Compliance, Audit, Operational management
- Conduct of Business: Product development, Product promotion disclosure & sales, Claims, Complaints and Privacy protection
- Regulatory & AML: Regulatory, AML.

The Risk Committee comprises the following:

Risk Committee	As of 31 Dec 2022
Patrick Thiels (Chairman from 03.10.2022)	Chairman
Osama Alsabeg (Member from 03/10/2022)	Member
Amine Benabbou	Member

(Member from 03/10/2022)	
Adel Mallawi (Member until 07.8.2022)	Member

The Risk committee met four times during 2022 with 83.3% attendance.

Date	Attendance	Percentage	Percentage with Proxy
18.05.2022	1. Amine Benabbou 2. Adel Mallawi 3. Patrick Thiels	100%	100%
18.05.2022	1. Amine Benabbou 2. Adel Mallawi 3. Patrick Thiels	100%	100%
22.11.2022	1. Amine Benabbou 2. Osama Alsabeg	66.6%	66.6%
15.12.2022	1. Patrick Thiels 2. Osama Alsabeg	66.6%	66.6%

The above Risk Committee meeting covered the following topics:

- Monitored the Risk Profile and Exposure of the Company.
- Regularly reviewed the Implementation of the Risk Management.
- Regularly reviewed the Statutory Solvency status.
- Reviewed the Top Risk Assessment.
- Discussed and reviewed the Operational Risk.
- Reviewed the Underwriting Risk.
- RADAR Plan 2023
- Executive Accountability Regime
- Cyber Security

The following summarizes the committee's remuneration as of 31st December 2022

Risk Committee Members	Annual Fixed Remuneration	Attendance Fees	Total
Patrick Thiels	-	9,000	9,000
Adel Mallawi	-	6,000	6,000
Amine Benabbou	-	9,000	9,000
Osama Alsabeg	-	6,000	6,000
Total	-	**30,000**	**30,000**

h) Risk Management

During 2022, Allianz Saudi Fransi succeeded in aligning risk management activities with corporate strategy and objectives to preserve the shareholders' value.

The Company has a comprehensive risk management strategy to understand and manage the types of risk arising from their core business operations.

The strategy considers the impact of market conditions and available expertise on inherent risks to which the company is exposed. Consideration shall not be limited to the risks associated with one class of business but shall extend to risks from all other classes.

The Risks are mentioned here below:

Operational/ Process Risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputational loss, and legal and regulatory consequences. The Company manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a timely basis and Management ensures that sufficient funds are available to meet any commitments as they arise.

Claims management risk

Claims management risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs.

Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs within the Company where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts in provisions.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk on its bank balances and available for sale investments.

Currency Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets.

Fund Price Risk

Fund price risk is the risk that the fair value of future cash flows of a fund will fluctuate because of changes in the net asset value (NAV) being determined by fund managers.

Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

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.

Fair Value of Financial Instruments

Financial instruments consist of financial assets and financial liabilities. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

i) Zakat and Legal Payments

Allianz Saudi Fransi allocated SAR 11.7 Million for Zakat and Tax in 2022 against SAR 9.3 Million allocated in 2021.

The following table shows a list of legal expenses for the year ended December 31st, 2022 (The amounts charged in 2021 & the related paid amounts as of December 31st, 2022).

SAR Million	2022		2021		2020	
	Paid	Charged	Paid	Charged	Paid	Charged
Customs Expenses	-	-	-	-	-	-
Zakat & Tax	5.3	11.7	5.2	9.3	24.0	10.3
GOSI Expenses	7.2	7.2	8.5	8.5	10.4	10.4
Visa & Passports	1.7	1.7	1.4	1.4	1.3	1.3
Inspection & Supervision Fees	3.1	4.1	6.1	6.1	5.1	5.1
Total	**17.3**	**24.7**	**21.2**	**25.3**	**40.8**	**27.1**

11. Future Plans

The Company will continue its development and growth in the market in line with its vision and as per the following strategy over the next three years:

Lines of Business Strategy

Motor: Maintain profitability and increase market share; increase onboarding of leasing companies, offer more automated solutions to customer.

Medical: Maintain lower loss ratio then the market; improve utilization of Third party administrator, introduce international health product

Protection and Savings: Introduce new Fixed Income fund, improve asset allocation, automate customer experience

Other Property & Casualty business: Maintain profitable business and increase market share; explore to increase treaty capacity and explore Inward facultative business, implement strict adherence to Allianz underwriting and reinsurance standards, develop "Midcorp" Go-to-market strategy

Distribution Channel Strategy

Broker Channel: Develop and consolidate broker relationship with Top brokers, provide automates solutions and better TAT to brokers

Corporate Sales Force: Introduce competitive commission structure, improve TAT and increase number of Sales force

Direct Sales Force: Improve productivity per agent

Bancassurance: Improve TAT for bank, develop retail Bancassurance agreement,

Direct Transformation Strategy: Undertake digital transformation to improve customer experience, reduce costs and improve service standards

People Strategy: Identify key people across the company, introduce stricter discipline on target letters, develop training plan, introduce retention long term incentive for key and senior staff

Expense Efficiency: Maintain expense efficiency through strict cost control maintaining non sales staff numbers, improving attrition and evaluating outsourced activities.

12. External Independent Auditors and Accounting Standard

In 2022, the General Assembly which convened on 2206/2022 has approved the Board recommendation of appointing Al-Bassam & Partners Office Allied Auditors. and the appointment of Al-Bassam & Partners Office Allied Auditors. as joint external auditors for the fiscal year ended 31st December 2022.

The recommendation and approval of the above mentioned auditors were based on the Audit Committee recommendation which came of the filtering a number of biddings submitted by different audit firms.

The financial statements as at 31st December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as modified by SAMA for accounting of Zakat and Income Tax.

The external independent auditors are of the opinion that the financial statements present fairly, in all material respects, the financial position of the Company as at 31st December 2022 and the result of it operations and it's cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as modified by SAMA for accounting of Zakat and Income Tax.

13. Sharia'h Independent Consultant

The Company has appointed a Sharia'h Committee composed of:

- Sheikh Dr. Hisham bin AbdulMalik bin Abdullah Al Al-Sheikh

  The Sharia'h Independent Consultant reviews and approves Sharia'h Compliant Protection & Savings products of the Company.

14. Company's Requests of Shareholders Records

#	Request Date	Reason
1	22/06/2022	Requested for the preparation for the General Assembly meeting.
3	07/08/2022	Requested for the preparation for the General Assembly meeting.
3	27/12/2022	Requested for the preparation for the General Assembly meeting.
4	31/12/2022	Requested for the External Auditor Annual Report.

15. Company’s Declarations

Allianz Saudi Fransi declares the following:

- During 2022, no loans were taken by the Company;
- No outstanding loans as at 2022;
- There were no redemption, purchase or cancellation by the company of any redeemable debt instruments;
- The Company does not own any treasury shares.

16. Board of Directors Declaration

The Board of Directors confirms the following:

- Proper accounting books have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no doubts concerning the Company’s ability to continue as a going concern.

Allianz Saudi Fransi Cooperative Insurance Company
(A Saudi Joint Stock Company)

AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Independent Auditors' Report

To the shareholders of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Allianz Saudi Fransi Cooperative Insurance Company – a Saudi Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to as "IFRS as endorsed in Kingdom of Saudi Arabia").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the 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 the key audit matter below, a description of how our audit addressed the matter is provided in that context:

Key audit matters	**How the matter was addressed in our audit**
Valuation of ultimate claim liabilities arising from insurance contracts As at 31 December 2022, gross outstanding claims including claims incurred but not reported (IBNR) and additional premium reserves amounted to Saudi Riyals 487.9 million as reported in Note 14 to the financial statements. The estimation of insurance contract liabilities involves a significant degree of judgement. The liabilities are based on the best-estimate of the ultimate cost of all claims incurred but not settled at	We performed the following procedures : • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience. • Performed substantive tests on the amounts recorded for a sample of claims notified and paid; including

Key audit matters	How the matter was addressed in our audit
the reporting date, whether reported or not, together with the related claims handling costs. The Company uses an external actuary ("management's expert") to provide them with the estimate of such liabilities. A range of methods were used to determine these provisions which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Due to the estimation uncertainty and subjectivity involved in the assessment of valuation of ultimate claim liabilities arising from insurance contracts, we have determined it to be a key audit matter. *Refer to notes 2 and 3 to the financial statements which disclose the valuation methodology used by the Company and critical judgements and estimates and accounting policies.*	comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. • Obtained sufficient audit evidence to assess 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 IBNR by comparing it to the accounting and other records. • Challenged management's methods and assumptions, through assistance of our internal actuarial expert to understand and evaluate the Company's actuarial practices and provisions established and gained comfort over the actuarial report issued by management's expert, by performing the following: (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; (ii) Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We challenged these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and (iii) Reviewed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed. • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Other Information

The Board of Directors of the Company (the "Directors") are responsible for the other information. The other information comprises information included in the Company's 2022 annual report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, as endorsed in the 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 Directors determine 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 Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing, as 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 the International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 Directors;

- Conclude on the appropriateness of the Directors' 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; and

- 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.

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

PricewaterhouseCoopers
P. O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia

Ali H. Al Basri
Certified Public Accountant
License Number 409

For Al-Bassam & Co.
P.O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

Ibrahim A. Al-Bassam
Certified Public Accountant
License Number 337

Date: 23 March 2023
Corresponding to: 01 Ramadan, 1444H

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص ٣٢٣/١١/٢٥/٢
س.ت ٢٠٥١٠٦٢٣٨٤
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
Lic No. 323/11/25/2
C.R. 2051062384

البسام وشركاؤه
محاسبون قانونيون
C.R. 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	*2022* *SR*	*2021* *SR*
ASSETS			
Cash and cash equivalents	4	**194,904,123**	160,979,644
Prepaid expenses and other assets	5	**136,829,522**	202,209,214
Premiums receivable, net	6	**442,772,276**	346,330,780
Reinsurers' balances receivable, net	7(a)	**89,741,163**	83,779,407
Reinsurers' share of outstanding claims	14.1	**276,920,218**	441,962,088
Reinsurers' share of claims incurred but not reported	14.1	**64,937,802**	52,137,423
Reinsurers' share of unearned premiums	14.2	**147,477,783**	128,937,475
Deferred policy acquisition costs	14.3	**20,163,108**	20,749,602
Right-of-use assets	8.1	**4,107,309**	844,193
Financial assets at fair value through statement of income (unit linked investments)	9	**487,049,866**	515,227,924
Available for sale investments	10(a)	**591,436,951**	552,951,331
Deferred tax assets, net	11	**11,255,136**	7,668,495
Property and equipment, net	12	**7,159,521**	7,968,658
Statutory deposit	13	**60,000,000**	60,000,000
Accrued income on statutory deposit	13	**2,381,722**	1,579,858
TOTAL ASSETS		**2,537,136,500**	2,583,326,092
LIABILITIES			
Accrued and other liabilities	15	**105,915,322**	103,619,228
Surplus distribution payable	16	**7,642,812**	11,816,069
Reinsurers' balances payable	7(b)	**317,270,497**	246,066,437
Outstanding claims	14.1	**360,579,660**	510,039,419
Claims incurred but not reported	14.1	**119,830,375**	108,652,961
Lease liabilities	8.2	**6,092,308**	997,804
Unit linked liabilities	14.1	**479,565,238**	509,896,334
Premium deficiency reserve	14.1	**-**	5,960,779
Additional premium reserves	14.1	**7,534,274**	4,411,285
Unearned premiums	14.2	**382,008,577**	327,493,566
Unearned reinsurance commission	17	**1,566,210**	1,347,774
Employees' end-of-service obligations	18	**19,381,794**	19,030,822
Accrued income payable to SAMA	13	**2,381,722**	1,579,858
Zakat and income tax	19	**27,490,781**	21,120,732
TOTAL LIABILITIES		**1,837,259,570**	1,872,033,068
EQUITY			
Share capital	20	**600,000,000**	600,000,000
Share premium		**16,310,624**	16,310,624
Statutory reserve		**25,851,362**	21,867,493
Retained earnings		**68,107,765**	52,172,287
Actuarial reserve for employees' end-of-service obligations		**2,241,846**	3,392,704
Fair value reserve on investments	10(b)	**(12,634,667)**	17,549,916
TOTAL EQUITY		**699,876,930**	711,293,024
TOTAL LIABILITIES AND EQUITY		**2,537,136,500**	2,583,326,092

CONTINGENCIES AND COMMITMENTS 28

Anuj Agarwal Chief Executive Officer	Alwaleed Abdulrazak Al Dryaan Chairman	Hani Albukhaitan Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these financial statements.

STATEMENT OF INCOME

For the year ended 31 December 2022

	Notes	*2022* *SR*	*2021* *SR*
REVENUES			
Gross premiums written	14.2	**848,254,771**	763,115,103
Reinsurance premiums ceded abroad	14.2	**(312,111,837)**	(293,165,763)
Reinsurance premiums ceded locally	14.2	**(450,153)**	(1,169,813)
Excess of loss expenses	14.2	**(21,634,234)**	(16,799,071)
Fee income from unit linked investments		**1,499,841**	1,374,634
Net premiums written		**515,558,388**	453,355,090
Changes in unearned premiums		**(54,515,011)**	(61,129,134)
Changes in reinsurers' share of unearned premiums		**18,540,308**	25,574,704
Net premiums earned		**479,583,685**	417,800,660
Reinsurance commissions	17	**5,995,184**	4,868,942
NET REVENUES		**485,578,869**	422,669,602
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		**(475,814,317)**	(469,821,699)
Surrenders and maturities		**(79,452,850)**	(117,405,672)
Expenses incurred related to claims		**(45,871,380)**	(21,675,126)
Reinsurers' share of claims paid		**244,653,056**	277,496,216
Net claims and other benefits paid		**(356,485,491)**	(331,406,281)
Changes in outstanding claims		**149,459,759**	64,194,149
Changes in reinsurers' share of outstanding claims		**(165,041,870)**	(59,352,679)
Changes in premium deficiency reserve		**5,960,779**	3,078,234
Changes in additional premium reserves		**(3,122,989)**	(3,025,577)
Changes in claims incurred but not reported		**(11,177,414)**	15,146,057
Changes in reinsurers' share of claims incurred but not reported		**12,800,379**	(5,428,834)
Net claims and other benefits incurred		**(367,606,847)**	(316,794,931)
Changes in unit linked liabilities		**30,331,096**	8,218,017
Unrealized gain on unit linked investments		**5,179,394**	45,308,193
Policy acquisition costs	14.3	**(48,022,012)**	(37,667,016)
Inspection and supervision fees		**(3,376,899)**	(6,081,066)
TOTAL UNDERWRITING COSTS AND EXPENSES		**(383,495,268)**	(307,016,803)
NET UNDERWRITING INCOME		**102,083,601**	115,652,799
OTHER (EXPENSES) / INCOME			
Provision of doubtful debts	6 & 7	**-**	(4,251,304)
General and administrative expenses	22	**(117,819,999)**	(116,827,625)
Investment income		**24,288,391**	15,039,009
Other income		**20,643,899**	7,738,605
TOTAL OTHER EXPENSES		**(72,887,709)**	(98,301,315)
NET INCOME FOR THE YEAR BEFORE ATTRIBUTION AND ZAKAT AND TAX		**29,195,892**	17,351,484
Surplus attributed to the insurance operations	16	**(1,160,406)**	(866,159)
NET INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS BEFORE ZAKAT AND TAX		**28,035,486**	16,485,325
Zakat charge for the year	19	**(5,499,966)**	(9,309,191)
Income tax charge for the year, net	19	**(2,616,173)**	(1,556,705)
NET INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND TAX		**19,919,347**	5,619,429
Earnings per share			
Basic and diluted earnings per share	26	**0.33**	0.09

Agarwal

Anuj Agarwal
Chief Executive Officer

الوليد الدريان

Alwaleed Abdulrazak Al Dryaan
Chairman

Hani Albukhaitan
Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	*2022* *SR*	*2021* *SR*
Net income for the year attributable to the shareholders after zakat and tax		**19,919,347**	5,619,429
Other comprehensive income / (loss):			
Items that will not be reclassified to the statement of income in subsequent years			
Re-measurement loss of defined benefit liability – employees' end-of-service obligations	18	**(1,150,858)**	(205,126)
Items that may be reclassified to statement of income in subsequent years			
Available for sale investments:			
- Net change in fair value	10(b)	**(33,772,206)**	(9,912,088)
- Deferred tax relating to change in fair value	11	**3,587,623**	1,052,549
Total comprehensive loss for the year		**(11,416,094)**	(3,445,236)

Anuj Agarwal	Alwaleed Abdulrazak Al Dryaan	Hani Albukhaitan
Chief Executive Officer	Chairman	Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital SR	*Share premium SR*	*Statutory reserve SR*	*Retained earnings SR*	*Actuarial reserve for employees' end-of-service obligations SR*	*Fair value reserve on investments SR*	*Total SR*
Balance as at 1 January 2022	**600,000,000**	**16,310,624**	**21,867,493**	**52,172,287**	**3,392,704**	**17,549,916**	**711,293,024**
Total comprehensive income / (loss) for the year:							
Net income for the year attributable to shareholders after zakat and tax	-	-	-	**19,919,347**	-	-	**19,919,347**
Re-measurement of defined benefit liability – employees' end-of-service obligations	-	-	-	-	**(1,150,858)**	-	**(1,150,858)**
Changes in fair values of available for sale investments – (Note 10 (b))	-	-	-	-	-	**(33,772,206)**	**(33,772,206)**
Deferred tax relating to change in fair value – (Note 11)	-	-	-	-	-	**3,587,623**	**3,587,623**
Total comprehensive income / (loss) for the year	-	-	-	**19,919,347**	**(1,150,858)**	**(30,184,583)**	**(11,416,094)**
Transfers to statutory reserve	-	-	**3,983,869**	**(3,983,869)**	-	-	-
Balance as at 31 December 2022	**600,000,000**	**16,310,624**	**25,851,362**	**68,107,765**	**2,241,846**	**(12,634,667)**	**699,876,930**
Balance as at 1 January 2021	600,000,000	16,310,624	20,743,607	47,676,744	3,597,830	26,409,455	714,738,260
Total comprehensive income / (loss) for the year:							
Net income for the year attributable to shareholders after zakat and tax	-	-	-	5,619,429	-	-	5,619,429
Re-measurement of defined benefit liability – employees' end-of-service obligations	-	-	-	-	(205,126)	-	(205,126)
Changes in fair values of available for sale investments – (Note 10 (b))	-	-	-	-	-	(9,912,088)	(9,912,088)
Deferred tax relating to change in fair value – (Note 11)	-	-	-	-	-	1,052,549	1,052,549
Total comprehensive income / (loss) for the year	-	-	-	5,619,429	(205,126)	(8,859,539)	(3,445,236)
Transfers to statutory reserve	-	-	1,123,886	(1,123,886)	-	-	-
Balance as at 31 December 2021	600,000,000	16,310,624	21,867,493	52,172,287	3,392,704	17,549,916	711,293,024

Anuj Agarwal
Chief Executive Officer

Alwaleed Abdulrazak Al Dryaan
Chairman

Hani Albukhaitan
Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these financial statements.

Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 SR	2021 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before surplus, zakat and tax		**29,195,892**	17,351,484
Adjustments for non-cash and other items:			
Depreciation of property and equipment	12	**3,840,369**	3,864,229
Amortisation of right-of-use assets	8.1	**3,826,610**	2,885,949
Amortization of investments premium	10(b)	**127,424**	543,172
Provision for doubtful reinsurance receivables	7(a)	**-**	362,006
Gain on sale of property and equipment		**(773,241)**	(138,454)
Provision for doubtful receivables and write-offs	6	**-**	3,889,298
Provision for end-of-service obligations	18(a)	**3,081,586**	2,497,443
Unrealized gains on unit linked investments		**(5,179,394)**	(45,308,193)
Finance cost on lease liabilities	8.2	**1,659,860**	447,261
Surplus written back		**(4,890,617)**	(3,803,941)
		30,888,489	(17,409,746)
Changes in operating assets and liabilities:			
Reinsurers' balances receivable		**(5,961,756)**	(10,112,369)
Premiums receivable		**(96,441,496)**	54,168,712
Reinsurers' share of unearned premiums		**(18,540,308)**	(25,574,704)
Reinsurers' share of outstanding claims		**165,041,870**	59,352,679
Reinsurers' share of claims incurred but not reported		**(12,800,379)**	5,428,834
Deferred policy acquisition costs		**586,494**	(7,846,393)
Unit linked investments		**33,357,452**	54,140,090
Prepaid expenses and other assets		**65,379,692**	(58,118,438)
Accrued expenses and other liabilities		**2,296,094**	(61,813,557)
Reinsurers' balances payable		**71,204,060**	43,850,395
Unearned premiums		**54,515,011**	61,129,134
Unearned reinsurance commission		**218,436**	(1,481,885)
Unit linked liabilities		**(30,331,096)**	(8,218,017)
Outstanding claims		**(149,459,759)**	(64,194,149)
Claims incurred but not reported		**11,177,414**	(15,146,057)
Premium deficiency reserve		**(5,960,779)**	(3,078,234)
Additional premium reserves		**3,122,989**	3,025,577
		118,292,427	8,101,872
End-of-service obligations paid	18(a)	**(3,881,472)**	(2,691,329)
Surplus paid to policyholders	16	**(443,046)**	(338,827)
Zakat and tax paid	19(c)	**(5,340,885)**	(5,234,662)
Zakat refund		**3,595,778**	-
Net cash flows generated from / (used in) operating activities		**112,222,803**	(162,946)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in available for sale investments	10(b)	**(155,520,250)**	(172,500,000)
Proceeds from sale of available for sale investments	10(b)	**83,135,000**	13,575,000
Proceeds from sale of property and equipment		**773,241**	138,454
Additions in property and equipment	12	**(3,031,233)**	(2,305,301)
Net cash flows used in investing activities		**(74,643,242)**	(161,091,847)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rental paid	8.2	**(3,655,082)**	(2,811,788)
Net cash flows used in financing activities		**(3,655,082)**	(2,811,788)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**33,924,479**	(164,066,581)
Cash and cash equivalents, beginning of the year		**160,979,644**	325,046,225
CASH AND CASH EQUIVALENTS, END OF THE YEAR	4	**194,904,123**	160,979,644
Non-cash information:			
Changes in fair value of available for sale investments	10(b)	**33,772,206**	9,912,088
Re-measurement of defined benefit liability – employees' end-of-service obligations	18	**1,150,858**	205,126
Deferred tax	11	**(3,587,623)**	(1,052,549)
Additions to right-of-use assets	8.1	**7,089,726**	-

Anuj Agarwal
Chief Executive Officer

Alwaleed Abdulrazak Al Dryaan
Chairman

Hani Albukhaitan
Chief Financial Officer

The accompanying notes 1 to 31 form an integral part of these financial statements.

1 GENERAL

Allianz Saudi Fransi Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), (the “Company”), was formed pursuant to Royal Decree No. 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006). The Company operates under Commercial Registration Number 1010235601 dated 26 Jumada Thani 1428H (corresponding to 11 July 2007). The Company operates through its five branches in the Kingdom of Saudi Arabia. The registered address of the Company's head office is as follows:

Allianz Saudi Fransi Cooperative Insurance Company
Al Safwa Commercial Building, Khurais Road
P.O. Box 3540
Riyadh 11481, Saudi Arabia

The Company’s ultimate parent is Allianz SE, a European financial services company headquartered in Munich, Germany.

The purpose of the Company is to transact cooperative insurance operations and all related activities. Its principal lines of business include medical, protection and savings, motor, engineering, property and other general insurance lines.

On 31 July 2003, corresponding to 2 Jumada Thani 1424H, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). During March 2008, the Saudi Central Bank (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

On 1 January 2016, the Company management approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by 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.

2 BASIS OF PREPARATION

(a) Basis of presentation and measurement

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of unit linked investments, available-for-sale investments and recording of employees’ end of service obligations at present value. The Company’s statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available for sale investments, right-of-use assets, deferred tax assets, property and equipment, statutory deposit, accrued income on statutory deposit, lease liabilities and end-of-service obligations. All other financial statement line items would generally be classified as current.

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

The Company presents its statement of financial position in order of liquidity. 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 statements accordingly (Note 30). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

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 30 of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required by IFRS. SAMA 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.

2 BASIS OF PREPARATION *(continued)*

(a) Basis of presentation and measurement (continued)

In preparing the Company's financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised 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 similar transactions and events in similar circumstances.

(b) Functional and presentational currency

The functional and presentational currency of the Company is Saudi Riyals (SR). The financial statements values are presented in Saudi Riyals, unless otherwise indicated.

(c) Fiscal year

The Company follows a fiscal year ending 31 December.

(d) Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

i) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The provision of IBNR is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property, engineering and large claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis. The Company uses the service of an independent actuary in the valuation of IBNR as well as Premium Deficiency Reserve and other technical reserves.

ii) Impairment of available for sale investments

The Company determines that available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy for equity instruments and mutual funds. In making this judgment, the Company evaluates among other factors, the normal volatility in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

The Company reviews its bond and sukuk investments classified as available for sale at each reporting date to assess whether they are impaired. In the case of bond and sukuk investment classified as available-for-sale, the Company assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of income.

2 BASIS OF PREPARATION *(continued)*

(d) Critical accounting judgments, estimates and assumptions (continued)

iii) Impairment of receivables

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

iv) Fair value of financial assets

Fair values of available-for-sale investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the financial statements for the year ended December 31, 2021, except for the adoption of the following:

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

The Company has adopted the following amendments, interpretations and revisions to existing standards, which were issued by the IASB and are applicable from January 1, 2022:

Standard, interpretation, amendments	*Description*	*Effective from periods beginning on or after the following date*
A number of narrowscope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'Firsttime Adoption of IFRS', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS16, 'Leases'.	Annual periods beginning on or after 1 January 2022.

The adoption of the above amendments to standards and interpretations did not have any significant impact on these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Standards issued but not yet effective:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

Standard, interpretation, amendments	***Description***	***Effective from periods beginning on or after the following date***
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
IFRS 9, 'Financial instruments'	This standard will be applied in conjunction with IFRS 17.	Annual periods beginning on or after 1 January 2023.
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

There are no other relevant IFRS or IFRS interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements except for IFRS 9 and IFRS 17 as explained below.

The following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards, which have been published and are mandatory for compliance for the Company with effect from future dates.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 17 Insurance Contracts

IFRS 17 PRE-TRANSITION DISCLOSURES

IFRS 17, 'Insurance contracts'

IFRS 17 Insurance contracts is a principle based IFRS issued by IASB in May 2017. The scope of this standard is to ensure that an entity provides relevant information that faithfully represents those insurance contracts and assess the effect of those insurance contracts on the entity's financial position, financial performance, and cash flows.

During 2020, IASB also issued the updated accounting standard that addresses concerns on the various matters discussed globally. The new standard supersedes IFRS 4 and is effective for all annual reporting periods ending on or after 1st January 2023. However, comparatives will need to be prepared from 1st January 2022. Early adoption has been allowed by IASB.

Allianz-Saudi Fransi Cooperative Insurance Company (ASF) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia commercial registration number 1010235601 dated 12 July 2007. The Company commenced its operations in March 2008 after receiving approval from Saudi Central Bank (SAMA). SAMA requires the Company to apply IFRS 17 as a part of global implementation of IFRS 17 in insurance companies.

Structure and status of the Company implementation project

The project has been prepared for the Company with the approval of the Steering Committee. The Chief Financial Officer is the project sponsor of this implementation. In preparing the project, The Company has been assisted by SHMA Arabia who also acts as the current Appointed Actuary of the Company. The Company acquired a license of IFRS-17 engine provided by Allianz Technologies (Germany), referred to as ARGO, and has used this IFRS-17 engine along with the IFRS-17 actuarial tools (provided by SHMA) in order to participate in the 3 dry runs prescribed by SAMA.

Furthermore, the following table shows the status of implementation phases of IFRS 17;

SAMA Phase Approach	ASF Status and Description
Phase 1: Gap Analysis	Status: Completed
Phase 2: Financial Impact Assessment	Status: Completed
Phase 3 – Design Phase	Status: Completed
Phase 4 – Implementation and Dry Run	Status: Dry runs have been completed. Go Live stage under progress.

How the implementation plan was developed:

The IFRS 17 implementation plan was prepared for Allianz Saudi Fransi Cooperative Insurance Group as part of IFRS-17 Design of Implementation Plan required by Saudi Central Bank (SAMA). The purpose of the plan is to ensure smooth implementation of the IFRS 17 standard and to avoid any concentrations of audit activities near the IFRS 17 go live date thus minimizing the risk of non-compliance or of redesigning the solution or methodologies at the time of reporting. The assurance plan is intended to address part V of SAMA Minimum Requirements (Appendix 1 to Circular No. 202010/201 dated 29th October 2020).

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES (continued)

Structure of the organization around the IFRS 17 implementation:

During each step of the financial reporting process as well as the transition (as discussed in this report), all the assumptions and methodology including the expense re-categorization were discussed and agreed before sign off. The appointed actuary and his team along with the Chief actuarial officer of the Company and his team reviewed the insurance contract assets and insurance contract liabilities.

When implementation began and the process

The implementation started as the SHMA team carried out the detailed Gap Analysis and provided a report based on the current stage of existing data, system and process head to head with future state under IFRS-17.
SHMA prepared and submitted two reports:
- SAMA Financial Impact Assessment Report (underwriting year 2018 only)
- Full Financial Impact Assessment Report (for all underwriting years)

The reports provided detailed analysis of IFRS-17 statement of income, statement of financial position and disclosures along with the expected impact on equity based on transition approaches.

In addition to this, SAMA requires a full-fledged Design Plan of all the aspects which will have an impact due to IFRS-17 implementation. SHMA, IFRS-17 Consultants, along with the Steering Committee have prepared the full IFRS-17 Design Plan related to serval topics covering the following:
- Governance and Controls Framework
- Operational
- Technical and Financial
- Sign off and Approval of Design of implementation Plan
- Assurance Plan for the IFRS-17 implementation

The Company has performed three dry runs on the following data as per SAMA's requirement:
- 1st Dry run based on year ended 2020 data
- 2nd Dry run based on year ended 2021 data
- 3rd Dry run based on as of 30 June 2022 data.

Measurement model

Measurement is not carried out at the level of individual contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts.

IFRS 17 requires the entity to recognize a group of insurance contracts from the earliest of following;

- the beginning of the coverage period;
- the date when the first payment from a policyholder becomes due; and
- when the group becomes onerous.

Portfolios of insurance contracts are identified that are subject to similar risks and are managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if managed together.

On initial recognition, an entity shall measure a group of contracts at the total of:
a) the amount of fulfilment cash flows ("FCF"), which comprise:
- estimates of future cash flows
- an adjustment to reflect the time value of money ("TVM") and the financial risks associated with the future cash flows; and
- a risk adjustment for non-financial risk

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES *(continued)*

Measurement model *(continued)*

b) the contractual service margin ("CSM")˙
On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:
a) the liability for remaining coverage comprising:

- the FCF related to future services and
- the CSM of the group at that date;

b) the liability for incurred claims, comprising the FCF related to past service allocated to the group at that date.

IFRS 17 consists of 3 measurement models:

- General Measurement Model (GMM)
- Variable Fee Approach (VFA)
- Premium Allocation Approach (PAA)

General measurement model
The general measurement model ("**GMM**"), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin("CSM") represents the unearned profit from in-force contracts that the Company will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the contractual service margin is recognized in profit or loss each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units.

The general measurement model dominates following important features;

a) The standard approach.
b) Calculate the expected discounted cash flows, risk adjustment and the remaining CSM or loss component and put this on the balance.
c) Expected loss onerous contracts need to go directly through statement of income.
d) Every year update assumptions and the amounts for the expected cash flows, risk adjustment, CSM and loss component.
e) Positive or negative changes can go through CSM, statement of income or can hit the own funds directly.
f) Once the insurance service is delivered then part of the CSM will go through the statement of income resulting in a profit.
g) At inception no profit can be made

The Company applies the GMM to:

- Term Insurance

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES *(continued)*

Variable fee approach
The variable fee approach ("VFA") is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- the entity 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.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity's share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all of the adjustments.

Under the Variable fee approach, adjustments to the contractual service margin are determined using current discount rates whereas under the general model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity's share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

The variable fee approach possesses following key features;

a) Comparable to GMM, only difference is that this group of insurance contract have policy holders who participate in share of clearly identified pool of underlying items.
b) The insurer expects that part of the profit of the underlying items needs to be paid to the policy holder, while the amount paid to the policy holder depends on the underlying item.
c) The result is that VFA looks like GMM, not different at the start of the contract.
d) Only the subsequent years there are differences in the cash flows (as part goes to policy holder) and the CSM does not reflect the unearned profit for the insurer, as part of it also belongs to the policy holder.

The Company applies the variable fee model to:

- Education Unit link (DSF and Banca)
- Retirement Unit link (DSF and Banca)
- Group Retirement

Premium Allocation Approach
As the premium allocation approach is a simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement s not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the board considers appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES (continued)

Premium Allocation Approach *(continued)*
The premium allocation approach following crucial features;

a) Simplified approach.
b) This may only be used;
   i. when contracts are at inception onerous, or
   ii. when the coverage period is smaller than one year or
   iii. when the insurer can show that the result of the PAA is no different than the GMM.
c) The way of calculating the insurance liability once a policy holder has indicated a claim is not different, the only difference is for the coverage period.
d) With PAA there is a simplified method, comparable with how insurers currently do, while with GMM are the cash flows, discounting, risk adjustment and CSM calculated

The Company applies the premium allocation approach model to:

- All Non-Life portfolios
- Health Portfolio
- Short term life portfolio

Insurance revenue and insurance service expenses
As the Company provides insurance contract services under the group of insurance contracts, it reduces the Liability for Remaining Coverage and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For insurance contracts measured under the general measurement model and the variable fee approach, insurance revenue includes claims and other directly attributable expenses as expected at the beginning of the reporting period, changes in the risk adjustment for non-financial risk, amounts of the CSM recognised for the services provided in the period, experience adjustments arising from premiums received in the period other than those that relate to future service and other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition. For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used. The Standard requires losses to be recognised immediately on contracts that are expected to be onerous.

Insurance service expenses include incurred claims and benefits, other incurred directly attributable expenses, insurance acquisition cash flows amortisation, changes that relate to past service (i.e changes in the FCF relating to the LIC), changes that relate to future service (i.e changes in the FCF that result in onerous contract losses or reversals of those losses) and insurance acquisition cash flows assets impairment.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES (continued)

Accounting policy choices

The following table sets out the accounting policy choices adopted by the Company:

	Measurement model the option is allowed to be applied	**IFRS 17 options**	**Adopted approach**
Insurance acquisition cash flows	PAA	IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortizing them over the contract's coverage period, provided that the coverage period of each contract in the group at initial recognition is no more than one year	The Company capitalises insurance acquisition cash flows for portfolios measured under PAA. The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	PAA	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Company makes an allowance for accretion of interest on the LRC for portfolios (where applicable)
Liability for Incurred Claims ("LIC") adjusted for time value of money	PAA	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company adjusts LIC for the time value of money
Insurance finance income and expenses	GMM, VFA and PAA	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.	For portfolios measured under GMM and VFA, The Company has opted to recognize the impact of changes in discount rates and other financial variables in profit or loss statement. For portfolios measured under PAA. The Company will opt for both P&L and OCI option inline with their accounting policy choice. The change in discount rate impact for best estimate liability will flow through OCI while for change in discount rate for risk adjustment will flow through PL.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES (continued)
Accounting policy choices (continued)

	Measurement model the option is allowed to be applied	**IFRS 17 options**	**Adopted approach**
Disaggregation of risk adjustment	GMM, VFA and PAA	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Company has opted to take the entire change in risk adjustment for non-financial risk in insurance service result as this is an operationally simple option.
Recovery of insurance acquisition cash flows	GMM and VFA	It is an accounting policy choice whether or not to consider the time value of money in allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.	The Company has not considered the time value of money when allocating the portion of the premiums that relates to the recovery of insurance acquisition cash flows.

Areas of significant judgements
The following are key judgements and estimates which the Company has applied as a result of IFRS 17

Determination of CSM amounts:
For contracts being measured under PAA, the revenue recognition pattern is determined at the defined portfolio level. The revenue recognition pattern will be linear for all contracts other than Engineering type contracts which will follow a non-linear (increasing risk) methodology.

For long term Individual Life contracts, measured under the GMM and VFA, The Company will recognize a contractual service margin (CSM) which represents the unearned profit the Company will earn as it provides service under those contracts. A coverage units methodology is used for the release of the CSM. Based on the benefit for the policy holders, the applicable CSM release pattern is determined by using coverage unit methodology which will reflect the benefit defined in the insurance contracts with the policy holders.

In performing the above determination, management applies judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in the statement of income for the period.

Discount rates
For GMM and PAA, the bottom-up approach is used to derive the discount rate. Under this 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'). The curve for Saudi Riyal is not specified by the European Insurance and Occupational Pensions Authority (EIOPA), therefore the curve is built on swap rates with deduction of fixed credit risk adjustment of 10bp and extrapolation after 10y provide by Allianz Group. Management uses judgement to assess liquidity characteristics of the liability cash flows. For GMM, due to size of business being immaterial, liquidity premium is not considered. For VFA, the Company uses an average of the historical fund returns to set a yield curve to discount the cashflows.

Risk adjustment
For liability for remaining coverage (LRC) measured under general measurement model (GMM) and variable fees approach (VFA), the cost of capital method is used to derive the overall risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is expected to be set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business. For premium allocation approach (PAA), The Mack Method is used to derive the risk adjustment for non-financial risk. The Company has opted for the risk adjustment using a confidence level at the 65th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES (continued)

Transition
On the date of initial application, 01 January 2023, IFRS 17 should be applied retrospectively. Where the full retrospective approach is impracticable, IFRS 17 allows for two alternative transition methods that could be used:

- Full retrospective approach: At the transition date, the full retrospective application requires the entity to identify, recognise and measure each group of insurance contracts and any assets for insurance acquisition cash flows as if IFRS 17 had always been applied. This would involve looking back to the date of initial recognition and using the actual policy data and information available then, without the use of hindsight, to identify groups of insurance contracts and determine the components (expected cash flows, adjustment for time value of money and for non-financial risks) of fulfilment cash flows and in particular, the CSM or loss component on initial recognition.
- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.
- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin (‘CSM’). The fair value approach enables an entity to determine the opening transition balances, even if the entity does not have reasonable and supportable information about the contracts that exist at the transition date.

The transition approach is determined at the level of a group of insurance contracts and it affects the way the CSM is calculated on initial adoption of IFRS 17:
a. full retrospective approach – the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 had always been applied;
b. modified retrospective approach – the CSM at initial recognition is calculated based on assumptions at transition using some simplifications and taking into account the actual pre-transition fulfilment cash flows; and
c. fair value approach – the pre-transition fulfilment cash flows and experience are not considered.

Contracts not measured under PAA
For long-term life business contracts, The Company assessed that it would be impracticable to apply either the full or modified retrospective approach due to several practical issues. In order to calculate liability balances for long-term life portfolios measured under GMM and VFA, the company decided to employ the fair value approach.

Contracts measured under PAA
The Company has determined that reasonable and supportable information is available for all contracts in force at the transition date. In addition, as the contracts are eligible for the PAA, the Company made an assessment of the available data and has decided to use a mixture of Modified Retrospective Approach and Full Retrospective Approach to calculate the liability balances at the transition date.

Accordingly, the Company will:

- identify, recognise and measure each group of insurance contracts and any asset for insurance acquisition cash flows as if IFRS 17 had always applied;
- derecognise any existing balances that would not exist if IFRS 17 had always applied; and
- recognise any resulting net difference in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 17 Insurance Contracts (continued)

IFRS 17 PRE-TRANSITION DISCLOSURES (continued)

Impact on transition to IFRS 17
Allianz Saudi Fransi has assessed the estimated impact that the initial application of IFRS 17 will have on its financial statements. The Company is in the process of assessing the impact as of December 31, 2022.

1. Impact on equity
Based on assessments undertaken to date, the total adjustment to the balance of the Company's total equity is estimated to be a increase between SR 12.5 to SR 17.5 million at 1 January 2022.

Impact of IFRS 17 on Insurance contract liabilities net of reinsurance	**Impact on equity on transition to IFRS 17**
	1-Jan-22
	SR
Impact of loss component and loss recovery component	(14,461,197)
Impact of deferral of indirect acquisition expense under IFRS17	24,699,522
Impact of discounting of future cash flows when measuring liabilities for incurred claims	1,686,431
Impact of including a risk adjustment for non financial risk. This is not explicitly allowed for currently	(3,178,249)
Impact of the methodology of VFA and GMM	6,321,361
Other	(49,848)

2. Impact on insurance contracts liabilities and insurance contract assets
The impact on insurance contract liabilities and insurance contract assets are expected to be as follows:

	01 January 2022
Insurance contract liabilities	***SR***
Impact of loss recovery component	(34,108,551)
Impact of deferral of indirect acquisition expense under IFRS17	24,792,012
Impact of discounting of future cash flows when measuring liabilities for incurred claims	12,679,605
Impact of including a risk adjustment for non financial risk. This is not explicitly allowed for currently	(5,189,725)
Impact of the methodology of VFA and GMM	6,263,756
Other	2,422,296

3. Impact on reinsurance contract assets and reinsurance contract liabilities
The impact on insurance contract liabilities and insurance contract assets are expected to be as follows:

	01 January 2022
Reinsurance contract assets	***SR***
Impact of loss recovery component	19,647,354
Impact of deferral of indirect acquisition expense under IFRS17	(92,490)
Impact of discounting of future cash flows when measuring assets for incurred claims.	(10,993,174)
Impact of including a risk adjustment for non financial risk. This is not explicitly allowed for currently.	2,011,476
Impact of the methodology of VFA and GMM	57,605
Other	(2,472,144)

Based on assessments undertaken to date, the total adjustment to the balance of the Company's total assets and liabilities are estimated to be in the range of SR 12.5 to SR 17.5 million at 1 January 2022.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 9

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The effective date of implementation is January 1st, 2023, however for the sake of presenting comparative financial statements, transition impact will be reflected in the opening balance of 2022.

Financial assets and liabilities

Recognition

The Company initially recognizes deposits and debt securities issued on the date that they are originated. Regular way purchases and sales of financial assets are recognized on the trade date at which the Company commits to purchase or sell the asset. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in:

(i) statement of profit or loss, for securities held at amortised cost or FVTPL, or
(ii) statement of profit or loss and other comprehensive income, for investments at FVOCI. At the time of derecognition of FVOCI equity investment any revaluation reserve is transferred to retained earnings. On derecognition of FVOCI debt investments, gains and losses accumulated in OCI are reclassified to profit or loss. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

Financial Asset Classification

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 includes three principal measurement categories for financial assets – measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – and eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Designation at amortised cost

Debt instruments are classified as investments at amortised cost only if:
(i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. If either of the two criteria is not met, the financial instrument is classified at fair value through profit or loss. Further, even if the asset meets the amortised cost criteria, the Company may choose at initial recognition to designate the financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 9 (*continued)*

Designation at fair value

Investments in equity instruments are classified and measured at fair value through profit or loss except if the equity investment is not held for trading and is designated by the Company at fair value through other comprehensive income. If the equity investment is designated at fair value through other comprehensive income, all gains and losses, except for dividend income which is recognized on the date on which the Company's right to receive payment is established, are recognized in statement of other comprehensive income and are not subsequently reclassified to the statement of profit or loss. Debt instruments that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in net return on investments and other investment income. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

Other financial assets
Other non-derivative financial assets, such as cash and cash equivalents, statutory deposits, insurance and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Offsetting
Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by accounting standards. Gains and losses arising from a Company of similar transactions are reported on a net basis.

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

Fair value measurement
The Company measures financial instruments, such as investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each reporting date. 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 to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to / by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 9 (*continued)*

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case. The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

Management, in conjunction with the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Financial assets – Impairment
The Company recognizes loss allowances for expected credit losses (ECL) on:

– Financial assets measured at amortized cost;
– Debt investments measured at FVOCI; and

The Company assess on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. If the credit risk on the financial asset has increased significantly since initial recognition, loss allowance equal to the lifetime ECL is recognized and if the credit risk on the financial asset has not increased significantly since initial recognition, loss allowance equal to the 12-months ECL is recognized. For premium receivables and reinsurance balance receivables, the Company applies the simplified approach permitted by IFRS 9 which requires expected credit lifetime losses to be recognized from initial recognition of receivables. The expected loss rates are based on the historical credit losses experienced by assessing the payment profiles of sales. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the counterparties to settle the receivable. Premium receivables and reinsurance balance receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognized when they are assessed as uncollectible. Expected credit losses for other financial assets, i.e., cash and cash equivalents and debt instruments at amortised cost are determined using the low credit risk expedient, and therefore the Company measures loss allowance for these financial assets at 12-month ECL.

The impairment charge of debt investments at FVOCI is charged to statement of profit or loss and reduces the fair value loss otherwise recognized in statement of profit or loss and other comprehensive income. The loss allowances are calculated by using the credit ratings of the respective debt instrument at the reporting date issued by the either S&P, Moody or Fitch are a probability- weighted estimated of credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Derecognition
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 9 (*continued)*

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in:
(iii) statement of profit or loss, for securities held at amortised cost or FVTPL, or
(iv) statement of profit or loss and other comprehensive income, for investments at FVOCI. At the time of derecognition of FVOCI equity investment any revaluation reserve is transferred to retained earnings. On derecognition of FVOCI debt investments, gains and losses accumulated in OCI are reclassified to profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 will be applied retrospectively. In accordance with IFRS 9's transition requirements, IFRS 9 does not apply to financial assets that had already been derecognized at January 1, 2023; however, the Company will elect to apply the classification overlay in IFRS 17 to financial assets derecognized in 2022 to present comparative information as if the classification and measurement (including impairment) requirements of IFRS 9 had been applied to such financial assets, by using reasonable and supportable information to determine how they would be classified and measured on initial application of IFRS 9.

The following assessments have to be made on the basis of the facts and circumstances that exist at January 1, 2023:
- The determination of the business model within which a financial asset is held; - the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

If a financial asset has low credit risk at January 1, 2023, then the Company will determine that the credit risk on the asset has not increased significantly since initial recognition.

Estimated Change in the Company's equity due to initial application of IFRS 9:
The Company has assessed the estimated impact that the initial application of IFRS 9 will have on its financial statements. The Company has adjusted its opening balances as at January 01, 2022 based on the ECL provision calculated on financial assets held at December 31, 2021 i.e. between SAR 65 to 70 million and classified in equity.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 9 (*continued)*

Change in equity	**Impact on equity transition IFRS 9 1 january 2022**
	SR
Inpariment of financial assets	Between (250K) to (50K)

IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

This standard was published on July 24, 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

a) ***Classification and measurement:***

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale, if both conditions are met:

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale and
ii. the contractual terms of cash flows are SPPI,

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

b) Impairment:

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

c) Hedge accounting:

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as “fair value macro hedges”). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39.This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts) (continued)

<u>Effective date</u>

The published effective date of IFRS 9 was 1 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

1. apply a temporary exemption from implementing IFRS 9 until the earlier of
    a. the effective date of a new insurance contract standard; or
    b. annual reporting periods beginning on or after 1 January 2023. The IASB is proposing to extend the

    effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to 1 January 2022. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or

2. adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning 1 January 2018:

(1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and

(2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

Overall Impact on Equity due to Transition to IFRS17 and IFRS9
The Company estimates that, on adoption of IFRS 17 and IFRS 9 will have a total impact on equity:

Transition To	**Impact on Equity January 1, 2022**
	SR
IFRS17	Between 12.5 to 17.5 million
IFRS9	Between (250K) to (50K)
Total Impact	**Between 12.25 to 17.45 million**

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The significant accounting policies used in preparing these financial statements are set out below:

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

Premiums receivable
Premiums receivable are stated at gross written premiums receivable from insurance contracts, less an allowance for any uncollectible amounts. Premiums and reinsurance balances receivable are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less provision for impairment. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of income. An allowance for impairment of receivables is established when there is objective evidence that the carrying amount will not be recoverable. Receivable balances are derecognised when the Company no longer controls the contractual rights that comprise the receivable balance, which is normally the case when the receivable balance is sold, or all the cash flows attributable to the balance are passed through to an independent third party.

Available for sale investments
Available for sale investments (“AFS”) include equity and debt securities. Equity investments classified as AFS are those which are neither classified as held for trading nor designated at fair value through income statement. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. Such investments are initially recorded at fair value including transaction costs directly attributable to the acquisition of the investment. After initial measurement, AFS financial investments are subsequently measured at fair value. Unrealised gains or losses arising from changes in fair value of investments are shown in the statement of comprehensive income. Realised gains or losses on sale of these investments and commission income are reported in the statement of income.

Dividend, commission income and foreign currency gain/loss are recognized in the statements of income as part of net investment income/loss.

Any significant or prolonged decline in fair value of available-for-sale investments is adjusted for and reported in the statement of income, as impairment charges.

Fair values of available-for-sale investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

For unquoted investments, fair value is determined by reference to the market value of a similar investment or where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reclassification

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity (HTM) is permitted only when the entity has the ability and intention to hold the financial asset until maturity. For a financial asset reclassified out of the available-for-sale category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the Effective Interest Rate “EIR”. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of income. During 2022 and 2021, there was no reclassifications among the financial asset categories.

Derecognition of financial assets

Derecognition of a financial asset occurs only when the seller has transferred the asset’s risks and rewards (either substantially or partially) or control of the contractual rights have been transferred from the seller to the buyer. The evaluation of the transfer of risks and rewards should precede an evaluation of the transfer of control for all types of transaction. The positions of both the buyer and the seller should be considered but the seller’s position is seen as more relevant. An entity may achieve partial derecognition whereby it recognises the components that have been retained, or new assets or liabilities such as those that arise from issuing a guarantee.

If the entity determines that it has neither retained nor transferred substantially all of an asset’s risks and rewards and that it has retained control, the entity should continue to recognise the asset to the extent of its continuing involvement.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
  - adverse changes in the payment status of issuers or debtors in the Company; or
  - national or local economic conditions at the country of the issuers that correlate with defaults on the assets.

If there is objective evidence that an impairment loss on a financial asset exists, the impairment is determined as follows:

- For assets carried at fair value, impairment is the significant or prolonged decline in the fair value of the financial asset.
- For assets carried at amortized cost, impairment is based on estimated future cash flows that are discounted at the original effective commission rate.

For available-for-sale financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of debt instruments classified as available for sale, the Company assesses individually whether there is an objective evidence of impairment. Objective evidence may include indications that the borrower is experiencing significant financial difficulty, default or delinquency in special commission income or principal payments, the probability that it will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets (continued)
The Company also considers the factors such as market's assessment of creditworthiness as reflected in the bond yields, rating agencies' assessment of creditworthiness, country's ability to access the capital markets for new debt issuance and probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness. The amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income.

For equity investments held as available-for-sale, a significant or prolonged decline in fair value below its cost represents objective evidence of impairment. The impairment loss cannot be reversed through statement of income as long as the asset continues to be recognised i.e. any increase in fair value after impairment has been recorded can only be recognised in other comprehensive income. On derecognition, any cumulative gain or loss previously recognised in other comprehensive income is included in the statement of income. The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Impairment of non-financial assets
Assets that have an indefinite useful life 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 levels for which there are separately identifiable cash flows (cash-generating units).

Unit linked investments and liabilities
Unit linked investments are assets backing liabilities arising from contracts, where the liabilities are contractually linked to the fair value of the financial assets within the policyholders unit linked funds and are classified as 'held for trading' assets and are designated at fair value through statement of income. Investments classified as trading are acquired principally for the purpose of selling or repurchasing in short term and are recorded in the statement of financial position at fair value. Any change in fair value is recognised in statement of income.

An investment may be designated at fair value through statement of income by the management, at initial recognition, if it satisfies the criteria laid down by IAS 39 except for the equity instruments that do not have a quoted price in an active market and whose fair values cannot be reliably measured. Transaction costs, if any, are not added to the fair value measurement at initial recognition of fair value through statement of income investments. Dividend income (if any) on financial assets held as fair value through statement of income is presented under 'Investment income' in the statement of income.

The Company has unit linked liabilities at FVSI. These pertains to individual life insurance contracts which insures human life events such as death over a long period of time. Insurance premiums are recognised directly as liabilities. These liabilities are increased/decreased by change in the unit prices as in the case of unit-linked contracts and decreased by plan holder charges and surrender and maturities. The unit linked liabilities are determined as the value of the units deemed allocated at the valuation date. Additional technical provisions have been established for the value of risk related to the life insurance contracts. These additional provisions are calculated using stochastic techniques and are not a significant portion of the overall unit linked liabilities.

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

- Computer and office equipment	4 years
- Motor vehicles	4 years
- Furniture and fittings	4 to 7 years
- Leasehold improvements	5 years

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment (continued)
The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate. The carrying values of these assets are reviewed for impairment when events 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 amounts, the assets are written down to their recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

Accounting for leases
On initial recognition at the inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

Right of use asset
The Company applies cost model and measures the right of use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any re-measurement of the lease liability for lease modifications.

Generally, the right of use asset would equate the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transactions etc. these need to be added to the right of use asset value.

Lease liability
On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measures the lease liability by:
1. Increasing the carrying amount to reflect the interest on the lease liability;
2. Reducing the carrying amount to reflect the lease payments made; and
3. Re-measuring the carrying amount to reflect any re-assessment or any lease modification.

Statutory deposit
The statutory deposit shall be ten percent (10%) of the paid up capital. The Company has placed the statutory deposit amount in a bank designated by SAMA. SAMA shall be entitled to the earnings on statutory deposit which is payable by the Company to SAMA and appearing as 'Accrued income payable to SAMA'.

Provisions, accrued expenses and other liabilities
Provisions are recognised when the Company has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Accrued expenses and other liabilities are recognized for amounts to be paid in the future for services, whether billed by the supplier or not.

Surplus distribution payable
Ten-percent (10%) of the net surplus from insurance operations shall be distributed to the policyholders directly, or in the form of reduction in premiums for the next year. The remaining ninety-percent (90%) of the net surplus shall be transferred to the shareholders. As per surplus distribution policy issed by SAMA in 2015, the Company is allowed to write back unclaimed surplus distribution payable of more than 5 years to the statement of income.

Deferred policy acquisition costs (DAC)
Commissions and other costs directly related to the acquisition and renewal of insurance contracts are deferred and amortized over the terms of the insurance contracts to which they relate, similar to premiums earned. All other acquisition costs are recognized as an expense when incurred. Amortization is recorded in the "Policy acquisition costs" in the statement of income.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in accounting estimate.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred policy acquisition costs (DAC) (continued)

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment write-offs in the statement of income. Deferred policy acquisition costs are also considered in the liability adequacy test at each reporting date.

Deferred policy acquisition costs are derecognised when the related contracts are either settled or disposed of.

Claims

Claims consist of amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the statement of financial position date together with related claims handling costs, whether reported by the insured or not. Provisions for reported claims not paid as of the statement of financial position date are made on the basis of individual case estimates. In addition, a provision based on management's judgment and the Company's prior experience is maintained for the cost of settling claims incurred but not reported including related claims handling costs at the statement of financial position date.

The outstanding claims are shown on a gross basis and the related share of the reinsurers is shown separately. Further, the Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the statement of financial position date.

Additional premium reserves

Additional premium reserves are booked by the Company on the basis of unexpired risk reserve for engineering business.

Zakat and income tax

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Company is subject to zakat attributable to the Saudi shareholders and to income tax attributable to the foreign shareholders. Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Income taxes are computed on the foreign shareholders share of net adjusted income for the year. Zakat and income tax is accrued on a quarterly basis and recorded in the statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties, including dividend payments to foreign shareholders, in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. Withholding taxes paid on behalf of non-resident parties, which are not recoverable from such parties, are expensed.

Income Tax

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

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

Adjustments arising from the final income tax assessments are recorded in the year in which such assessments are made. The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable tax rate adjusted for the changes in deferred tax assets and liabilities attributable to the temporary differences and to the unused tax losses.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

4 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

Deferred income tax
Deferred income tax is recognised 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 recognised 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 recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

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

End-of-service obligations
The calculation of the employees' end of service benefit is performed annually by a qualified actuary using the projected unit credit method in accordance with the requirements of IAS 19 "Employee Benefits". All past service costs are recognized as an expense immediately in the statement of income. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognized in other comprehensive income.

The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability at that date, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefits payments. Net Interest expense and other expenses related to the defined benefit plans are recognized in the statement of income.

Short term employee benefits
Short-term employee benefits, include leave pay and airfare, are current liabilities included in accrued expenses, measured at the undiscounted amount that the entity expects to pay as a result of the unused entitlement.

Retirement benefits
The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

Insurance and investment contracts
The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that do not transfer significant insurance risk. The Company's unit linked products have been classified as investment contracts. These represent portfolios maintained to meet the specific investment objectives of policyholders who bear the credit, market and liquidity risks related to the investments.

The Company's insurance and investment contracts do not contain any discretionary participatory features.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reinsurance

Reinsurance is distributed between treaty, facultative and excess of loss reinsurance contracts. Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. An asset or liability is recorded in the statement of financial position representing payments due from reinsurers, the share of losses recoverable from reinsurers and premiums due to reinsurers. Amounts receivable from reinsurance is estimated in a manner consistent with the claim liability associated with the insured parties.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of income as incurred.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Revenue recognition

Premiums and commissions are taken into income over the terms of the policies to which they relate on a pro-rata basis. Retained premiums and commission income, which relate to unexpired risks beyond the end of the financial period, are reported as unearned and deferred based on the following methods:

- Last three months premium at a reporting date is considered as unearned in respect of marine cargo;
- Pre-defined calculation for engineering class of business for risks undertaken that extend beyond a single year. In accordance with this calculation, lower premiums are earned in the first year which gradually increase towards the end of the tenure of the policy; and
- Actual number of days for other lines of business.

Unearned premiums and commissions represent the portion of premiums and commissions relating to the unexpired period of coverage. The change in the provision for unearned premium and unearned commission is taken to the statement of income in the same order that revenue is recognised over the period of risk.

Deposits (premium) related to unit linked contracts are credited to policyholder account balances. Revenues from such contracts consist of fees for mortality, policy administration and surrender charges and are recorded under “Fee income from unit linked investments” in the period in which services are provided.

Unearned commission income

Commission receivable on outwards reinsurance contracts are deferred and amortised over the terms of the insurance contracts to which they relate. Amortisation is recorded on the same basis as premium in the statement of income.

Investment income

Investment income on debt instruments classified under available for sale investments and deposits are accounted for on an effective interest basis.

Dividend income

Dividend is recognised in the statement of income only when:
- the entity's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of the dividend can be measured reliably.

Statutory reserve

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Expense recognition

Expenses are recognized in statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over the accounting period. Expenses are presented using the nature of expense method.

Salvage and subrogation reimbursement

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

Estimates of salvage recoveries are included as an allowance in the measurement of the outstanding claims liability. The allowance is the amount that can reasonably be recovered from the disposal of property.

Subrogation reimbursements are also considered as an allowance in the measurement of the outstanding claims liability. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the insurance contracts liabilities net of related deferred policy acquisition costs. In performing these tests management uses current best estimates of future contractual cash flows and claims handling and administration expenses. Any deficiency in the carrying amounts is immediately charged to the statement of income by establishing a provision for losses arising from liability adequacy tests accordingly.

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.

Segmental reporting

An operating segment is a component of the Company that is engaged in business activities from which it may earn revenues and incur expenses and which is subject to risk and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. The Company is organised into business units based on their products and services and has five reportable operating segments as follows:

- Motor insurance provides coverage against loss or damage to the motor vehicles caused by accident, fire or theft along with the coverage of third party liability as well;
- Health care (medical) products provide medical cover to policyholders;
- Property and casualty which include the following:
  - Engineering insurance provides coverage for builders' risks, construction, mechanical, electrical, electronic, and machinery breakdown, and any other insurance included under this class of insurance;
  - Property insurance provides cover against accidental physical loss or damage to the property due to any cause including fire and allied perils and consequential losses associated with the perils insured;
  - Other general insurance segment comprises of marine, credit, fidelity guarantee insurance and liability;
- Protection and saving segment includes a variety of savings products designed to meet the needs of individuals as well as corporate institutions.
- Shareholders' segment - reporting shareholder operations of the Company. Income earned from investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis. The surplus or loss from the insurance operations is allocated to this segment on an appropriate basis.

No inter-segment transactions occurred during the year, if any transaction were to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between business segments which will then be eliminated at the level of financial statements of the Company. As the Company carries out its insurance activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined. As the Company's foreign currency transactions are primarily in US dollars, foreign exchange gains and losses are not significant as Saudi Riyals is pegged to US dollars.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the statements of income unless required or permitted by any accounting standard or interpretation.

Trade date accounting

All regular way purchases and sales of financial assets are recognised / derecognised 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.

Fair values

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

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

4 CASH AND CASH EQUIVALENTS

	2022 SR			*2021 SR*		
	Insurance operations	***Shareholders' operations***	***Total***	*Insurance operations*	*Shareholders' operations*	*Total*
Bank balances and cash	**51,587,805**	**12,715,559**	**64,303,364**	40,032,921	70,946,724	110,979,645
Deposits maturing within 3 months from the acquisition date	**109,497,505**	**21,103,254**	**130,600,759**	-	49,999,999	49,999,999
	161,085,310	**33,818,813**	**194,904,123**	40,032,921	120,946,723	160,979,644

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These deposits earn commission at an average rate of 5.36% per annum as at 31 December 2022 (2021: 2.35% per annum).

Bank balances and deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology. Bank balances and deposits includes SR 66 million maintained with Banque Saudi Fransi (a shareholder) (2021: SR 154 million) (Note 23).

5 PREPAID EXPENSES AND OTHER ASSETS

	2022 SR			*2021 SR*		
	Insurance operations	***Shareholders' operations***	***Total***	*Insurance operations*	*Shareholders' operations*	*Total*
Third party administrator receivables	**41,842,053**	**-**	**41,842,053**	133,960,696	-	133,960,696
Advances to agents and brokers	**20,674,360**	**-**	**20,674,360**	13,182,168	-	13,182,168
Receivable for unit linked investments	**6,545,423**	**-**	**6,545,423**	6,550,631	-	6,550,631
Accrued investment income	**5,450,958**	**5,907,050**	**11,358,008**	1,919,833	3,516,223	5,436,056
Receivable from Manafeth	**4,962**	**-**	**4,962**	2,194,942	-	2,194,942
Advances to employees	**1,941,679**	**-**	**1,941,679**	1,365,736	-	1,365,736
Prepaid rent	**518,857**	**-**	**518,857**	80,082	-	80,082
VAT receivable (Note 19d)	**33,134,002**	**-**	**33,134,002**	27,788,197	-	27,788,197
Other assets	**7,492,466**	**-**	**7,492,466**	11,650,706	-	11,650,706
Prepayments Najm	**8,127,705**	**-**	**8,127,705**	-	-	-
Prepayments SAMA, CCHI and TPA	**5,190,007**	**-**	**5,190,007**	-	-	-
	130,922,472	**5,907,050**	**136,829,522**	198,692,991	3,516,223	202,209,214

6 PREMIUMS RECEIVABLE, NET

	2022 SR	*2021 SR*
Policyholders	**257,608,713**	73,469,967
Brokers and agents	**205,083,902**	275,753,682
Other shareholders (Note 23)	**41,791,840**	58,819,310
	504,484,455	408,042,959
Provision for doubtful receivables	**(61,712,179)**	(61,712,179)
Premiums receivable, net	**442,772,276**	346,330,780

The ageing analysis of premiums receivable balances is set out below:

<u>31 December 2022</u>	***Past due but not impaired***	***Past due and impaired***		***Total***
	Less than 90 days	**90 to 180 days**	**More than 180 days**	
Amount in SR				
Premiums receivable from insurance contracts	**205,950,097**	**23,847,668**	**89,784,746**	**319,582,511**
Provision for doubtful receivables	**-**	**(3,577,150)**	**(58,135,029)**	**(61,712,179)**
Premiums receivable from past due insurance contracts, net	**205,950,097**	**20,270,518**	**31,649,717**	**257,870,332**
Neither past due nor impaired				**70,222,547**
Premiums receivables under fronting arrangements*				**114,679,397**
Premiums receivable, net				**442,772,276**

6 PREMIUMS RECEIVABLE, NET *(continued)*

31 December 2021	*Past due but not impaired*	*Past due and impaired*		*Total*
	Less than 90 days	90 to 180 days	More than 180 days	
Amount in SR				
Premiums receivable from insurance contracts	129,365,762	73,688,530	79,088,122	282,142,414
Provision for doubtful receivables		(11,053,280)	(50,658,899)	(61,712,179)
Premiums receivable from past due insurance contracts, net	129,365,762	62,635,250	28,429,223	220,430,235
Neither past due nor impaired				25,882,363
Premiums receivables under fronting arrangements*				100,018,182
Premiums receivable, net				346,330,780

*Premiums receivable under fronting arrangements are insurance contracts under which the Company passes all the risks including the clients' credit risk to other insurance/reinsurance companies. Such arrangements are made between global clients and entities of Allianz Group under which Allianz Saudi Fransi provides the insurance service for the entity located in the Kingdom of Saudi Arabia.

The Company classifies balances as "past due and impaired" on a case by case basis and an impairment adjustment is recorded in the statement of income. Unimpaired premiums receivable are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over premiums receivable, and vast majority of such balances are therefore unsecured. The credit quality of these financial assets that are neither past due nor impaired can be assessed by reference to policyholders with appropriate and strong credit history, with minimal account defaults and where the receivables are fully recovered in the past.

Corporate premium receivables are with counterparties with a sound credit profile. The five largest customers accounts for 24.6% (31 December 2021: 27.5%) of the premiums receivable as at 31 December 2022.

The movement in the allowance for doubtful receivables is as follows:

	2022 ***SR***	*2021* *SR*
Balance at the beginning of the year	**61,712,179**	57,822,881
Provided during the year	**-**	3,889,298
Balance at the end of the year	**61,712,179**	61,712,179

7 REINSURERS' BALANCES

a) Reinsurers' balances receivable, net

	2022	*2021*
	SR	*SR*
Receivables from reinsurers	**95,128,904**	89,167,148
Provision for doubtful reinsurers' receivables	**(5,387,741)**	(5,387,741)
Reinsurers receivable, net	**89,741,163**	83,779,407

***The movement in the allowance for doubtful reinsurers' receivable is as follows*:**

	2022	*2021*
	SR	*SR*
Balance at the beginning of the year	**5,387,741**	5,025,735
Provided during the year	**-**	362,006
Balance at the end of the year	**5,387,741**	5,387,741

Reinsurance receivables are with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology. In addition, receivables are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The five largest reinsurers accounts for 49.6% (31 December 2021: 51.6%) of the reinsurance receivable as at 31 December 2022.

b) Reinsurers' balances payable

	2022	*2021*
	SR	*SR*
Reinsurance balances due to other parties	**213,753,636**	205,760,783
Reinsurance balances due to related parties (Note 23)	**103,516,861**	40,305,654
Total reinsurers' balances payable	**317,270,497**	246,066,437

8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

8.1. Right-of-use assets

The following table presents the right-of-use assets of the Company:

	2022 ***SR***	*2021* *SR*
Balance at the beginning of the year	**844,193**	3,730,142
Additions	**7,089,726**	-
Amortization	**(3,826,610)**	(2,885,949)
Balance at the end of the year	**4,107,309**	844,193

8.2. Lease Liabilities

The following table represents the movement of lease liabilities of the Company:

	2022 ***SR***	*2021* *SR*
Opening balance	**997,804**	3,362,331
Addtions	**7,089,726**	-
Finance costs	**1,659,860**	447,261
Lease rental payments	**(3,655,082)**	(2,811,788)
Balance at the end of the year	**6,092,308**	997,804

	2022 ***SR***	*2021* *SR*
Current	**2,695,000**	534,954
Non current	**3,397,308**	462,850
Balance at the end of the year	**6,092,308**	997,804

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME (UNIT LINKED INVESTMENTS)

The fair values for unit linked investments as at 31 December are:

	2022 ***SR***	*2021* *SR*
Local funds	**472,363,155**	493,814,654
Foreign funds	**14,686,711**	21,413,270
	487,049,866	515,227,924

Portfolios of the funds are as follows:

	2022 ***SR***	*2021* *SR*
Al Badr Fund Saudi Riyal	**209,735,514**	206,921,848
Al Ghad/Al Anjal Low Risk Fund*	**149,021,929**	174,382,119
Al Saffa Equity Fund	**82,705,313**	85,685,343
Al Ghad/Al Anjal Murabaha Fund*	**17,954,836**	21,244,114
Al Badr Fund US Dollar	**15,831,222**	14,958,749
Al Danah GCC Equity Fund	**7,382,884**	6,663,857
Saudi Istithmar Fund	**2,927,635**	3,546,574
Money Market Fund Saudi Riyal	**1,490,533**	1,825,320
	487,049,866	515,227,924

*These funds mainly includes underlying investments in Bonds and Sukuks.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME (UNIT LINKED INVESTMENTS) *(continued)*

Unit linked assets are related to investments in unit linked funds. The Company has established unit linked liabilities which, excluding some timing differences and reserves, match exactly with the policyholder's unit linked assets.

The fair value of unit linked investments are measured based on the net assets value provided by fund manager. As the the input to the valuation technique is observable from market sources, the Company uses Level 2 hierarchy for determining and disclosing the fair value of above unit linked investments and for private equity fund the Company uses Level 3 hierarchy for determining and disclosing the fair value.

10 AVAILABLE FOR SALE INVESTMENTS

a) Investments are classified as follows:

Insurance operations:	Domestic		International		Total	
	2022	2021	**2022**	2021	**2022**	2021
	SR	SR	**SR**	SR	**SR**	SR
Debt instruments	**99,391,012**	129,672,955	**4,785,251**	5,151,656	**104,176,263**	134,824,611
Equities and mutual funds	**7,414,218**	7,819,802	**-**	-	**7,414,218**	7,819,802
	106,805,230	137,492,757	**4,785,251**	5,151,656	**111,590,481**	142,644,413

Shareholders' operations:	Domestic		International		Total	
	2022	2021	**2022**	2021	**2022**	2021
	SR	SR	**SR**	SR	**SR**	SR
Debt instruments	**439,409,155**	393,037,289	**32,460,726**	8,367,921	**471,869,881**	401,405,210
Equities and mutual funds	**3,223,078**	3,223,078	**4,753,511**	5,678,630	**7,976,589**	8,901,708
	442,632,233	396,260,367	**37,214,237**	14,046,551	**479,846,470**	410,306,918

Total	Domestic		International		Total	
	2022	2021	**2022**	2021	**2022**	2021
	SR	SR	**SR**	SR	**SR**	SR
Debt instrument	**538,800,167**	522,710,244	**37,245,977**	13,519,577	**576,046,144**	536,229,821
Equities and mutual funds	**10,637,296**	11,042,880	**4,753,511**	5,678,630	**15,390,807**	16,721,510
	549,437,463	533,753,124	**41,999,488**	19,198,207	**591,436,951**	552,951,331

Available for sale investments includes amount of SR 800,000 with related party (2021: SR 800,000) (Note 23).

b) Movement in available for sale investment balance is as follows:

Insurance operations:

	Quoted securities	Unquoted securities	Total
		SR	
As of 1 January 2021	146,709,437	-	146,709,437
Amortization	(254,285)	-	(254,285)
Unrealized loss on fair value	(3,810,739)	-	(3,810,739)
As at 31 December 2021	142,644,413	-	142,644,413
As of 1 January 2022	**142,644,413**	**-**	**142,644,413**
Purchases	**7,500,000**	**-**	**7,500,000**
Disposals/maturity	**(28,500,000)**	**-**	**(28,500,000)**
Amortization	**(103,889)**	**-**	**(103,889)**
Unrealized loss on fair value	**(9,950,043)**	**-**	**(9,950,043)**
As at 31 December 2022	**111,590,481**	**-**	**111,590,481**

The cumulative unrealised loss in fair value of available for sale investments amounts to SR 4,168,218 (31 December 2021: unrealised gain of SR 5,186,574) including deferred tax related to change in fair value. The quoted securities includes mutual funds listed on Tadawul for NAV disclosure purposes amounting to SR 4,282,125 (31 December 2021: SR 4,644,235).

10 AVAILABLE FOR SALE INVESTMENTS *(continued)*

b) Movement in available for sale investment balance is as follows: (continued)

Shareholders' operations:

	Quoted securities	Unquoted securities	Total
		SR	
As of 1 January 2021	201,967,325	55,804,829	257,772,154
Purchases	49,500,000	123,000,000	172,500,000
Disposals/maturity	(13,575,000)	-	(13,575,000)
Amortization	(288,887)	-	(288,887)
Unrealized loss on fair value	(7,320,229)	1,218,880	(6,101,349)
As at 31 December 2021	230,283,209	180,023,709	410,306,918
As of 1 January 2022	**230,283,209**	**180,023,709**	**410,306,918**
Purchases	**93,020,250**	**55,000,000**	**148,020,250**
Disposals/maturity	**(54,635,000)**	**-**	**(54,635,000)**
Amortization	**39,301**	**(62,836)**	**(23,535)**
Unrealized loss on fair value	**(22,267,330)**	**(1,554,833)**	**(23,822,163)**
As at 31 December 2022	**246,440,430**	**233,406,040**	**479,846,470**

The cumulative unrealised loss in fair value of available for sale investments amounts to SR 8,466,449 (31 December 2021: unrealised gain of SR 12,363,342) including deferred tax related to change in fair value. The quoted securities includes mutual funds amounting to SR 4,753,511 (31 December 2021: SR 5,678,630).

11. DEFERRED TAX ASSETS, NET

SR	**December 31, 2022**	December 31, 2021
Deferred tax assets, net	**11,255,136**	7,668,495

Movement in deferred tax asset balance is as follows:

	December 31, 2022	December 31, 2021
At the beginning of the year	**7,668,495**	5,825,970
Deferred tax (expense) / income - statement of income (note 19)	**(982)**	789,976
Deferred tax income - statement of comprehensive income	**3,587,623**	1,052,549
At the end of the year	**11,255,136**	7,668,495

This deferred tax arises on employees' end of service obligations, provision against premium receivable, provision against reinsurance receivable, unabsorbed tax losses, fair value reserve on investments and property and equipment.

12 PROPERTY AND EQUIPMENT, NET

	Computer and office equipment SR	*Motor vehicles SR*	*Furniture and fittings SR*	*Leasehold improvements SR*	***Total 2022 SR***	*Total 2021 SR*
Cost:						
At the beginning of the year	**19,791,291**	**1,438,057**	**10,725,345**	**1,921,569**	**33,876,262**	32,231,575
Additions during the year	**2,697,776**	**-**	**329,109**	**4,347**	**3,031,233**	2,305,301
Disposals during the year	**-**	**(145,000)**	**-**	**-**	**(145,000)**	(660,614)
At the end of the year	**22,489,067**	**1,293,057**	**11,054,454**	**1,925,916**	**36,762,494**	33,876,262
Accumulated depreciation:						
At the beginning of the year	**14,979,338**	**1,043,681**	**8,809,783**	**1,074,802**	**25,907,604**	22,703,989
Charge for the year (Note 22)	**2,172,957**	**186,114**	**1,108,112**	**373,186**	**3,840,369**	3,864,229
Disposals during the year	**-**	**(145,000)**	**-**	**-**	**(145,000)**	(660,614)
At the end of the year	**17,152,295**	**1,084,795**	**9,917,895**	**1,447,988**	**29,602,973**	25,907,604
Net book value at 31 December 2022	**5,336,772**	**208,262**	**1,136,559**	**477,928**	**7,159,521**	
Net book value at 31 December 2021	4,811,953	394,376	1,915,562	846,767		7,968,658

13 STATUTORY DEPOSIT

In compliance with the Insurance Implementing Regulations of SAMA, the Company deposited 10% of its paid up capital, amounting to SR 60 million (31 December 2021 is SR 60 million) in a bank designated by SAMA. The accrued income on the deposit as at 31 December 2022 is SR 2,381,722 (31 December 2021: SR 1,579,858) and has been disclosed in assets as “Accrued income on statutory deposit” and the corresponding commission is shown in liabilities as “Accrued income payable to SAMA”. This deposit cannot be withdrawn without SAMA’s consent. The statutory deposit is maintained with Banque Saudi Fransi, a shareholder of the Company and rated “BBB+” by Standard and Poor's and Moody’s ratings methodology.

14 TECHNICAL RESERVES

14.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	2022 SR	*2021 SR*
Gross outstanding claims	**382,514,289**	522,926,925
Less: Realizable value of salvage and subrogation	**(21,934,629)**	(12,887,506)
	360,579,660	510,039,419
Claims incurred but not reported	**119,830,375**	108,652,961
Premium deficiency reserve	**-**	5,960,779
Additional premium reserves	**7,534,274**	4,411,285
Unit linked liabilities	**479,565,238**	509,896,334
	967,509,547	1,138,960,778
Less:		
- Reinsurers' share of outstanding claims	**(276,920,218)**	(441,962,088)
- Reinsurers' share of claims incurred but not reported	**(64,937,802)**	(52,137,423)
	(341,858,020)	(494,099,511)
Net outstanding claims and reserves	**625,651,527**	644,861,267

14.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	2022 SR		
	Gross	**Reinsurance**	**Net**
Balance as at the beginning of the year	**327,493,566**	**(128,937,475)**	**198,556,091**
Premium written during the year	**848,254,771**	***(334,196,224)**	**514,058,547**
Premium earned during the year	**(793,739,760)**	**315,655,916**	**(478,083,844)**
Balance as at the end of the year	**382,008,577**	**(147,477,783)**	**234,530,794**

*This amount includes SR 312,111,837 for reinsurance premium ceded abroad, SR 450,153 for reinsurance premium ceded locally and SR 21,634,234 for excess of loss expenses.

Movement in unearned premiums comprise of the following:

	2021 SR		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	266,364,432	(103,362,771)	163,001,661
Premium written during the year	763,115,103	*(311,134,647)	451,980,456
Premium earned during the year	(701,985,969)	285,559,943	(416,426,026)
Balance as at the end of the year	327,493,566	(128,937,475)	198,556,091

*This amount includes SR 293,165,763 for reinsurance premium ceded abroad, SR 1,169,813 for reinsurance premium ceded locally and SR 16,799,071 for excess of loss expenses.

14.3 Movement in deferred policy acquisition costs

	2022 SR	*2021 SR*
Balance as at the beginning of the year	**20,749,602**	12,903,209
Incurred during the year	**47,435,518**	45,513,409
Amortized during the year	**(48,022,012)**	(37,667,016)
Balance as at the end of the year	**20,163,108**	20,749,602

15 ACCRUED AND OTHER LIABILITIES

	2022 SR			2021 SR		
	Insurance operations	***Shareholders' operations***	***Total***	*Insurance operations*	*Shareholders' operations*	*Total*
Payables to policyholders	**35,363,810**	**-**	**35,363,810**	44,509,233	-	44,509,233
Accrued others	**10,789,214**	**-**	**10,789,214**	6,499,023	-	6,499,023
Accrued third party administrator fees	**4,018,419**	**-**	**4,018,419**	4,220,282	-	4,220,282
Commission payable	**26,362,578**	**-**	**26,362,578**	30,120,500	-	30,120,500
Accrued bonus	**6,353,809**	**-**	**6,353,809**	3,506,610	-	3,506,610
Inspection and supervision fees	**1,619,948**	**-**	**1,619,948**	1,877,366	-	1,877,366
Provision on reinsunace share of volume discount	**4,415,168**	**-**	**4,415,168**	-	-	-
Others	**15,008,741**	**1,983,635**	**16,992,376**	11,561,595	1,324,619	12,886,214
	103,931,687	**1,983,635**	**105,915,322**	102,294,609	1,324,619	103,619,228

16 SURPLUS DISTRIBUTION PAYABLE

	2022 SR	*2021 SR*
Balance at the beginning of the year	**11,816,069**	15,092,678
Total income attributed to the insurance operations during the year	**1,160,406**	866,159
Surplus written back	**(4,890,617)**	(3,803,941)
Surplus paid to policyholders	**(443,046)**	(338,827)
Balance at the end of the year	**7,642,812**	11,816,069

17 UNEARNED REINSURANCE COMMISSION

	2022 SR	*2021 SR*
Balance at the beginning of the year	**1,347,774**	2,829,659
Commission received during the year	**6,213,620**	3,387,057
Commission earned during the year	**(5,995,184)**	(4,868,942)
Balance at the end of the year	**1,566,210**	1,347,774

18 EMPLOYEES' END OF SERVICE OBLIGATIONS

a) The movement in provision for employees' end of service obligations for the years ended 31 December are as follows:

	2022 SR	*2021 SR*
Defined benefit obligation at the beginning of the year	**19,030,822**	19,019,582
Provided during the year:		
Current service cost	**2,727,099**	3,382,899
Interest cost	**354,487**	357,149
Curtailment / settlement gain / loss	**-**	(1,242,605)
	3,081,586	2,497,443
Paid during the year	**(3,881,472)**	(2,691,329)
Re-measurement of defined benefit liability	**1,150,858**	205,126
Defined benefit obligation at the end of the year	**19,381,794**	19,030,822

18 EMPLOYEES' END OF SERVICE OBLIGATIONS *(continued)*

b) Principal actuarial assumptions:

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

	2022	*2021*
Discount rate used for valuation	**4.10%**	2.10%
Salary increase rate	**4.50%**	2.10%
Duration (years)	**6.29**	5.16

c) Sensitivity analysis

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

	2022 SR	*2021 SR*
Valuation discount rate		
- Increase by 1%	**1,129,793**	905,937
- Decrease by 1%	**1,283,018**	1,010,567
Future salary growth		
- Increase by 1%	**1,362,526**	1,095,893
- Decrease by 1%	**1,222,554**	1,001,182
Mortality rate		
- Increase by 1 year	**3,112**	1,518
- Decrease by 1 year	**3,098**	1,514
Withdrawal rate		
- Increase by 10%	**264,304**	225,781
- Decrease by 10%	**293,692**	249,222

19 ZAKAT AND INCOME TAX

A summary of the Company's share capital and percentages of ownership are as follows:

	2022		*2021*	
	SR	***%***	*SR*	*%*
Non-Saudi Shareholders	**318,540,000**	**53.09%**	318,540,000	53.09%
Saudi and GCC Shareholders	**281,460,000**	**46.91%**	281,460,000	46.91%
Total	**600,000,000**	**100%**	600,000,000	100%

The Company's zakat and income tax calculations and corresponding accruals and payments of zakat and income tax are based on the mentioned ownership percentages in accordance with the relevant provisions of the Saudi Arabian zakat and income tax regulations.

The provision for zakat and income tax as at year end is as follows:

	2022 SR	*2021 SR*
Provision for zakat	**15,779,848**	14,794,202
Provision for income tax	**11,710,933**	6,326,530
	27,490,781	21,120,732

19 ZAKAT AND INCOME TAX *(continued)*

The zakat and income tax charge for year is as follows:

SR	*2022* **SR**	*2021* *SR*
Zakat charge		
- Current year	**9,094,761**	8,682,198
- Prior year	**983**	626,993
	9,095,744	9,309,191
Income tax for the year		
- Current tax	**2,615,191**	2,346,681
- Deferred tax	**982**	(789,976)
	2,616,173	1,556,705
Income tax refund	**(3,595,778)**	-
	8,116,139	10,865,896

a) Zakat

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

	2022 **SR**	*2021* *SR*
Opening share capital	**600,000,000**	600,000,000
Reserves and opening provisions	**281,475,600**	217,502,217
Closing value of long term assets	**(121,818,767)**	(88,359,449)
	759,656,833	729,142,768
Zakatable income for the year	**15,850,394**	11,144,319
Zakat base	**775,507,227**	740,287,087
Total Saudi share of zakat base	**363,790,440**	347,287,920
Zakat due on Saudi shareholding	**9,094,761**	8,682,198

The differences between the income as per financial statements and the zakatable income are mainly due to provisions which are not allowed in the calculation of zakatable income.

b) Income tax

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

	2022 **SR**	*2021* *SR*
Net income for the year before attribution	**28,035,486**	16,485,325
Add: Inadmissible expenses	**6,921,954**	10,612,976
Less: Admissible expenses	**(4,521,458)**	(4,996,256)
Adjusted income	**30,435,982**	22,102,045
Non-Saudi shareholders	**16,157,671**	11,733,400
Adjustments	**(3,076,806)**	-
Adjusted income attributed to non-Saudi shareholders	**13,080,865**	11,733,400
Provision for income tax (20%)	**2,616,173**	2,346,681

19 ZAKAT AND INCOME TAX ***(continued)***

c) Movement in zakat and income tax payable is as follows:

	2022 SR	*2021 SR*
Balance at the beginning of the year	**21,120,732**	14,699,522
Provided during the year – zakat	**9,094,761**	9,309,191
Provided during the year – income tax	**2,616,173**	2,346,681
Payment made during the year – zakat	**(3,513,386)**	(5,233,934)
Payment made during the year – income tax	**(1,827,499)**	(728)
Balance at the end of the year	**27,490,781**	21,120,732

d) Status of assessments

During 2020, ZATCA raised VAT assessment for the years 2018 and 2019 and demanded an additional VAT amounting to SR 45.9 million. The Company has paid the amount equaling the assessment of SR 45.9 million with ZATCA to avoid any penalties. The Company submitted objections to the ZATCA assessment. The ZATCA has partially accepted the objection and the company has filed an appeal for the remaining amount of SR 27.8 million (appearing under prepaid expenses and other assets) to the General Secretariat of the Tax Committees (“GSTC”). The case was heard in July 2021 in which the GSTC ruled in favor of the ZATCA. Following review of the final judgement / reasoning for the GSTC’s decision, the Company decided to appeal the case to GSTC Level 2, the appeal was submitted on 10 October 2021. The GSTC level 2 conducted its hearing in August 2022 in the absence of the Company and issued its ruling. The GSTC level 2 conducted its hearing in August 2022 in the absence of the Company and issued its ruling. As per the ruling of the, the GSTC level 2 had overturned the GSTC level 1 decision and ruled in favor of the Company in respect of the contested purchase items amounting to SR 19.2 million. As for the contested sales item amounting to SR 8.5 million, the GSTC level 2 has rejected the Company’s appeal.

To recover the amount for the accepted part of the appeal, the Company will start the process of requesting a refund from the ZATCA which need to be made prior to the date the tax period that was appealed against had reached five years. Alternatively, the ZATCA will include the amount owed to the Company as a carry forward balance to be utilized by the Company for its tax matters. The Company will proceed with submitting a reconsideration request to the GSTC in respect of the contested sale item that was lost on the basis that the verbal ruling during the hearing was issued in the absence of the Company.

The Company has filed the zakat and income tax declarations for all the years up to December 31, 2021. The Company finalized its zakat and tax position for all the years up to December 31, 2014 and for the years ended 31 December 2019 and 2020.

The final tax and zakat assessment for the years 2015 to 2018 was issued by the ZATCA during the year 2020 which resulted in additional zakat and tax liability of SR 13.7 million arising mainly from the non-deduction of long-term investments from the zakat base. The Company filed an appeal against this assessment to the GSTC Level 1. The case was heard recently in August 2022 in which the GSTC ruled in favor of the ZATCA. The Company filed an appeal with the GSTC Level 2 which is still under review with Level 2 Committee. The Company has accounted for this additional zakat and income tax liability in the provision in the financial statements. The ZATCA did not yet issue the Tax and Zakat assessment for the year ended 31 December 2021.

During the year 2022, the Company has received a refund of SR 3.6 million from ZATCA, which mainly relates to the accelerated payments made in respect of income tax for the year ended 2020.

20 SHARE CAPITAL

The authorised and issued share capital of the Company is SR 600 million divided into 60 million shares of SR 10 each (December 31, 2021: SR 600 million divided into 60 million shares of SR 10 each). The founding shareholders of the Company have subscribed and paid for 39 million shares with a nominal value of SR 10 each, which represents 65% of the shares of the Company's capital and the remaining 21 million shares with a nominal value of SR 10 each have been subscribed by general public.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	2022	
	No. of shares	**Authorized, issued and paid up capital**
		SR
Allianz Europe BV	**11.10 Million**	**111 Million**
Allianz France International	**9.75 Million**	**97.5 Million**
Allianz Mena Holding Bermuda	**9.75 Million**	**97.5 Million**
Banque Saudi Fransi	**8.40 Million**	**84 Million**
Public	**21.00 Million**	**210 Million**
	60 Million	**600 Million**

	2021	
	No. of shares	Authorized, issued and paid up capital
		SR
Allianz Europe BV	11.10 Million	111 Million
Allianz France International	9.75 Million	97.5 Million
Allianz Mena Holding Bermuda	9.75 Million	97.5 Million
Banque Saudi Fransi	8.40 Million	84 Million
Public	21.00 Million	210 Million
	60 Million	600 Million

21 CAPITAL MANAGEMENT

Objectives are set by the Company to maintain stable capital ratios in order to support its business objectives and maximise 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 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 SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at 31 December 2022 consists of paid-up share capital of SR 600 million, share premium of SR 16.3 million, statutory reserves of SR 21.9 million and retained earnings of SR 72.1 million (31 December 2021: paid-up share capital of SR 600 million, share premium of SR 16.3 million, statutory reserves of SR 21.9 million and retained earnings of SR 52.1 million) in the statement of financial position.

The Company has fully complied with the externally imposed capital requirements during the reported financial year.

22 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SR Insurance operations	**2022 SR Shareholders' operations**	**2022 SR Total**	*2021 SR Insurance operations*	*2021 SR Shareholders' operations*	*2021 SR Total*
Employees' costs	**69,986,143**	**-**	**69,986,143**	69,835,366	434,968	70,270,334
Consultation fees	**19,098,328**	-	**19,098,328**	15,617,798	-	15,617,798
Repairs and maintenance	**8,474,636**	**-**	**8,474,636**	5,909,013	-	5,909,013
Employees' end of service obligations (Note 18)	**3,081,586**	**-**	**3,081,586**	2,497,443	-	2,497,443
Rent	**3,318,060**	-	**3,318,060**	3,452,496	-	3,452,496
Insurance expenses	**1,226,921**	**-**	**1,226,921**	3,375,172	-	3,375,172
Depreciation (Note 12)	**3,840,369**	**-**	**3,840,369**	3,864,229	-	3,864,229
Postage and telephone	**3,923,750**	**-**	**3,923,750**	4,676,404	-	4,676,404
Board expenses	**-**	**184,219**	**184,219**	-	1,858,461	1,858,461
Travel and transportation	**1,224,391**	**-**	**1,224,391**	679,047	-	679,047
Advertisement and promotion	**758,878**	**-**	**758,878**	375,520	-	375,520
Others	**2,702,718**	**-**	**2,702,718**	4,251,708	-	4,251,708
	117,635,780	**184,219**	**117,819,999**	114,534,196	2,293,429	116,827,625

23 TRANSACTIONS AND BALANCES WITH RELATED PARTIES AND OTHER SHAREHOLDERS

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the year and the related balances:

	Transactions during the year		*Balance as at*	
	2022	*2021*	***2022***	*2021*
	SR	*SR*	***SR***	*SR*
Entities controlled, jointly controlled or significantly influenced by related parties				
- Insurance premium ceded	**30,371,124**	171,715,823		
- Reinsurers' share of claims paid	**36,843,110**	208,084,548		
- Commission income	**727,971**	3,934,473		
- Third party administrator expenses	**10,423,135**	4,912,243		
- Reinsurers' share of outstanding claims (Treaty)			**706,818**	16,433,467
- Accrued third party administrator			**4,018,419**	4,220,282
- Reinsurers' balance payable (Note 7)			**103,516,861**	40,305,654
- Investments in equity of Saudi NextCare (Note 10)			**800,000**	800,000
Other shareholders				
- Insurance premium written	**26,841,974**	75,781,561		
- Claims paid	**12,020,040**	51,330,237		
- Commission expense	**479,355**	3,136,249		
- Premium receivable (Note 6)			**41,791,890**	58,819,310
- Outstanding claims			**9,209,873**	22,051,895
- Cash and cash equivalents (Note 4)			**66,365,128**	154,408,140
- Unit linked investments managed by an Entity controlled by a shareholder (Note 9)			**487,049,866**	515,227,924

Related parties include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, Allianz France, Allianz Global Corporate and Speciality AG, Allianz World Wide Care, Allianz Global risks U.S Insurance, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand, Dataquest, and Saudi NextCare. The company has vatious reinsurance treaties and faculitative arragenements with related prties. Reinsurers' share of outstanding claims mainly relates to treaties and faculitiatie arrangement with related parties.

Other shareholders include Banque Saudi Fransi and its Group Companies.

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

2022	**BOD members SR**	**Top executives SR**
Salaries and compensation	**-**	**1,223,305**
Allowances	**489,000**	**-**
Annual remuneration	**1,065646**	**-**
Employees' end of service obligations	**-**	**87,116**
	1,554,646	**1,339,921**

2021		
Salaries and compensation	-	5,783,270
Allowances	546,000	54,000
Annual remuneration	2,732,000	200,000
Employees' end of service obligations	-	220,151
	3,278,000	6,257,421

Also refer notes 4, 6, 7, and 10 for balances with related parties and other shareholders.

24 CLAIMS DEVELOPMENT TABLE

The following table reflects the net incurred claims including both the net claims notified and net incurred but not reported claims for each accident year (excluding the surrenders for protection and savings insurance products) at each financial position date together with the cumulative payments to date. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the claims.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The IBNR estimate pertains to claims liability for the periods beginning from year 2014 onwards whose claim experience has not been fully developed. Claims triangulation analysis by accident years for the last five years is set out below:

a) Claims triangulation analysis – Gross basis

2022

	SR					
Accident year	***2018 and earlier***	***2019***	***2020***	***2021***	***2022***	***Total***
Estimate of ultimate claims cost:						
At the end of accident year	**2,425,508,813**	**613,236,843**	**395,253,383**	**357,160,431**	**500,986,813**	**4,292,146,283**
One year later	**2,546,559,340**	**668,028,306**	**468,375,652**	**419,225,088**		**4,102,188,385**
Two years later	**2,581,932,210**	**650,971,748**	**444,413,813**			**3,677,317,771**
Three years later	**2,567,029,423**	**643,206,262**				**3,210,235,685**
Four years later	**2,520,076,759**					**2,520,076,759**
Current estimate of cumulative claims	**2,520,076,759**	**643,206,262**	**444,413,813**	**419,225,088**	**500,987,813**	**4,527,909,735**
Cumulative payments to date	**(2,349,323,557)**	**(604,047,365)**	**(428,384,261)**	**(393,456,933)**	**(272,286,584)**	**(4,047,498,700)**
Liability recognised in statement of financial position	**170,753,202**	**39,158,897**	**16,029,552**	**25,768,155**	**228,700,229**	**480,410,035**
Premium deficiency reserve						-
Outstanding claims and reserves						**480,410,035**

2021

	SR					
Accident year	*2017 and earlier*	*2018*	*2019*	*2020*	*2021*	*Total*
Estimate of ultimate claims cost:						
At the end of accident year	1,844,626,992	518,152,198	613,236,843	395,253,383	465,649,823	-
One year later	1,907,356,615	553,350,660	668,028,306	481,055,460	-	-
Two years later	1,993,208,679	551,083,993	661,476,546	-	-	-
Three years later	2,030,848,217	548,623,821	-	-	-	-
Four years later	2,026,439,752	-	-	-	-	-
Current estimate of cumulative claims	2,026,439,752	548,623,821	661,476,546	481,055,460	465,649,823	4,183,245,401
Cumulative payments to date	(1,804,575,389)	(452,387,468)	(592,322,568)	(421,182,829)	(294,084,768)	(3,564,553,022)
Liability recognised in statement of financial position	221,864,363	96,236,353	69,153,978	59,872,631	171,565,055	618,692,380
Premium deficiency reserve						5,960,779
Outstanding claims and reserves						624,653,159

24 CLAIMS DEVELOPMENT TABLE *(continued)*

b) Claims triangulation analysis – Net basis

2022

Accident year	*SR* 2018 and earlier	2019	2020	2021	2022	Total
Estimate of ultimate claims cost:						
At the end of accident year	**1,125,944,214**	**473,141,255**	**230,884,575**	**182,680,895**	**291,133,808**	**2,303,784,747**
One year later	**1,095,625,454**	**440,547,354**	**258,537,851**	**213,571,393**		**2,008,282,052**
Two years later	**1,035,617,257**	**427,578,424**	**257,893,561**			**1,721,089,241**
Three years later	**1,026,630,675**	**427,947,931**				**1,454,578,607**
Four years later	**1,022,337,586**					**1,022,337,586**
Current estimate of cumulative net claims	**1,022,337,586**	**427,947,931**	**257,893,561**	**213,571,393**	**291,133,808**	**2,212,884,279**
Cumulative payments to date	**(1,012,492,505)**	**(425,030,746)**	**(249,582,654)**	**(198,169,300)**	**(189,057,058)**	**(2,074,332,264)**
Net liability recognised in statement of financial position	**9,845,080**	**2,917,186**	**8,310,907**	**15,402,093**	**102,076,750**	**138,552,015**
Premium deficiency reserve						**-**
Outstanding claims and reserves						**138,552,015**

2021

Accident year	*SR* 2017 and earlier	2018	2019	2020	2021	Total
Estimate of ultimate claims cost:						
At the end of accident year	1,029,907,458	358,639,509	473,141,255	230,884,575	231,613,952	-
One year later	1,018,164,885	338,100,943	440,547,354	263,760,236	-	-
Two years later	1,005,424,055	323,638,875	433,516,036	-	-	-
Three years later	956,885,917	318,159,464	-	-	-	-
Four years later	957,507,251	-	-	-	-	-
Current estimate of cumulative net claims	957,507,251	318,159,464	433,516,036	263,760,236	231,613,952	2,204,556,939
Cumulative payments to date	(942,876,111)	(314,062,187)	(424,820,261)	(246,475,919)	(151,729,593)	(2,079,964,070)
Net liability recognised in statement of financial position	14,631,140	4,097,277	8,695,775	17,284,317	79,884,359	124,592,869
Premium deficiency reserve						5,960,779
Outstanding claims and reserves						130,553,648

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The management assessed that cash and cash equivalents, accruals and other liabilities and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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 and financial liabilities, 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.

i. Insurance operations

		Fair value			
SR	Carrying value	Level 1	Level 2	Level 3	Total
31 December 2022					
Unit linked investments	**487,049,866**	**-**	**487,049,866**	**-**	**487,049,866**
Available for sale investments measured at fair value					
Bonds and Sukuks	**104,176,263**	**104,176,263**	**-**	**-**	**104,176,263**
Mutual Funds	**4,282,125**	**-**	**4,282,125**	**-**	**4,282,125**
Equities	**3,132,093**	**3,132,093**	**-**	**-**	**3,132,093**
Unit linked liabilities	**(479,565,238)**	**-**	**(479,565,238)**	**-**	**(479,565,238)**
	119,075,109	**107,308,356**	**11,766,753**	**-**	**119,075,109**

		Fair value			
SR	Carrying value	Level 1	Level 2	Level 3	Total
31 December 2021					
Unit linked investments	515,227,924	-	515,227,924	-	515,227,924
Available for sale investments measured at fair value					
Bonds and Sukuks	134,824,611	134,824,611	-	-	134,824,611
Mutual Funds	4,644,235	-	4,644,235	-	4,644,235
Equities	3,175,567	3,175,567	-	-	3,175,567
Unit linked liabilities	(509,896,334)	-	(509,896,334)	-	(509,896,334)
	147,976,003	138,000,178	9,975,825	-	147,976,003

25 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

ii. Shareholders' operations

		Fair value			
SR	Carrying value	Level 1	Level 2	Level 3	Total
31 December 2022					
Available for sale investments measured at fair value					
Bonds and Sukuk	**471,869,881**	**233,100,161**	**238,769,720**	**-**	**471,869,881**
Mutual Funds	**4,753,511**	**-**	**4,753,511**	**-**	**4,753,511**
Equities	**3,223,078**	**-**	**-**	**3,223,078**	**3,223,078**
	479,846,470	**233,100,161**	**243,523,231**	**3,223,078**	**479,846,470**

		Fair value			
SR	Carrying value	Level 1	Level 2	Level 3	Total
31 December 2021					
Available for sale investments measured at fair value					
Bonds and Sukuks	401,405,210	224,604,579	176,800,631	-	401,405,210
Mutual Funds	5,678,630	-	5,678,630	-	5,678,630
Equities	3,223,078	-	-	3,223,078	3,223,078
	410,306,918	224,604,579	182,479,261	3,223,078	410,306,918

There were no transfers between Level 1, 2 and Level 3 fair value measurements during the year ended 31 December 2022.

b) Measurement of fair values

Valuation technique for quoted debt and equity securities

The valuation of equities and debts securities classified under Level 1 are measured based on closing market price on Tadawul and Bloomberg. The valuation of mutual funds classified under Level 2 is measured based on closing NAV disclosed on Tadawul which is based on the fair value of the underlying items at the year end.

Valuation technique for unquoted debt and equity securities

The Discounted Cash Flow Model (DCF) has been used to determine the fair value of debt securities and sukuks of both insurance operations and shareholders' operations under level 2. This model considers the present value of net cash flows to be generated from the debt securities and sukuks discounted at the market yield of treasury bills having similar terms and adjusted for the effect of non-marketability of the debt securities and sukuks which includes Saudi sovereign curve yield and risk premium prevailing in the Saudi market.

Description	**Fair value as at Dec 31, 2022 (SR)**	**Unobservable Inputs**	**Range of inputs 2022**	**Relationships of unobservable inputs to fair value**
Unquoted Bonds and Sukuks	**238,769,720**	Risk adjusted discount rate	**5.39% - 5.47%**	Increase risk premium of 10 bps will have a change in fair value of these debt securities of SR 0.89 million.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	Insurance operations	
	2022	*2021*
	SR	*SR*
Balance at the beginning of the year	-	-
Disposals/maturity	-	-
Amortization	-	-
Unrealized gain / (loss) on fair value	-	-
Transfer from level 3 to level 1	-	-
Balance at the end of the year	-	-

	Shareholders' operations	
	2022	*2021*
	SR	*SR*
Balance at the beginning of the year	**3,223,078**	3,223,078
Purchases	**-**	-
Disposals/maturity	**-**	-
Amortization	**-**	-
Unrealized gain / (loss) on fair value	**-**	-
Balance at the end of the year	**3,223,078**	3,223,078

Sensitivity analysis of Level 2 and 3 investments is as follows:

31 December 2022	**Sensitivity factor**	**Impact on fair value due to increase in sensitivity factor**	**Impact on fair value due to decrease in sensitivity factor**
		SR	
Insurance operations			
Bonds and sukuks	+/- 1% change in risk adjusted discount rate	-	-
Shareholder's operations			
Bonds and sukuks	+/- 1% change in risk adjusted discount rate	**(1,950,561)**	**1,950,561**
Equities	+/- 1% change in the breakup value of shares	**(153,908)**	**153,908**
31 December 2021			
Insurance operations			
Bonds and sukuks	+/- 1% change in risk adjusted discount rate	-	-
Shareholder's operations			
Bonds and sukuks	+/- 1% change in risk adjusted discount rate	(1,069,351)	1,069,351
Equities	+/- 1% change in the breakup value of shares	(161,154)	161,154

26 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share have been calculated by dividing the earnings for the year by the number of shares outstanding at the reported date.

	2022	2021
Income for the year	**19,919,347**	5,619,429
Number of shares	**60,000,000**	60,000,000
Earnings per share	**0.33**	0.09

There are no dilutive potential shares during 2022 and 2021.

27 RISK MANAGEMENT

Risk management strategy

The Company's activities expose it to a variety of financial risks. The Company has a comprehensive risk management strategy to understand and manage the types of risk arising from the Company's core business operations.

The strategy considers the impact of market conditions and available expertise on inherent risks to which the Company is exposed. Consideration is not limited to the risks associated with one class of business but is extended to risks from all other classes.

The Board of Directors and the senior management periodically reviews and updates the risk management strategy by taking into account developments that are internal and external to the Company.

Risk management structure
A cohesive organisational 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 the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

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.

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

a) 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 behaviour. Operational risks arise from all of the Company's activities.

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;

27 RISK MANAGEMENT *(continued)*

a) Operational risk (continued)

- 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.

b) Insurance risk

Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed expectations. This could occur because the frequency or amounts of claims are more than expected. Insurance risk is monitored regularly by the Company to make sure the levels are within the projected frequency bands.

The Company underwrites mainly medical, motor, fire and burglary, marine, engineering and public liability risks. The insurance risks arising from the above insurance contracts are mainly concentrated in the Kingdom of Saudi Arabia.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Company underwrites medical, motor, fire and burglary, marine, engineering and public liability risks. These classes except for long term engineering policies are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management.

Concentration of insurance risk

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

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

Protection and Saving

For protection and saving, the main risk is the mortality, morbidity (permanent or temporary disability) of the insured and policyholder behavior risk.

Mortality risk
Actual policyholder death experience on life insurance policies is higher than expected.

Morbidity risk
Policyholder health-related claims are higher than expected.

Policyholder behavior risk
Policyholders' behavior in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of contracts is worse than expected. Poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and therefore reduce the future positive cash flows from the business written, potentially affecting Company's ability to recover deferred acquisition expenses.

This is managed through an effective and clearly defined underwriting strategy. There are various levels of underwriting carried out, including declaration of good health, medical questionnaire, reports from specialists/consultants and comprehensive medical tests. The Company also conducts financial, lifestyle and occupational underwriting to ascertain the degree of risk carried by the insured and to determine whether or not it could be classified as a standard life.

27 RISK MANAGEMENT *(continued)*

b) Insurance risk (continued)

For group protection and saving, the mortality risk is compounded due to the concentration of lives, for example employees in the same workplace. The Company has a clearly defined underwriting strategy. There are various levels of underwriting carried out, including declaration of good health, medical questionnaire, reports from specialists/consultants and comprehensive medical tests. The Company also looks at the nature of activity carried out by the group, group size, mix of lives by geographical regions, cultural background and manual/non-manual worker split.

The individual family and group protection and saving portfolio is protected through an efficient reinsurance arrangement in accordance with Allianz Group standards. This protects the Company from adverse mortality/morbidity experience. There is a maximum retention per life under the reinsurance arrangement which protects the Company from single large losses. Multiple claims and concentrations of risk are also covered under the arrangement.

General Insurance

Medical

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risks and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular view of actual claims experience and product pricing, as well as detailed claims handling procedures. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company. The Company has reinsurance cover to limit the losses for any individual claim.

Motor

For motor contracts, the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company only underwrites comprehensive polices for owner/drivers over 21 years of age.

The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims. The Company also has appropriate risk management procedures to control the cost of claims. The Company has reinsurance cover for such damage to limit the losses for any individual claim.

Property

For property insurance contracts the main risk is fire. The Company only underwrites policies for properties containing fire detection equipment.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Company has appropriate reinsurance cover for such damage to limit losses for any individual claim. These are covered under proportional and non-proportional treaties.

Marine

For marine insurance, the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of cargo, vessels and shipping routes covered. The Company has reinsurance cover to limit losses for any individual claim.

Engineering

For engineering insurance, the main risks are loss or damage to the construction/erection works caused by fire, explosion, natural perils like floods, earthquakes, hailstorms, etc. Selection of risks and proper underwriting are the criteria for this line of business. The Company has appropriate reinsurance cover for such risks to limit losses for any individual claim. These are covered under engineering proportional and non-proportional treaties.

Public liability

For public liability insurance, the main risks are legal liabilities of the insured towards third party deaths, bodily injury or property damage arising out of insured premises, business operations or projects handled by the insured.

This insurance policy is underwritten based on the turnover of the Company or the value of the contract, nature / occupation of the premises, nature of contracts handled. The Company has appropriate reinsurance cover to limit the losses for any individual claim.

27 RISK MANAGEMENT *(continued)*

b) Insurance risk (continued)

Sensitivity analysis

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

A hypothetical 5% change in the claims ratio would impact income annually in aggregate by:

	Effect on income	
	2022	2021
	SR	
Impact of change in claim ratio by + / - 5%		
Motor	**10,677,137**	8,318,482
Engineering	**724,809**	769,804
Medical	**5,295,846**	4,398,829
Property	**1,207,606**	1,501,386
Other general	**1,148,586**	1,120,744
Protection and saving	**4,850,208**	4,712,059
	23,904,192	20,821,304
Impact of change in average claim cost + / - 5%		
Motor	**8,862,685**	5,586,816
Engineering	**162,431**	207,007
Medical	**3,835,132**	3,134,767
Property	**240,751**	120,087
Other general	**(230,914)**	321,444
Protection and saving	**5,584,014**	6,472,259
	18,454,099	15,842,380

c) Claims management risk

Claims management risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Company and undermine its ability to win and retain business, or incur punitive damages. These risks can occur at any stage of the claims life cycle. The Company's claims teams are focused on delivering quality, reliability and speed of service the policyholders. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business' broader interests. Prompt and accurate case reserves are set for all known claims liabilities, including provisions for expenses, as soon as a reliable estimate can be made of the claims liability.

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

27 RISK MANAGEMENT *(continued)*

c) Claims management risk (continued)

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 claims incurred but not reported (IBNR) at the statement of financial position date.

Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral reasonable estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques such as Chain ladder method, Bornhuetter - Ferguson method and Expected Loss Ratio Method.

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. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed 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 likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve in result of liability adequacy test) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as at the statement of financial position date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

d) Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs within the Company where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts in provisions. To manage reserving and ultimate reserves risk, our actuarial team uses a range of recognized techniques to project gross premiums written, monitor claims development patterns and stress-test ultimate insurance liability balances.

The objective of the Company's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business.

e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligation and commitments associated with financial liabilities when they fall due. The Company has a proper cash management system, where daily cash collection and payments are monitored and reconciled on regular basis. The Company manages this risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Company's assets in highly liquid financial assets.

27 RISK MANAGEMENT *(continued)*

e) Liquidity risk (continued)

Maturity profile

The table below summarises the expected utilisation or settlement of financial assets and liabilities including receivables/payables from insurance related assets and liabilities.

Maturity analysis on expected maturity base

31 December 2022 ***SR***	***Less than one year***	***More than one year***	***Total***
Assets			
Cash and cash equivalents	**194,904,123**	**-**	**194,904,123**
Prepaid expenses and other assets	**136,829,522**	**-**	**136,829,522**
Premiums receivable, net	**442,772,276**	**-**	**442,772,276**
Reinsurers’ balance receivable, net	**89,741,163**	**-**	**89,741,163**
Reinsurers' share of outstanding claims	**276,920,218**	**-**	**276,920,218**
Reinsurers’ share of claims incurred but not reported	**64,937,802**	**-**	**64,937,802**
Financial assets at fair value through statement of income (unit linked investments)	**487,049,866**	**-**	**487,049,866**
Available for sale investments	**73,273,215**	**518,163,736**	**591,436,951**
Statutory deposit	**-**	**60,000,000**	**60,000,000**
Accrued income on statutory deposit	**-**	**2,381,722**	**2,381,722**
	1,766,428,185	**580,545,458**	**2,346,973,643**

31 December 2022 ***SR***	***Less than one year***	***More than one year***	***Total***
Liabilities			
Accrued and other liabilities	**105,915,322**	**-**	**105,915,322**
Surplus distribution payable	**7,642,812**	**-**	**7,642,812**
Reinsurers' balances payable	**317,270,497**	**-**	**317,270,497**
Outstanding claims	**360,579,660**	**-**	**360,579,660**
Claims incurred but not reported	**119,830,375**	**-**	**119,830,375**
Lease liabilities	**2,695,000**	**3,397,308**	**6,092,308**
Unit linked liabilities	**479,565,238**	**-**	**479,565,238**
Accrued income payable to SAMA	**-**	**2,381,722**	**2,381,722**
	1,393,498,904	**5,779,030**	**1,399,277,934**

31 December 2021 *SR*	*Less than one year*	*More than one year*	*Total*
Assets			
Cash and cash equivalents	160,979,644	-	160,979,644
Prepaid expenses and other assets	202,209,214	-	202,209,214
Premiums receivable, net	346,330,780	-	346,330,780
Reinsurers’ balance receivable, net	83,779,407	-	83,779,407
Reinsurers' share of outstanding claims	441,962,088	-	441,962,088
Reinsurers’ share of claims incurred but not reported	52,137,423	-	52,137,423
Financial assets at fair value through statement of income (unit linked investments)	515,227,924	-	515,227,924
Available for sale investments	54,816,532	498,134,799	552,951,331
Statutory deposit	-	60,000,000	60,000,000
Accrued income on statutory deposit	-	1,579,858	1,579,858
	1,857,443,012	559,714,657	2,417,157,669

27 RISK MANAGEMENT *(continued)*

Maturity profile (continued)

31 December 2021 *SR*	*Less than one year*	*More than one year*	*Total*
Liabilities			
Accrued and other liabilities	103,619,228	-	103,619,228
Surplus distribution payable	11,816,069	-	11,816,069
Reinsurers' balances payable	246,066,437	-	246,066,437
Outstanding claims	510,039,419	-	510,039,419
Claims incurred but not reported	108,652,961	-	108,652,961
Lease liabilities	534,953	462,850	997,804
Unit linked liabilities	509,896,334	-	509,896,334
Accrued income payable to SAMA	-	1,579,858	1,579,858
	1,490,625,401	2,042,708	1,492,668,110

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on residual maturities. For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums, reinsurance share of unearned premiums and deferred policy acquisition costs have been excluded from the analysis as they are not contractual obligations. Repayments that are subject to notice are treated as if notice were to be given immediately.

31 December 2022 ***SR***	***On demand***	***Up to 1 year***	***2-5 years***	***More than 5 years***	***Total***
Assets					
Cash and cash equivalents	**194,904,123**	-	-	-	**194,904,123**
Prepaid expenses and other assets	-	**136,829,522**	-	-	**136,829,522**
Premiums receivable, net	-	**442,772,276**	-	-	**442,772,276**
Reinsurers’ balance receivable, net	-	**89,741,163**	-	-	**89,741,163**
Reinsurers' share of outstanding claims	-	**276,920,218**	-	-	**276,920,218**
Reinsurers’ share of claims incurred but not reported	-	**64,937,802**	-	-	**64,937,802**
Financial assets at fair value through statement of income (unit linked investments)	-	**487,049,866**	-	-	**487,049,866**
Available for sale investments	-	**73,273,215**	**324,160,458**	**194,003,278**	**591,436,951**
Statutory deposit	-	-	-	**60,000,000**	**60,000,000**
Accrued income on statutory deposit	-	-	-	**2,381,722**	**2,381,722**
	194,904,123	**1,571,524,062**	**324,160,458**	**256,385,000**	**2,346,973,643**
Liabilities					
Accrued and other liabilities	-	**105,915,322**	-	-	**105,915,322**
Surplus distribution payable	-	**7,642,812**	-	-	**7,642,812**
Reinsurers' balances payable	-	**317,270,497**	-	-	**317,270,497**
Claims incurred but not reported	-	**360,579,660**	-	-	**360,579,660**
Outstanding claims	-	**119,830,375**	-	-	**119,830,375**
Lease liabilities	-	**2,695,000**	**3,397,308**	-	**6,092,308**
Unit linked liabilities	-	**479,565,238**	-	-	**479,565,238**
Accrued income payable to SAMA	-	-	-	**2,381,722**	**2,381,722**
	-	**1,393,498,904**	**3,397,308**	**2,381,722**	**1,399,277,934**
Total liquidity gap	**194,904,123**	**178,025,158**	**320,763,150**	**254,003,278**	**947,695,709**

27 RISK MANAGEMENT *(continued)*

Maturity profile (continued)

31 December 2021 *SR*	*On demand*	*Up to 1 year*	*2-5 years*	*More than 5 years*	*Total*
Assets					
Cash and cash equivalents	160,979,644	-	-	-	160,979,644
Prepaid expenses and other assets	-	202,209,214	-	-	202,209,214
Premiums receivable, net	-	346,330,780	-	-	346,330,780
Reinsurers' balance receivable, net	-	83,779,407	-	-	83,779,407
Reinsurers' share of outstanding claims	-	441,962,088	-	-	441,962,088
Reinsurers' share of claims incurred but not reported	-	52,137,423	-	-	52,137,423
Financial assets at fair value through statement of income (unit linked investments)	515,227,924	-	-	-	515,227,924
Available for sale investments	-	54,816,532	361,657,445	136,477,354	552,951,331
Statutory deposit	-	-	-	60,000,000	60,000,000
Accrued income on statutory deposit	-	-	-	1,579,858	1,579,858
	676,207,568	1,181,235,444	361,657,445	198,057,212	2,417,157,669
Liabilities					
Accrued and other liabilities	-	103,619,228	-	-	103,619,228
Surplus distribution payable	11,816,069	-	-	-	11,816,069
Reinsurers' balances payable	-	246,066,437	-	-	246,066,437
Outstanding claims	-	510,039,419	-	-	510,039,419
Claims incurred but not reported	-	108,652,961	-	-	108,652,961
Lease liabilities	-	997,804	-	-	997,804
Unit linked liabilities	509,896,334	-	-	-	509,896,334
Accrued income payable to SAMA	-	-	-	1,579,858	1,579,858
	521,712,403	969,375,849	-	1,579,858	1,492,668,110
Total liquidity gap	154,495,165	211,859,595	361,657,445	196,477,354	924,489,559

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

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

- Available for sale investments include investments in mutual funds and sukuks and are held for cash management purposes and expected to be matured/settled within twelve months from the reporting date.
- Cash and bank balances are available on demand.
- Reinsurers' share of outstanding claims majorly pertain to property segment and are generally realized within three to six months based on settlement of balances with reinsurers.

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

- Reinsurers' balances payable are settled as per terms of reinsurance agreements.
- Majority of gross outstanding claims are expected to be settled within two months in accordance with statutory timelines for payment.
- Accrued and other liabilities are expected to settle within a period of twelve months from the period end date.

27 RISK MANAGEMENT *(continued)*

f) Credit risk

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

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

- To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance counterparties. Accordingly, as a pre-requisite, the parties with whom reinsurance is affected are required to have a minimum acceptable security rating level affirming their financial strength.

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

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

- Premiums receivable are mainly receivable from individuals and corporate customers (unrated). The Company seeks to limit the credit risk with respect individuals and corporate customers by setting credit limits and monitoring outstanding receivables.

- Cash and cash equivalents are maintained with local banks approved by management. Accordingly, as a pre-requisite, the banks with whom cash and cash equivalents are maintained are required to have a minimum acceptable security rating level affirming their financial strength.

- The Company's available for sale investments mainly comprise of debt securities and sukuks. The Company does not have an internal grading mechanism for debt securities. The Company limits its credit risk on debt securities by setting out a minimum acceptable security rating level for such investments.

- The Company's unit linked investments comprise of mutual funds. The Company does not have an internal grading mechanism for mutual funds. The Company limits its credit risk on mutual funds by setting out a minimum acceptable security rating level for such investments. For unit linked business, the policyholder bears the direct market and credit risk on investment assets in the unit funds and the Company's exposure to credit risk is limited to the extent of the income arising from asset management charges based on the value of assets in the fund.

- Statutory deposit is maintain with a local bank. Accordingly, as a pre-requisite, the bank with whom statutory deposit are maintained are required to have a minimum acceptable security rating level affirming their financial strength.

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

		2022 *SR*	
	Insurance operations	***Shareholders' operations***	***Total***
Cash and cash equivalents	**161,085,310**	**33,818,813**	**194,904,123**
Reinsurers' balances receivable, net	**89,741,163**	**-**	**89,741,163**
Premiums receivable, net	**442,772,276**	**-**	**442,772,276**
Reinsurers' share of outstanding claims	**276,920,218**	**-**	**276,920,218**
Reinsurers' share of claims incurred but not reported	**64,937,802**	**-**	**64,937,802**
Available for sale investments	**111,590,481**	**479,846,470**	**591,436,951**
Statutory deposit	**-**	**60,000,000**	**60,000,000**
Accrued income on statutory deposit	**-**	**2,381,722**	**2,381,722**
	1,147,047,250	**576,047,005**	**1,723,094,255**

27 RISK MANAGEMENT *(continued)*

f) Credit risk (continued)

	2021 SR		
	Insurance operations	*Shareholders' operations*	*Total*
Cash and cash equivalents	40,032,921	120,946,723	160,979,644
Reinsurers' balances receivable, net	83,779,407	-	83,779,407
Premiums receivable, net	346,330,780	-	346,330,780
Reinsurance share of outstanding claims	441,962,088	-	441,962,088
Reinsurers' share of claims incurred but not reported	52,137,423	-	52,137,423
Available for sale investments	142,644,413	410,306,918	552,951,331
Statutory deposit	-	60,000,000	60,000,000
Accrued income on statutory deposit	-	1,579,858	1,579,858
	1,106,887,032	592,833,499	1,699,720,531

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.

Credit ratings of investments

Following are the credit ratings of available for sale investments:

Credit quality	**Credit Rating Agency**	**Financial Instrument**	**2022**	2021
			SR	SR
A-	S&P/ Moody's	Bonds / Sukuks	**377,934,027**	396,082,998
BBB-	S&P/ Moody's	Sukuks	**177,198,521**	110,598,447
Unrated	N/A	Equities/Sukuks/ Mutual funds	**36,304,403**	46,269,886
			591,436,951	552,951,331

Further the Company follows a policy regarding selecting reinsurers whose credit rating are A- and higher as per S&P and Fitch ratings. Concentration of credit risk are also mentioned in notes 6 and 7.

g) Special commission rate risk

Special commission rate risk arises from the possibility that changes in special commission rates will affect future profitability or the fair values of financial instruments. The Company is exposed to special commission rate risk on its bank balances and available for sale - debt securities.

The sensitivity of the income is the effect of the assumed changes in the interest rates, with all other variable held constant, on the profit for one year, based on the floating rate financial assets held at 31 December 2022. A hypothetical 100 basis points change in the weighted average special commission rate of the floating rate at 31 December 2022 would impact special commission income by approximately SR 700,000 (2021: SR 700,000) annually in aggregate.

h) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuation as the majority of monetary assets and liabilities are in currencies linked to the Saudi Riyal. In addition, as the Company's foreign currency transactions are primarily in US dollars which is pegged with the Saudi Riyal, foreign exchange gains and losses are not significant and have not been disclosed separately.

27 RISK MANAGEMENT *(continued)*

h) Currency risk (continued)

The currency exposures of available for sale investments are set out below:

Insurance Operations	**2022**	2021
	SR	SR
Saudi Arabian Riyals	**13,128,293**	13,433,967
US Dollars	**98,462,188**	129,210,446
	111,590,481	142,644,413

Shareholders Operations	**2022**	2021
	SR	SR
Saudi Arabian Riyals	**274,438,098**	214,071,178
US Dollars	**205,408,372**	196,235,740
	479,846,470	410,306,918

i) Fund price risk

Fund price risk is the risk that the fair value of future cash flows of a fund will fluctuate because of changes in the net asset value (NAV) being determined by fund managers. The Company has foreign currency transactions in respect of its mutual funds investments.

The Company is not exposed to fund price risk for unit linked investments since any change in the NAV of the funds will affect the change in unit linked liabilities and the change in the fair value of the funds by the same amount hence, there is no impact on the performance of the Company. The direct market risk is borne by the policyholders.

j) Reinsurance risk

In order to minimise its financial exposure to potential losses arising from large claims, the Company enters into agreements with other parties for reinsurance purpose. 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 effected under treaty, facultative and excess-of-loss reinsurance contracts. The Company has foreign currency transactions in respect of its reinsurance activities.

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

a. Minimum acceptable credit rating by recognized rating agencies (e.g. Standard & Poors) that is not lower than BBB or equivalent.
b. Reputation of particular reinsurance companies.
c. Existing or past business experience with the reinsurers.

k) Market risk

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

The Company's market risk exposure relates to its quoted available for sale investments whose values will fluctuate as a result of changes in market prices. The Company limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. The Company also has unquoted equity instruments carried at cost or indicative selling price, where the impact of changes in equity price will only be reflected when the instrument is sold or deemed to be impaired and then the statement of income will be impacted.

27 RISK MANAGEMENT *(continued)*

k) Market risk (continued)

A 1% change in the market price of the quoted available for sale investments, with all other variables held constant, would impact equity as set out below:

	Change in market price	***Effect on statement of changes in equity SR***
2022	**+1%**	**6,312,442**
	-1%	**(6,312,442)**
2021	+1%	7,390,401
	-1%	(7,390,401)

28 CONTINGENCIES AND COMMITMENTS

a) The Company's contingencies are as follows:

	2022 SR	*2021 SR*
Letters of guarantee	**14,152,409**	15,940,000

b) Legal proceedings and regulations

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

29 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors 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 Board is measured in a manner consistent with that in the income statement. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2021.

Segment assets do not include cash and cash equivalents, prepaid expenses and other assets, available for sale investments, reinsurance balances, property and equipment, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include accrued and other liabilities, surplus distribution payable, reinsurers' balances payable, premium deficiency reserve, additional premium reserve, end-of-service obligations, zakat and income tax and accrued income payable to SAMA. Accordingly, they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are reported to chief operating decision maker on the cumulative basis and not reported under the related segments.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities as at 31 December 2022 and 31 December 2021, its total revenues, expenses, and net income for the year then ended, are as follows:

Motor	:	Motor
Medical	:	Medical
Property and casualty	:	Fire, burglary, money, construction, liability and marine
Protection and saving	:	Group retirement and individual protection and saving

29 SEGMENT INFORMATION *(continued)*

	Motor	*Medical*	*Property and Casualty*	*Protection and Saving*	*Insurance Operations*	*Shareholders' Operations*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
As at 31 December 2022							
Assets							
Premiums receivable, gross	**154,307,883**	**163,123,440**	**176,624,980**	**10,428,152**	**504,484,455**	**-**	**504,484,455**
Provision for doubtful debts	**-**	**-**	**-**	**-**	**(61,712,179)**	**-**	**(61,712,179)**
Reinsurers' share of outstanding claims	**2,531,928**	**27,391,367**	**241,304,678**	**5,692,245**	**276,920,218**	**-**	**276,920,218**
Reinsurers' share of claims incurred but not reported	**-**	**29,096,168**	**24,969,773**	**10,871,861**	**64,937,802**	**-**	**64,937,802**
Reinsurers' share of unearned premiums	**-**	**43,907,558**	**79,431,253**	**24,138,972**	**147,477,783**	**-**	**147,477,783**
Deferred policy acquisition costs	**11,949,860**	**5,021,391**	**4,806,073**	**(1,614,216)**	**20,163,108**	**-**	**20,163,108**
Financial assets at fair value through statement of income (unit linked investments)	**-**	**-**	**-**	**487,049,866**	**487,049,866**	**-**	**487,049,866**
Unallocated assets							
Other assets	**-**	**-**	**-**	**-**	**364,156,006**	**733,659,441**	**1,097,815,447**
Total assets							**2,537,136,500**
Liabilities and Equity							
Outstanding claims	**37,736,352**	**53,146,627**	**260,047,239**	**9,649,442**	**360,579,660**	**-**	**360,579,660**
Claims incurred but not reported	**25,398,823**	**49,462,850**	**28,938,602**	**16,030,100**	**119,830,375**	**-**	**119,830,375**
Premium deficiency reserve	-	-	-	-	-	-	-
Additional premium reserves	**250,000**	**2,177,981**	**3,233,649**	**1,872,644**	**7,534,274**	**-**	**7,534,274**
Unearned premium	**128,786,834**	**104,969,339**	**112,959,201**	**35,293,203**	**382,008,577**	**-**	**382,008,577**
Unearned reinsurance commission	**-**	**-**	**1,552,882**	**13,328**	**1,566,210**	**-**	**1,566,210**
Unit linked liabilities	**-**	**-**	**-**	**479,565,238**	**479,565,238**	**-**	**479,565,238**
Unallocated liabilities	**-**	**-**	**-**	**-**	**454,319,098**	**31,856,138**	**486,175,236**
Equity	**-**	**-**	**-**	**-**	**(1,926,373)**	**701,803,303**	**699,876,930**
Total liabilities and equity							**2,537,136,500**

29 SEGMENT INFORMATION *(continued)*

	Motor	*Medical*	*Property and Casualty*	*Protection and Saving*	Insurance operations	Shareholders' operations	Total
For the year ended 31 December 2022							
REVENUES							
Gross written premiums – retail	**73,220,239**	**-**	**10,822,718**	**43,933,647**	**127,976,604**	**-**	**127,976,604**
Gross written premiums – corporate	**100,105,423**	**209,536,170**	**161,132,560**	**112,896,143**	**583,670,296**	**-**	**583,670,296**
Gross written premiums – very small entities	**3,964,455**	**-**	**4,523,926**	**76,357**	**8,564,738**	**-**	**8,564,738**
Gross written premiums – small entities	**24,875,778**	**-**	**22,597,786**	**255,030**	**47,728,594**	**-**	**47,728,594**
Gross written premiums – medium entities	**38,494,087**	**-**	**40,476,612**	**1,343,840**	**80,314,539**	**-**	**80,314,539**
Gross premiums written	**240,659,982**	**209,536,170**	**239,553,602**	**158,505,017**	**848,254,771**	**-**	**848,254,771**
Reinsurance premiums ceded abroad	**-**	**(91,577,790)**	**(161,969,996)**	**(58,564,051)**	**(312,111,837)**	**-**	**(312,111,837)**
Reinsurance premiums ceded local	**-**	**-**	**(450,153)**	**-**	**(450,153)**	**-**	**(450,153)**
Excess of loss expenses	**(3,147,963)**	**-**	**(18,486,271)**	**-**	**(21,634,234)**	**-**	**(21,634,234)**
Fee income from unit linked investments	**-**	**-**	**-**	**1,499,841**	**1,499,841**	**-**	**1,499,841**
Net premiums written	**237,512,019**	**117,958,380**	**58,647,182**	**101,440,807**	**515,558,388**	**-**	**515,558,388**
Changes in unearned premiums	**(23,969,274)**	**(11,166,255)**	**(12,723,913)**	**(6,655,569)**	**(54,515,011)**	**-**	**(54,515,011)**
Changes in reinsurers' share of unearned Premiums	**-**	**(875,198)**	**15,696,744**	**3,718,762**	**18,540,308**	**-**	**18,540,308**
Net premiums earned	**213,542,745**	**105,916,927**	**61,620,013**	**98,504,000**	**479,583,685**	**-**	**479,583,685**
Reinsurance commissions	**-**	**-**	**5,977,317**	**17,867**	**5,995,184**	**-**	**5,995,184**
NET REVENUES	**213,542,745**	**105,916,927**	**67,597,330**	**98,521,867**	**485,578,869**	**-**	**485,578,869**
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	**(160,946,964)**	**(141,950,407)**	**(97,344,708)**	**(75,572,238)**	**(475,814,317)**	**-**	**(475,814,317)**
Surrenders and maturities	**-**	**-**	**-**	**(79,452,850)**	**(79,452,850)**	**-**	**(79,452,850)**
Expenses incurred related to claims	**(17,052,246)**	**-**	**(28,819,134)**	**-**	**(45,871,380)**	**-**	**(45,871,380)**
Reinsurers' share of claims paid	**1,332,753**	**82,653,646**	**118,656,404**	**42,010,253**	**244,653,056**	**-**	**244,653,056**
Net claims and other benefits paid	**(176,666,457)**	**(59,296,761)**	**(7,507,438)**	**(113,014,835)**	**(356,485,491)**	**-**	**(356,485,491)**
Changes in outstanding claims	**(8,123,326)**	**(14,179,823)**	**158,551,926**	**13,210,982**	**149,459,759**	**-**	**149,459,759**
Changes in reinsurers' share of outstanding claims	**286,567**	**5,025,300**	**(158,959,351)**	**(11,394,386)**	**(165,041,870)**	**-**	**(165,041,870)**
Change in premium deficiency reserves	**158,232**	**3,744,506**	**-**	**2,058,041**	**5,960,779**	**-**	**5,960,779**
Changes in additional premium reserves	**(250,000)**	**(234,791)**	**(1,085,237)**	**(1,552,961)**	**(3,122,989)**	**-**	**(3,122,989)**
Changes in claims incurred but not Reported	**7,324,448**	**(29,019,751)**	**7,609,459**	**2,908,430**	**(11,177,414)**	**-**	**(11,177,414)**
Changes in reinsurers' share of claim incurred but not reported	**(74,936)**	**19,483,237**	**(3,217,448)**	**(3,390,474)**	**12,800,379**	**-**	**12,800,379**
Net claims and other benefits incurred	**(177,345,472)**	**(74,478,083)**	**(4,608,089)**	**(111,175,203)**	**(367,606,847)**	**-**	**(367,606,847)**
Changes in unit linked liabilities	**-**	**-**	**-**	**30,331,096**	**30,331,096**	**-**	**30,331,096**
Unrealised gain on unit linked investments	**-**	**-**	**-**	**5,179,394**	**5,179,394**	**-**	**5,179,394**
Policy acquisition costs	**(22,478,657)**	**(8,430,383)**	**(14,805,558)**	**(2,307,414)**	**(48,022,012)**	**-**	**(48,022,012)**
Inspection and supervision fees	**(559,366)**	**(1,568,502)**	**(632,972)**	**(616,059)**	**(3,376,899)**	**-**	**(3,376,899)**
TOTAL UNDERWRITING COSTS AND EXPENSES	**(200,383,495)**	**(84,476,968)**	**(20,046,619)**	**(78,588,186)**	**(383,495,268)**	**-**	**(383,495,268)**
NET UNDERWRITING INCOME	**13,159,250**	**21,439,959**	**47,550,711**	**19,933,681**	**102,083,601**	**-**	**102,083,601**
Unallocated							
OTHER (EXPENSES) / INCOME							
Provision for doubtful debts					**-**	**-**	**-**
General and administrative expenses					**(117,635,780)**	**(184,219)**	**(117,819,999)**
Investment income					**6,512,337**	**17,776,054**	**24,288,391**
Other income					**20,643,899**	**-**	**20,643,899**
TOTAL OTHER EXPENSES					**(90,479,544)**	**17,591,835**	**(72,887,709)**
Net income for the period before attribution and zakat and income tax					**11,604,057**	**17,591,835**	**29,195,892**

29 SEGMENT INFORMATION *(continued)*

	Motor	*Medical*	*Property and Casualty*	*Protection and Saving*	*Insurance Operations*	*Shareholders' Operations*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
As at 31 December 2021							
Assets							
Premiums receivable, gross	117,867,610	155,801,302	122,456,519	11,917,528	408,042,959	-	408,042,959
Provision for doubtful debts					(61,712,179)	-	(61,712,179)
Reinsurers' share of outstanding claims	2,245,361	22,366,067	400,264,029	17,086,631	441,962,088	-	441,962,088
Reinsurers' share of claims incurred but not reported	74,936	9,612,928	28,187,224	14,262,335	52,137,423	-	52,137,423
Reinsurers' share of unearned premiums		44,782,756	63,734,509	20,420,210	128,937,475	-	128,937,475
Deferred policy acquisition costs	10,643,656	4,868,612	6,237,912	(1,000,578)	20,749,602	-	20,749,602
Financial assets at fair value through statement of income (unit linked investments)				515,227,924	515,227,924	-	515,227,924
Unallocated assets							
Other assets					351,837,096	726,143,704	1,077,980,800
Total assets							2,583,326,092
Liabilities and Equity							
Outstanding claims	29,613,026	38,966,804	418,599,165	22,860,424	510,039,419	-	510,039,419
Claims incurred but not reported	32,723,271	20,443,101	36,548,059	18,938,530	108,652,961	-	108,652,961
Premium deficiency reserve	158,232	3,744,506	-	2,058,041	5,960,779	-	5,960,779
Additional premium reserves	-	1,943,190	2,148,412	319,683	4,411,285	-	4,411,285
Unearned premium	104,817,559	93,803,085	100,235,288	28,637,634	327,493,566	-	327,493,566
Unearned reinsurance commission			1,334,717	13,057	1,347,774	-	1,347,774
Unit linked liabilities				509,896,334	509,896,334	-	509,896,334
Unallocated liabilities					390,577,805	24,025,209	414,603,014
Equity					9,174,529	702,118,495	711,293,024
Total liabilities and equity							2,583,326,092

29 SEGMENT INFORMATION *(continued)*

	Motor	*Medical*	*Property and Casualty*	*Protection and Saving*	*Insurance Operations*	*Shareholders' Operations*	*Total*
	SR	***SR***	***SR***	***SR***	***SR***	***SR***	***SR***
For the year ended 31 December 2021							
Gross written premiums – retail	55,318,655	-	1,696,777	50,146,167	107,161,599	-	107,161,599
Gross written premiums – corporate	72,610,336	199,111,491	175,090,597	91,392,035	538,204,459	-	538,204,459
Gross written premiums – very small entities	4,436,176	5,752	10,431,869	188,414	15,062,211	-	15,062,211
Gross written premiums – small entities	22,874,995	2,932	13,114,397	768,864	36,761,188	-	36,761,188
Gross written premiums – medium entities	34,095,881	2,726	29,987,792	1,839,247	65,925,646	-	65,925,646
Gross premiums written	189,336,043	199,122,901	230,321,432	144,334,727	763,115,103	-	763,115,103
Reinsurance premiums ceded abroad	6,001	(99,041,262)	(146,359,783)	(47,770,719)	(293,165,763)		(293,165,763)
Reinsurance premiums ceded local			(1,169,813)		(1,169,813)	-	(1,169,813)
Excess of loss expenses	(1,955,835)	-	(14,843,236)	-	(16,799,071)	-	(16,799,071)
Fee income from unit linked investments				1,374,634	1,374,634	-	1,374,634
Net premiums written	187,386,209	100,081,639	67,948,600	97,938,642	453,355,090	-	453,355,090
Changes in unearned premiums	(20,805,891)	(15,610,693)	(15,448,466)	(9,264,084)	(61,129,134)	-	(61,129,134)
Changes in reinsurers' share of unearned Premiums	(210,709)	3,505,636	15,338,528	6,941,249	25,574,704	-	25,574,704
Net premiums earned	166,369,609	87,976,582	67,838,662	95,615,807	417,800,660	-	417,800,660
Reinsurance commissions	1,776	-	4,603,292	263,874	4,868,942	-	4,868,942
NET REVENUES	166,371,385	87,976,582	72,441,954	95,879,681	422,669,602	-	422,669,602
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(124,217,339)	(173,939,460)	(120,539,547)	(51,125,354)	(469,821,699)	-	(469,821,699)
Surrenders and maturities	-	-	-	(117,405,672)	(117,405,672)	-	(117,405,672)
Expenses incurred related to claims	(8,756,495)	-	(12,918,631)	-	(21,675,126)	-	(21,675,126)
Reinsurers' share of claims paid	608,561	110,916,983	126,405,434	39,565,239	277,496,216	-	277,496,216
Net claims and other benefits paid	(132,365,273)	(63,022,477)	(7,052,744)	(128,965,787)	(331,406,281)	-	(331,406,281)
Changes in outstanding claims	19,482,906	(14,721,857)	67,645,849	(8,212,749)	64,194,149	-	64,194,149
Changes in reinsurers' share of outstanding claims	(2,864,691)	7,595,225	(71,321,824)	7,238,611	(59,352,679)	-	(59,352,679)
Changes in premium deficiency reserve	1,031,657	2,104,938	-	(58,361)	3,078,234	-	3,078,234
Changes in additional premium reserve	-	(1,943,190)	(762,704)	(319,683)	(3,025,577)	-	(3,025,577)
Changes in claims incurred but not reported	3,930,252	23,044,488	(8,621,865)	(3,206,818)	15,146,057	-	15,146,057
Changes in reinsurers' share of claim incurred but not reported	80,495	(15,590,731)	6,379,832	3,701,570	(5,428,834)	-	(5,428,834)
Net claims and other benefits incurred	(110,704,654)	(62,533,604)	(13,733,456)	(129,823,217)	(316,794,931)	-	(316,794,931)
Change in unit linked liabilities	-	-	-	8,218,017	8,218,017	-	8,218,017
Unrealized loss on unit linked investments	-	-	-	45,308,193	45,308,193	-	45,308,193
Policy acquisition costs	(16,499,399)	(8,135,522)	(11,767,756)	(1,264,339)	(37,667,016)	-	(37,667,016)
Inspection and supervision fees	(946,680)	(2,986,844)	(1,425,868)	(721,674)	(6,081,066)	-	(6,081,066)
TOTAL UNDERWRITING COSTS AND EXPENSES	(128,150,733)	(73,655,970)	(26,927,080)	(78,283,020)	(307,016,803)	-	(307,016,803)
NET UNDERWRITING INCOME	38,220,652	14,320,612	45,514,874	17,596,661	115,652,799	-	115,652,799
Unallocated items							
OTHER (EXPENSES) / INCOME							
Provision for doubtful debts					(4,251,304)	-	(4,251,304)
General and administrative expenses					(114,534,196)	(2,293,429)	(116,827,625)
Investment income					4,055,682	10,983,327	15,039,009
Other income					7,738,605	-	7,738,605
TOTAL OTHER EXPENSES					(106,991,213)	8,689,898	(98,301,315)
Net income for the period before attribution and zakat and income tax					8,661,586	8,689,898	17,351,484

30 SUPPLEMENTARY INFORMATION

a) Statement of financial position

	SR					
	31 December 2022			*31 December 2021*		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	**161,085,310**	**33,818,813**	**194,904,123**	40,032,921	120,946,723	160,979,644
Prepaid expenses and other assets	**130,922,472**	**5,907,050**	**136,829,522**	198,692,991	3,516,223	202,209,214
Premiums receivable, net	**442,772,276**	**-**	**442,772,276**	346,330,780	-	346,330,780
Reinsurers' balance receivable, net	**89,741,163**	**-**	**89,741,163**	83,779,407	-	83,779,407
Reinsurers' share of outstanding claims	**276,920,218**	**-**	**276,920,218**	441,962,088	-	441,962,088
Reinsurers' share of claims incurred but not reported	**64,937,802**	**-**	**64,937,802**	52,137,423	-	52,137,423
Reinsurers' share of unearned premiums	**147,477,783**	**-**	**147,477,783**	128,937,475	-	128,937,475
Deferred policy acquisition costs	**20,163,108**	**-**	**20,163,108**	20,749,602	-	20,749,602
Right-of-use assets	**4,107,309**	**-**	**4,107,309**	844,193	-	844,193
Financial assets at fair value through statement of income (unit linked investments)	**487,049,866**	**-**	**487,049,866**	515,227,924	-	515,227,924
Available for sale investments	**111,590,481**	**479,846,470**	**591,436,951**	142,644,413	410,306,918	552,951,331
Deferred tax assets, net	**-**	**11,255,136**	**11,255,136**	-	7,668,495	7,668,495
Property and equipment	**7,159,521**	**-**	**7,159,521**	7,968,658	-	7,968,658
Statutory deposit	**-**	**60,000,000**	**60,000,000**	-	60,000,000	60,000,000
Accrued income on statutory deposit	**-**	**2,381,722**	**2,381,722**	-	1,579,858	1,579,858
Due to/from insurance operation/shareholders operation*	**(140,450,250)**	**140,450,250**	**-**	(122,125,487)	122,125,487	-
TOTAL ASSETS	**1,803,477,059**	**733,659,441**	**2,537,136,500**	1,857,182,388	726,143,704	2,583,326,092
LIABILITIES						
Accrued and other liabilities	**103,931,687**	**1,983,635**	**105,915,322**	102,294,609	1,324,619	103,619,228
Surplus distribution payable	**7,642,812**	**-**	**7,642,812**	11,816,069	-	11,816,069
Reinsurers' balances payable	**317,270,497**	**-**	**317,270,497**	246,066,437	-	246,066,437
Unearned premiums	**382,008,577**	**-**	**382,008,577**	327,493,566	-	327,493,566
Unearned reinsurance commission	**1,566,210**	**-**	**1,566,210**	1,347,774	-	1,347,774
Outstanding claims	**360,579,660**	**-**	**360,579,660**	510,039,419	-	510,039,419
Claims incurred but not reported	**119,830,375**	**-**	**119,830,375**	108,652,961	-	108,652,961
Lease liabilities	**6,092,308**	**-**	**6,092,308**	997,804	-	997,804
Premium deficiency reserve	**-**	**-**	**-**	5,960,779	-	5,960,779
Additional premium reserves	**7,534,274**	**-**	**7,534,274**	4,411,285	-	4,411,285
Unit linked liabilities	**479,565,238**	**-**	**479,565,238**	509,896,334	-	509,896,334
Employees' end-of-service obligations	**19,381,794**	**-**	**19,381,794**	19,030,822	-	19,030,822
Zakat and income tax	**-**	**27,490,781**	**27,490,781**	-	21,120,732	21,120,732
Accrued income payable to SAMA	**-**	**2,381,722**	**2,381,722**	-	1,579,858	1,579,858
TOTAL LIABILITIES	**1,805,403,432**	**31,856,138**	**1,837,259,570**	1,848,007,859	24,025,209	1,872,033,068
EQUITY						
Share capital	**-**	**600,000,000**	**600,000,000**	-	600,000,000	600,000,000
Share premium	**-**	**16,310,624**	**16,310,624**	-	16,310,624	16,310,624
Statutory reserve	**-**	**25,851,362**	**25,851,362**	-	21,867,493	21,867,493
Retained earnings	**-**	**68,107,765**	**68,107,765**	-	52,172,287	52,172,287
Actuarial reserve for end-of-service obligations	**2,241,846**	**-**	**2,241,846**	3,392,704	-	3,392,704
Fair value reserve on investments	**(4,168,219)**	**(8,466,448)**	**(12,634,667)**	5,781,825	11,768,091	17,549,916
TOTAL EQUITY	**(1,926,373)**	**701,803,303**	**699,876,930**	9,174,529	702,118,495	711,293,024
TOTAL LIABILITIES AND EQUITY	**1,803,477,059**	**733,659,441**	**2,537,136,500**	1,857,182,388	726,143,704	2,583,326,092

* This item is not included in the statement of financial position.

30 SUPPLEMENTARY INFORMATION *(continued)*

b) Statement of income

	31 December 2022			31 December 2021		
	SR					
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
REVENUES						
Gross premiums written	**848,254,771**	**-**	**848,254,771**	763,115,103	-	763,115,103
Reinsurance premiums ceded abroad	**(312,111,837)**	**-**	**(312,111,837)**	(293,165,763)	-	(293,165,763)
Reinsurance premiums ceded locally	**(450,153)**	**-**	**(450,153)**	(1,169,813)	-	(1,169,813)
Excess of loss expenses	**(21,634,234)**	**-**	**(21,634,234)**	(16,799,071)	-	(16,799,071)
Fee income from unit linked investments	**1,499,841**	**-**	**1,499,841**	1,374,634	-	1,374,634
Net premiums written	**515,558,388**	**-**	**515,558,388**	453,355,090	-	453,355,090
Changes in unearned premiums	**(54,515,011)**	**-**	**(54,515,011)**	(61,129,134)	-	(61,129,134)
Changes in reinsurers' share of unearned premiums	**18,540,308**	**-**	**18,540,308**	25,574,704	-	25,574,704
Net premiums earned	**479,583,685**	**-**	**479,583,685**	417,800,660	-	417,800,660
Reinsurance commissions	**5,995,184**	**-**	**5,995,184**	4,868,942	-	4,868,942
NET REVENUES	**485,578,869**	**-**	**485,578,869**	422,669,602	-	422,669,602
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	**(475,814,317)**	**-**	**(475,814,317)**	(469,821,699)	-	(469,821,699)
Surrenders and maturities	**(79,452,850)**	**-**	**(79,452,850)**	(117,405,672)	-	(117,405,672)
Expenses incurred related to claims	**(45,871,380)**	**-**	**(45,871,380)**	(21,675,126)	-	(21,675,126)
Reinsurers' share of claims paid	**244,653,056**	**-**	**244,653,056**	277,496,216	-	277,496,216
Net claims and other benefits paid	**(356,485,491)**	**-**	**(356,485,491)**	(331,406,281)	-	(331,406,281)
Changes in outstanding claims	**149,459,759**	**-**	**149,459,759**	64,194,149	-	64,194,149
Changes in reinsurers' share of outstanding claims	**(165,041,870)**	**-**	**(165,041,870)**	(59,352,679)	-	(59,352,679)
Change in premium deficiency reserve	**5,960,779**	**-**	**5,960,779**	3,078,234	-	3,078,234
Changes in additional premium reserve	**(3,122,989)**	**-**	**(3,122,989)**	(3,025,577)	-	(3,025,577)
Changes in claims incurred but not reported	**(11,177,414)**	**-**	**(11,177,414)**	15,146,057	-	15,146,057
Changes in reinsurers' share of claims incurred but not reported	**12,800,379**	**-**	**12,800,379**	(5,428,834)	-	(5,428,834)
Net claims and other benefits incurred	**(367,606,847)**	**-**	**(367,606,847)**	(316,794,931)	-	(316,794,931)
Changes in unit linked liabilities	**30,331,096**	**-**	**30,331,096**	8,218,017	-	8,218,017
Unrealized gain on unit linked investments	**5,179,394**	**-**	**5,179,394**	45,308,193	-	45,308,193
Policy acquisition costs	**(48,022,012)**	**-**	**(48,022,012)**	(37,667,016)	-	(37,667,016)
Inspection and supervision fees	**(3,376,899)**	**-**	**(3,376,899)**	(6,081,066)	-	(6,081,066)
TOTAL UNDERWRITING COSTS AND EXPENSES	**(383,495,268)**	**-**	**(383,495,268)**	(307,016,803)	-	(307,016,803)
NET UNDERWRITING INCOME	**102,083,601**	**-**	**102,083,601**	115,652,799	-	115,652,799
OTHER (EXPENSES) / INCOME						
Provision of doubtful debts	**-**	**-**	**-**	(4,251,304)	-	(4,251,304)
General and administrative expenses	**(117,635,780)**	**(184,219)**	**(117,819,999)**	(114,534,196)	(2,293,429)	(116,827,625)
Investment income	**6,512,337**	**17,776,054**	**24,288,391**	4,055,682	10,983,327	15,039,009
Other income	**20,643,899**	**-**	**20,643,899**	7,738,605	-	7,738,605
TOTAL OTHER EXPENSE	**(90,479,544)**	**17,591,835**	**(72,887,709)**	(106,991,213)	8,689,898	(98,301,315)
NET INCOME FOR THE YEAR BEFORE SURPLUS, ZAKAT AND TAX	**11,604,057**	**17,591,835**	**29,195,892**	8,661,586	8,689,898	17,351,484
Net surplus transferred to shareholders' Operation	**(10,443,651)**	**10,443,651**	**-**	(7,795,427)	7,795,427	-
NET INCOME FOR THE YEAR AFTER SHAREHOLDERS' APPROPRIATIONS BEFORE ZAKAT AND TAX	**1,160,406**	**28,035,486**	**29,195,892**	866,159	16,485,325	17,351,484
Zakat charge for the year	**-**	**(5,499,966)**	**(5,499,966)**	-	(9,309,191)	(9,309,191)
Income tax chargefor the year, net	**-**	**(2,616,173)**	**(2,616,173)**	-	(1,556,705)	(1,556,705)
NET INCOME AFTER SHAREHOLDERS ATTRIBUTION ZAKAT AND TAX	**1,160,406**	**19,919,347**	**21,079,753**	866,159	5,619,429	6,485,588

30 SUPPLEMENTARY INFORMATION *(continued)*

c) Statement of comprehensive income

	SR					
	31 December 2022			*31 December 2021*		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Net income for the year after zakat and tax	**1,160,406**	**19,919,347**	**21,079,753**	866,159	5,619,429	6,485,588
Other comprehensive income						
Items that will not be reclassified to statement of income in subsequent years						
- Re-measurement loss of defined benefit liability employees' end-of-service obligations	**(1,150,858)**	**-**	**(1,150,858)**	(205,126)	-	(205,126)
Items that are or may be reclassified to statements of income in subsequent years						
Available for sale investments						
- Net change in fair value	**(9,950,043)**	**(23,822,163)**	**(33,772,206)**	(3,810,739)	(6,101,349)	(9,912,088)
- Deferred tax relating to change in fair value	**1,056,994**	**2,530,629**	**3,587,623**	404,601	647,948	1,052,549
Total comprehensive (loss) / income for the year	**(8,883,501)**	**(1,372,187)**	**(10,255,688)**	(2,745,105)	166,028	(2,579,077)
Reconciliation:						
Less: Net income attributable to insurance operations			**(1,160,406)**			(866,159)
Total comprehensive loss for the year			**(11,416,094)**			(3,445,236)

30 SUPPLEMENTARY INFORMATION *(continued)*

d) Statement of cash flows

	SR					
	31 December 2022			*31 December 2021*		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the year before surplus, zakat and Tax	**1,160,406**	**28,035,486**	**29,195,892**	866,159	16,485,325	17,351,484
Adjustments for non-cash items and other items:						
Depreciation of property and equipment	**3,840,369**	**-**	**3,840,369**	3,864,229	-	3,864,229
Amortisation of right-of-use assets	**3,826,610**	**-**	**3,826,610**	2,885,949	-	2,885,949
Amortization of investments premium	**103,889**	**23,535**	**127,424**	254,285	288,887	543,172
Provision of doubtful reinsurance receivables	**-**	**-**	**-**	362,006	-	362,006
Gain on sale of property and equipment	**(773,241)**	**-**	**(773,241)**	(138,454)	-	(138,454)
Provision for doubtful receivables and write-offs	**-**	**-**	**-**	3,889,298	-	3,889,298
Provision for end-of-service obligations	**3,081,586**	**-**	**3,081,586**	2,497,443	-	2,497,443
Unrealized gain on unit linked investments	**(5,179,394)**	**-**	**(5,179,394)**	(45,308,193)	-	(45,308,193)
Finance cost on lease liabilities	**1,659,860**	**-**	**1,659,860**	447,261	-	447,261
Surplus written back	**(4,890,617)**	**-**	**(4,890,617)**	(3,803,941)	-	(3,803,941)
Shareholders' appropriation from insurance operations' surplus*	**-**	**-**	**-**	7,795,427	(7,795,427)	-
	2,829,468	**28,059,021**	**30,888,489**	(26,388,531)	8,978,785	(17,409,746)
Changes in operating assets and liabilities:						
Reinsurers' balance receivable	**(5,961,756)**	**-**	**(5,961,756)**	(10,112,369)	-	(10,112,369)
Premium receivable	**(96,441,496)**	**-**	**(96,441,496)**	54,168,712	-	54,168,712
Reinsurers' share of unearned premiums	**(18,540,308)**	**-**	**(18,540,308)**	(25,574,704)	-	(25,574,704)
Reinsurers' share of outstanding claims	**165,041,870**	**-**	**165,041,870**	59,352,679	-	59,352,679
Reinsurers' share of claims incurred but not reported	**(12,800,379)**	**-**	**(12,800,379)**	5,428,834	-	5,428,834
Deferred policy acquisition costs	**586,494**	**-**	**586,494**	(7,846,393)	-	(7,846,393)
Unit linked investments	**33,357,451**	**-**	**33,357,451**	54,140,090	-	54,140,090
Prepaid expenses and other assets	**67,770,520**	**(2,390,828)**	**65,379,692**	(65,810,276)	7,691,838	(58,118,438)
Accrued expenses and other liabilities	**1,637,078**	**659,016**	**2,296,094**	(60,790,683)	(1,022,874)	(61,813,557)
Reinsurers' balances payable	**71,204,060**	**-**	**71,204,060**	43,850,395	-	43,850,395
Unearned premiums	**54,515,011**	**-**	**54,515,011**	61,129,134	-	61,129,134
Unearned reinsurance commission	**218,436**	**-**	**218,436**	(1,481,885)	-	(1,481,885)
Unit linked liabilities	**(30,331,096)**	**-**	**(30,331,096)**	(8,218,017)	-	(8,218,017)
Outstanding claims	**(149,459,759)**	**-**	**(149,459,759)**	(64,194,149)	-	(64,194,149)
Claims incurred but not reported	**11,177,414**	**-**	**11,177,414**	(15,146,057)	-	(15,146,057)
Premium deficiency reserve	**(5,960,779)**	**-**	**(5,960,779)**	(3,078,234)	-	(3,078,234)
Additional premium reserves	**3,122,989**	**-**	**3,122,989**	3,025,577	-	3,025,577
	91,965,218	**26,327,209**	**118,292,427**	(7,545,877)	15,647,749	8,101,872
Employees' end-of-service obligations paid	**(3,881,472)**	**-**	**(3,881,472)**	(2,691,329)	-	(2,691,329)
Surplus paid to policyholders	**(443,046)**	**-**	**(443,046)**	(338,827)	-	(338,827)
Zakat and income tax paid	**-**	**(5,340,884)**	**(5,340,884)**	-	(5,234,662)	(5,234,662)
Zakat refund	**-**	**3,595,778**	**3,595,778**	-	-	-
Net cash generated from / (used in) operating activities	**87,640,700**	**24,582,103**	**112,222,803**	(10,576,033)	10,413,087	(162,946)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions in available for sale investments	**(7,500,000)**	**(148,020,250)**	**(155,520,250)**	-	(172,500,000)	(172,500,000)
Proceed from sale of available for sale investments	**28,500,000**	**54,635,000**	**83,135,000**	-	13,575,000	13,575,000
Proceeds from sale of property and equipment	**773,241**	**-**	**773,241**	138,454	-	138,454
Additions in property and equipment	**(3,031,233)**	**-**	**(3,031,233)**	(2,305,301)	-	(2,305,301)
Net cash generated from / (used in) investing activities	**18,742,008**	**(93,385,250)**	**(74,643,242)**	(2,166,847)	(158,925,000)	(161,091,847)
CASH FLOWS FROM FINANCING ACTIVITY						
Due from / to (insurance operations / shareholder operations)*	**18,324,763**	**(18,324,763)**	**-**	(132,051,969)	132,051,969	-
Lease rental paid	**(3,655,082)**	**-**	**(3,655,082)**	(2,811,788)	-	(2,811,788)
Net cash generated from / (used in) financing activities	**14,669,681**	**(18,324,763)**	**(3,655,082)**	(134,863,757)	132,051,969	(2,811,788)
Net change in cash and cash equivalents	**121,052,389**	**(87,127,910)**	**33,924,479**	(147,606,637)	(16,459,944)	(164,066,581)
Cash and cash equivalents, beginning of the year	**40,032,921**	**120,946,723**	**160,979,644**	187,639,558	137,406,667	325,046,225
Cash and cash equivalents, end of the year	**161,085,310**	**33,818,813**	**194,904,123**	40,032,921	120,946,723	160,979,644
NON-CASH INFORMATION:						
Change in fair value of available for sale investments	**1,613,606**	**32,158,600**	**33,772,206**	3,810,739	6,101,349	9,912,088
Re-measurement of defined benefit liability – employees' end-of-service obligations	**1,150,858**	**-**	**1,150,858**	205,126	-	205,126
Deferred income tax	**(1,056,994)**	**(2,530,629)**	**(3,587,623)**	(404,601)	(647,948)	(1,052,549)
Addition to right-of-use assets	**7,089,726**	**-**	**7,089,726**	-	-	-

* These items are not included in the statement of cash flows.

31 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 15 March 2023 (corresponding to 23 Shaban 1444H).

Independent Auditors' Report

To the shareholders of Allianz Saudi Fransi Cooperative Insurance Company (A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Allianz Saudi Fransi Cooperative Insurance Company – a Saudi Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to as "IFRS as endorsed in Kingdom of Saudi Arabia").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the 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 the key audit matter below, a description of how our audit addressed the matter is provided in that context:

Key audit matters	**How the matter was addressed in our audit**
Valuation of ultimate claim liabilities arising from insurance contracts As at 31 December 2022, gross outstanding claims including claims incurred but not reported (IBNR) and additional premium reserves amounted to Saudi Riyals 487.9 million as reported in Note 14 to the financial statements. The estimation of insurance contract liabilities involves a significant degree of judgement. The liabilities are based on the best-estimate of the ultimate cost of all claims incurred but not settled at	We performed the following procedures : • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience. • Performed substantive tests on the amounts recorded for a sample of claims notified and paid; including

Key audit matters	**How the matter was addressed in our audit**
the reporting date, whether reported or not, together with the related claims handling costs. The Company uses an external actuary ("management's expert") to provide them with the estimate of such liabilities. A range of methods were used to determine these provisions which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Due to the estimation uncertainty and subjectivity involved in the assessment of valuation of ultimate claim liabilities arising from insurance contracts, we have determined it to be a key audit matter. *Refer to notes 2 and 3 to the financial statements which disclose the valuation methodology used by the Company and critical judgements and estimates and accounting policies.*	comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. • Obtained sufficient audit evidence to assess 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 IBNR by comparing it to the accounting and other records. • Challenged management's methods and assumptions, through assistance of our internal actuarial expert to understand and evaluate the Company's actuarial practices and provisions established and gained comfort over the actuarial report issued by management's expert, by performing the following: (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; (ii) Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We challenged these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and (iii) Reviewed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed. • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Other Information

The Board of Directors of the Company (the "Directors") are responsible for the other information. The other information comprises information included in the Company's 2022 annual report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards, as endorsed in the 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 Directors determine 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 Directors are 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing, as 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 the International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 Directors;

- Conclude on the appropriateness of the Directors' 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; and

- 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.

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

PricewaterhouseCoopers
P. O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia

Ali H. Al Basri
Certified Public Accountant
License Number 409

For Al-Bassam & Co.
P.O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

Ibrahim A. Al-Bassam
Certified Public Accountant
License Number 337

Date: 23 March 2023
Corresponding to: 01 Ramadan, 1444H