

**LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE
INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
(UNAUDITED)**

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2024**

**LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

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Kingdom of Saudi Arabia
CR:1010385804

**INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED
FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF LIVA INSURANCE COMPANY (FORMERLY KNOWN AS AL
ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Liva Insurance Company** (formerly known as Al Alamiya for Cooperative Insurance Company) (the "Company") as at 31 March 2024, and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 31 March 2024 of the Company are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

For Al-Bassam & Co.

Dr. Abdullah Hamad Al Fozan
Certified Public Accountant
License No. 348

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337



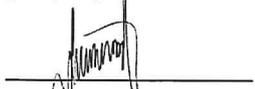
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15 May 2024

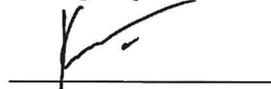


LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

		31 March 2024	31 December 2023
	Notes	(Unaudited)	(Audited)
ASSETS			
Bank balances and cash	5	105,894	105,128
Term deposits	6	295,419	340,345
Insurance contract assets	4.1	9	73
Reinsurance contract assets	4.2	59,703	59,263
Prepaid expenses and other assets		51,512	41,041
Investments	7	273,133	249,089
Due from related parties		52	52
Property and equipment		1,526	1,460
Intangible assets		649	714
Statutory deposit	16	39,990	39,985
Accrued commission income on statutory deposit	16	1,535	1,535
TOTAL ASSETS		829,422	838,685
LIABILITIES			
Accrued expenses and other liabilities		41,170	33,866
Insurance contract liabilities	4.1	294,011	308,500
Reinsurance contract liabilities	4.2	21,794	30,946
Due to related parties		4,711	4,420
Provision for end-of-service benefits (EOSB)		6,724	6,926
Provision for zakat and income tax	13	64,840	62,500
Accrued income payable to Insurance Authority	16	1,535	1,535
TOTAL LIABILITIES		434,785	448,693
EQUITY			
Share capital	14	400,000	400,000
Statutory reserve		1,161	1,161
Accumulated losses		(50,503)	(55,148)
Investments fair value reserve		41,561	41,561
Actuarial gain on retirement benefit schemes		2,418	2,418
TOTAL EQUITY		394,637	389,992
TOTAL LIABILITIES AND EQUITY		829,422	838,685
COMMITMENTS AND CONTINGENCIES			
	9		

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.


Mohamed Al Tooblani
Chief Financial Officer

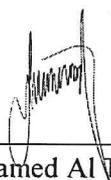

Kamran Mazhar
Chief Executive Officer


Tariq Al Naeem
Chairman

LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended	
	31 March 2024	31 March 2023
<u>Notes</u>	(Unaudited)	(Unaudited)
Insurance revenue	110,543	130,425
Insurance service expenses	(94,635)	(118,273)
Net expenses from reinsurance contracts held	(11,484)	(16,443)
Insurance service result	4,424	(4,291)
Investment income calculated using effective profit rate	7,724	5,607
Net impairment (loss) / reversal on financial assets	(21)	34
Investment return	7,703	5,641
Net finance expenses from insurance contracts	(1,509)	(2,492)
Net finance income from reinsurance contracts	360	1,490
Net financial result	(1,149)	(1,002)
Other operating expenses	(5,558)	(5,066)
Other income	1,565	5,651
Profit for the period before zakat	6,985	933
Provision for zakat	(2,340)	(1,800)
Profit / (loss) for the period after zakat	4,645	(867)
Basic and diluted earning / (loss) per share (expressed in SAR per share)	0.12	(0.02)

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.


 Mohamed Al Tooblani
 Chief Financial Officer

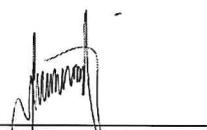

 Kamran Mazhar
 Chief Executive Officer


 Tariq Al Naeem
 Chairman

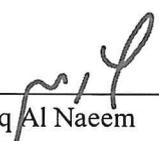
LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended	
	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Profit / (loss) for the period after zakat	4,645	(867)
Other comprehensive income / (loss):		
<i>Items that will not be reclassified to interim condensed statement of income:</i>		
Equity investments at FVOCI – net change in fair value	-	-
Remeasurement (loss) / gain on end-of-service benefits	-	-
Other comprehensive income / (loss) for the period	-	-
Total comprehensive income / (loss) for the period	4,645	(867)

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.


 Mohamed Al Tooblani
 Chief Financial Officer


 Kamran Mazhar
 Chief Executive Officer


 Tariq Al Naeem
 Chairman

**LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Investments fair value reserve	Actuarial gain on retirement benefit schemes	Total equity
Balance as at 1 January 2024	400,000	1,161	(55,148)	41,561	2,418	389,992
Profit for the period after zakat	-	-	4,645	-	-	4,645
Other comprehensive income for the period	-	-	-	-	-	-
Balance as at 31 March 2024 (unaudited)	400,000	1,161	(50,503)	41,561	2,418	394,637
Restated balance as at 1 January 2023	400,000	1,161	(66,406)	37,780	2,622	375,157
Loss for the period after zakat	-	-	(867)	-	-	(867)
Other comprehensive income for the period	-	-	-	-	-	-
Balance as at 31 March 2023 (unaudited)	400,000	1,161	(67,273)	37,780	2,622	374,290

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.


Mohamed A. Tooblani
Chief Financial Officer


Kamran Mazhar
Chief Executive Officer

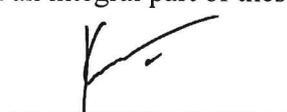

Tariq Al Naeem
Chairman

LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended	
	31 March 2024	31 March 2023
Notes	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before zakat	6,985	933
<u>Adjustments for:</u>		
Amortisation of intangible assets	65	381
Depreciation of property and equipment	250	255
Amortisation of premium on Sukuk	410	180
Net impairment (loss) / reversal on financial assets	21	(34)
Provision for end-of-service benefits	341	445
	8,072	2,160
<u>Changes in operating assets and liabilities:</u>		
Insurance contract assets	64	-
Insurance contract liabilities	(14,489)	27,833
Reinsurance contract assets	(440)	(19,105)
Reinsurance contract liabilities	(9,152)	1,251
Due from related parties	-	-
Prepaid expenses and other assets	(10,471)	(9,484)
Accrued expenses and other liabilities	7,304	7,445
Due to related parties	291	(1,237)
	(18,821)	8,863
End-of-service benefits paid	(543)	(856)
Net cash (used in) / generated from operating activities	(19,364)	8,007
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of term deposits	(222,495)	(129,949)
Proceeds from term deposits	268,356	143,883
Acquisition of property and equipment	(316)	(117)
Investments in Sukuk	(29,612)	-
Proceeds on maturity of Sukuk	4,201	-
Net cash generated from investing activities	20,134	13,817
Net changes in cash and cash equivalents	770	21,824
Cash and cash equivalents at the beginning of the year	5 104,454	36,743
Cash and cash equivalents at end of the year	5 105,224	58,567

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.


 Mohamed A. Tooblani
 Chief Financial Officer


 Kamran Mazhar
 Chief Executive Officer


 Tariq Al Naeem
 Chairman

LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 ORGANISATION AND PRINCIPAL ACTIVITIES

Liva Insurance Company (formerly known as Al Alamiya for Cooperative Insurance Company) (the “Company”) is a Saudi joint stock Company registered on 29 Dhu-al Qu’dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939). The registered address of the Company's head office is as follows:

Liva Insurance Company,
8428 King Fahad Road, Al Muhammadiyah District,
Grand Tower, Floor 20, P.O. Box: 6393,
Riyadh 11442, Kingdom of Saudi Arabia.

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from the Insurance Authority to transact insurance business in the Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company for the three months period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations i.e., Employees’ End Of Service Benefits (“EOSBs”) recorded at the present value using the projected unit credit method and liability of incurred claims (LIC) and assets for incurred claims (AIC) recorded at the present value at the current discount rates. The Company’s interim condensed statement of financial position is presented in order of liquidity.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2023.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

(b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the accounting judgements, estimates and assumptions made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December, 2023.

LIVA INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2023 except as mentioned in notes below:

a) New IFRS standards and amendments thereof, adopted by the Company

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, 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.	January 1, 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.	Annual periods beginning on or after January 1, 2024
Amendment to IAS 7 and IFRS 7 Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. No material impact is expected for the Company.	Annual periods beginning on or after January 1, 2024 (with transitional reliefs in the first year)

The above standards, interpretations and amendments did not have a significant impact on the Company's interim condensed financial statements.

LIVA INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Standards issued but not yet effective

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective for these interim condensed financial statements and is currently assessing their impact:

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Effective date</u>
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	The effective date of the amendments has yet to be set by The IASB.
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. No material impact is expected for the Company.	Annual periods beginning on or after January 1, 2025
IFRS 18 - Presentation and disclosure in financial statements	IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	Annual reporting period beginning on or after 1 January 2027

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

4 INSURANCE AND REINSURANCE CONTRACTS

4.1 Analysis by remaining coverage and incurred claims for insurance contracts

Three-month period ended 31 March 2024 (Unaudited)					
Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			
Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	
<i>Insurance contracts issued:</i>					
Opening insurance contract liabilities	150,379	11,619	140,943	5,559	308,500
Opening insurance contract assets	(73)	-	-	-	(73)
Net opening balance	150,306	11,619	140,943	5,559	308,427
Insurance revenue	(110,543)	-	-	-	(110,543)
<i>Insurance service expenses:</i>					
Incurred claims and other directly attributable expenses	-	-	85,207	1,821	87,028
Losses on onerous contracts and reversal of those losses	-	(2,556)	-	-	(2,556)
Changes that relate to past service adjustments to the LIC	-	-	(8,659)	(2,505)	(11,164)
Amortization of insurance acquisition cash flows	21,327	-	-	-	21,327
Insurance service expenses	21,327	(2,556)	76,548	(684)	94,635
Insurance service result before reinsurance contracts held	(89,216)	(2,556)	76,548	(684)	(15,908)
Net finance expenses from insurance contracts	-	-	1,424	85	1,509
<i>Cash flows:</i>					
Premiums received	105,077	-	-	-	105,077
Claims and other directly attributable expenses paid	-	-	(86,467)	-	(86,467)
Insurance acquisition cash flows paid	(18,636)	-	-	-	(18,636)
Total cash flows	86,441	-	(86,467)	-	(26)
Closing insurance contract liabilities	147,540	9,063	132,448	4,960	294,011
Closing insurance contract assets	(9)	-	-	-	(9)
Closing net insurance contract liabilities	147,531	9,063	132,448	4,960	294,002

LIVA INSURANCE COMPANY
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(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1 Analysis by remaining coverage and incurred claims for insurance contracts (Continued)

	Year ended 31 December 2023 (Audited)				Total
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
<i>Insurance contracts issued:</i>					
Opening insurance contract liabilities	122,126	10,725	167,028	7,935	307,814
Opening insurance contract assets	-	-	-	-	-
Net opening balance	122,126	10,725	167,028	7,935	307,814
Insurance revenue	(513,629)	-	-	-	(513,629)
<i>Insurance service expenses:</i>					
Incurred claims and other directly attributable expenses	-	-	376,437	3,922	380,359
Losses on onerous contracts and reversal of those losses	-	894	-	-	894
Changes that relate to past service adjustments to the LIC	-	-	(27,745)	(6,695)	(34,440)
Amortization of insurance acquisition cash flows	86,017	-	-	-	86,017
Insurance service expenses	86,017	894	348,692	(2,773)	432,830
Insurance service result before reinsurance contracts held	(427,612)	894	348,692	(2,773)	(80,799)
Net finance expenses from insurance contracts	-	-	6,627	397	7,024
<i>Cash flows:</i>					
Premiums received	515,773	-	-	-	515,773
Claims and other directly attributable expenses paid	-	-	(381,404)	-	(381,404)
Insurance acquisition cash flows paid	(59,981)	-	-	-	(59,981)
Total cash flows	455,792	-	(381,404)	-	74,388
Closing insurance contract liabilities	150,379	11,619	140,943	5,559	308,500
Closing insurance contract assets	(73)	-	-	-	(73)
Closing net insurance contract liabilities	150,306	11,619	140,943	5,559	308,427

LIVA INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts

Three-month period ended 31 March 2024 (Unaudited)					
Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			
Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	
<i>Reinsurance contracts held:</i>					
Opening reinsurance contract assets	(36,714)	-	(20,948)	(1,601)	(59,263)
Opening reinsurance contract liabilities	39,842	-	(8,403)	(493)	30,946
Net opening balance	3,128	-	(29,351)	(2,094)	(28,317)
<i>Reinsurance expenses:</i>					
Claims recovered and other directly attributable expenses	-	-	(6,354)	(318)	(6,672)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	2,601	783	3,384
Net expense / (income) from reinsurance contracts held	14,772	-	(3,753)	465	11,484
Net finance income from reinsurance contracts	-	-	328	32	360
<i>Cash flows:</i>					
Premiums paid	(26,475)	-	-	-	(26,475)
Amounts received	-	-	5,759	-	5,759
Total cash flows	(26,475)	-	5,759	-	(20,716)
Closing reinsurance contract assets	(51,577)	-	(7,692)	(434)	(59,703)
Closing reinsurance contract liabilities	43,002	-	(19,981)	(1,227)	21,794
Net closing balance	(8,575)	-	(27,673)	(1,661)	(37,909)

LIVA INSURANCE COMPANY
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

4 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2 Analysis by remaining coverage and incurred claims for reinsurance contracts (Continued)

Year ended 31 December 2023 (Audited)					
Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			
Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	
<i>Reinsurance contracts held:</i>					
Opening reinsurance contract assets	10,348	-	(72,346)	(4,536)	(66,534)
Opening reinsurance contract liabilities	14,933	-	(5,645)	(271)	9,017
Net opening balance	25,281	-	(77,991)	(4,807)	(57,517)
<i>Reinsurance expenses:</i>	101,707	-	-	-	101,707
Claims recovered and other directly attributable expenses	-	-	(32,701)	(672)	(33,373)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	14,740	3,614	18,354
Net expense / (income) from reinsurance contracts held	101,707	-	(17,961)	2,942	86,688
Net finance income from reinsurance contracts	-	-	3,231	229	3,460
<i>Cash flows:</i>					
Premiums paid	(123,860)	-	-	-	(123,860)
Amounts received	-	-	69,832	-	69,832
Total cash flows	(123,860)	-	69,832	-	(54,028)
Closing reinsurance contract assets	(36,714)	-	(20,948)	(1,601)	(59,263)
Closing reinsurance contract liabilities	39,842	-	(8,403)	(493)	30,946
Net closing balance	3,128	-	(29,351)	(2,094)	(28,317)

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5. BANK BALANCES AND CASH

Bank balances and cash comprise the following:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Bank balances (note 5.3)	65,121	58,018
Short term deposits (note 5.1)	40,000	46,385
Cash in hand	10	10
Accrued income on short term deposits	93	41
Cash and cash equivalents in statement of cashflows	105,224	104,454
Deposits against letters of guarantee (note 5.2)	700	700
	105,924	105,154
Less: Impairment allowance	(30)	(26)
Total bank balances and cash	105,894	105,128

5.1 The deposits are held with banks and financial institution registered with Saudi Central Bank (SAMA) in the Kingdom of Saudi Arabia. These deposits are denominated in Saudi riyals and have an original maturity of less than three months from the date of original placement. The average yield on these deposits is 5.8% per annum (31 December 2023: 4.5% per annum).

5.2 This represents letter of guarantee in favor of the Company's service providers.

5.3 Bank balances are placed with counterparties with sound credit ratings of AA to BBB+ (as per S&P and Fitch) and A2 to Baa1 (as per Moody's).

6. TERM DEPOSITS

Term deposits are placed with counterparties which have credit ratings of A- to Baa1 ratings under Standards and Poor's and Fitch ratings methodology. Term deposits are placed with local banks with a maturity of more than three months from the date of original placement and earn investment income at weighted average of 6.68% per annum (31 December 2023: 5.47% per annum). Maturity of these term deposits range between three months to twelve months.

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Term deposits	290,322	336,183
Accrued investment income	5,166	4,205
Less: Impairment allowance	(69)	(43)
Total	295,419	340,345

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7. INVESTMENTS

Investments are classified as follows:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Investments in Sukuk carried at amortised cost	228,000	201,762
Accrued investment income	1,715	3,903
Less: Impairment allowance	(66)	(60)
	229,649	205,605
Investments in equity carried at fair value through OCI	43,484	43,484
Total investments	273,133	249,089

The investment in equity security represents the 3.45% (31 December 2023: 3.45%) shareholding in Najm for Insurance Services, a Saudi Closed Joint Stock Company, which provides loss determination services in Saudi Arabia. This investment is in unquoted shares and is reported at fair value of SAR 43.5 million as at the reporting date (31 December 2023: 43.5 million).

8. OTHER INCOME

The other income includes the Company's share of net income from the Hajj and Umrah insurance and Travel and COVID-19 insurance amounting to SR 1.57 million (31 March 2023: SR 5.7 million). The Hajj and Umrah insurance provided coverage of medical and general accidents to Hajj and Umrah visitors in the Kingdom of Saudi Arabia. However, as of 31 December 2023, this agreement has lapsed and not been renewed between the co-insurers.

The Travel and COVID-19 insurance was related to compulsory travel insurance for Saudi citizens in addition to the coverages associated with COVID-19. However, effective from 01 September 2022, in accordance with the announcement of General Directorate of Passports (Jawazat), the lead insurer has ceased to write Travel and COVID-19 insurance policies for the citizens traveling abroad. Consequently, both portfolios will be continued as run-off portfolio until all premiums are earned and all claims and related reserves are settled.

9. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Letters of guarantee	700	700
Commitments for the rents	276	800
	976	1,500

The Company is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position.

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10 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 advantageous accessible market for the asset or liability

a) Determination of fair value and fair value hierarchy

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

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

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

Level 3: valuation techniques for which any significant input is not based on observable market data.

b) Carrying amounts and fair value

31 March 2024	Carrying Value	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
- Investments in Sukuk carried at amortised cost	228,000	-	222,918	-
- Investment at FVOCI – Equity	43,484	-	-	43,484
	271,484	-	222,918	43,484
<hr/>				
31 December 2023	Carrying Value	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
- Investments in Sukuk carried at amortised cost	201,762	-	198,858	-
- Investment at FVOCI – Equity	43,484	-	-	43,484
	245,246	-	198,858	43,484

The fair values of statutory deposits, accrued investment income on statutory deposit, term deposits, bank balances and other financial assets in the statement of financial position which are carried at amortised cost, are not significantly different from the carrying values included in the financial statements due to the short-term nature of balances or they are receivable on demand.

The investment in equity security represents shareholding in Najm for Insurance Services. It's fair value has been calculated using a combination of discounted cash flow technique and comparable peer multiples.

There were no transfers between the levels of fair value hierarchies during the period.

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Equity security	Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the investment, taking into account the expected growth rate. The expected net cash flows are discounted using risk adjusted discount rates.	-Weighted Average Cost of Capital (WACC)- 16.50% - Terminal Value Growth Rate (TVGR)- 1.5% - Earnings multiple (EV/EBIDTA) - 7 times	The estimated fair value would increase (decrease) if: -- the WACC was lower (higher); --the TVGR was higher (lower); or --the earnings multiple were higher (lower).
	Market multiples: Acquisition multiples of comparable private precedent transactions were used.		

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10 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the period	43,484	1,923
Impact on adoption of IFRS - 9	-	37,780
Net changes in fair value of investments carried at FVOCI – equity instruments	-	3,781
Closing balance	43,484	43,484

Sensitivity analysis of Level 3 investments

31 December 2023	Sensitivity factor	Impact on fair value due to increase in sensitivity factor	Impact on fair value due to decrease in sensitivity factor
	+/-10% change in price	4,348	(4,348)

11. OPERATING SEGMENTS

Operating segments are identified based on internal reports about components of the Company that are regularly reviewed by the Company's Chief Executive Officer in his function as chief operating decision maker to allocate resources to the segments and to assess their 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 statement of income.

Segment assets and liabilities only include the insurance and reinsurance contract liabilities and assets while the other accounts are not allocated.

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11. OPERATING SEGMENTS (CONTINUED)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2024 and 31 December, 2023 and its total revenues, expenses, and net income for the three-month period ended 31 March 2024 and 31 March 2023, are as follows:

	As at 31 March 2024 (Unaudited)						
	Property	Motor	Engineering	Marine	Group Life	Others	Total
Assets							
Insurance contract assets	-	-	-	-	-	9	9
Reinsurance contract assets	10,939	-	2,771	-	-	45,993	59,703
Unallocated assets							769,710
Total assets	10,939	-	2,771	-	-	46,002	829,422
Liabilities							
Insurance contract liabilities	31,492	217,464	9,359	9,507	19,586	6,603	294,011
Reinsurance contract liabilities	3,696	3,508	2,792	7,806	3,879	113	21,794
Unallocated liabilities							118,980
Total Liabilities	35,188	220,972	12,151	17,313	23,465	6,716	434,785
	As at 31 December 2023 (Audited)						
	Property	Motor	Engineering	Marine	Group Life	Others	Total
Assets							
Insurance contract assets	-	-	-	-	-	73	73
Reinsurance contract assets	8,569	2,739	248	-	22,485	25,222	59,263
Unallocated assets							779,349
Total assets	8,569	2,739	248	-	22,485	25,295	838,685
Liabilities							
Insurance contract liabilities	12,556	249,021	11,104	5,777	21,230	8,812	308,500
Reinsurance contract liabilities	16,918	5,931	1,965	4,924	304	904	30,946
Unallocated liabilities							109,247
Total Liabilities	29,474	254,952	13,069	10,701	21,534	9,716	448,693

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11. OPERATING SEGMENTS (CONTINUED)

	Three-month period ended 31 March 2024 (Unaudited)						Total
	Property	Motor	Engineering	Marine	Group Life	Others	
Insurance revenue	14,714	84,449	5,063	296	115	5,906	110,543
Insurance service expenses	(11,984)	(80,960)	(3,314)	389	2,511	(1,277)	(94,635)
Net expenses from reinsurance contracts held	(3,943)	(1,687)	(981)	(1,356)	(2,295)	(1,222)	(11,484)
Insurance service result	(1,213)	1,802	768	(671)	331	3,407	4,424
Commission income							7,724
Net impairment loss on financial assets							(21)
Investment return							7,703
Finance expense from insurance contracts issued	(189)	(837)	(66)	(110)	(292)	(15)	(1,509)
Finance income from reinsurance contracts held	70	-	30	29	231	-	360
Net insurance finance expense	(119)	(837)	(36)	(81)	(61)	(15)	(1,149)
Other operating expenses							(5,558)
Other income							1,565
Profit for the period before zakat							6,985

	Three-month period ended 31 March 2023 (Unaudited)						Total
	Property	Motor	Engineering	Marine	Group Life	Others	
Insurance revenue	15,917	87,419	2,098	2,407	18,833	3,751	130,425
Insurance service expenses	(3,230)	(94,171)	(2,505)	(1,976)	(15,555)	(836)	(118,273)
Net expenses from reinsurance contracts held	(10,917)	(925)	318	(650)	(1,245)	(3,024)	(16,443)
Insurance service result	1,770	(7,677)	(89)	(219)	2,033	(109)	(4,291)
Commission income							5,607
Net impairment reversal on financial assets							34
Investment return							5,641
Finance expense from insurance contracts issued	(222)	(649)	(58)	(90)	(1,449)	(24)	(2,492)
Finance income from reinsurance contracts held	211	-	48	70	1,159	2	1,490
Net insurance finance expense	(11)	(649)	(10)	(20)	(290)	(22)	(1,002)
Other operating expenses							(5,066)
Other income							5,651
Profit for the period before zakat							933

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11. OPERATING SEGMENTS (CONTINUED)

The details of gross written premium is as follows:

For the three-month period ended 31 March 2024 (Unaudited)				
	Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total
Gross written premium				
Large	2,737	12,496	43	15,276
Medium	2,295	5,357	146	7,798
Micro	4,904	1,271	3	6,178
Small	5,001	3,065	222	8,288
Individual	51,664	4,934	-	56,598
	66,601	27,123	414	94,138

For the three-month period ended 31 March 2023 (Unaudited)				
	Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total
Gross written premium				
Large	6,958	8,371	18,973	34,302
Medium	4,884	5,662	25	10,571
Micro	231	632	-	863
Small	1,145	3,174	-	4,319
Individual	111,753	90	-	111,843
	124,971	17,929	18,998	161,898

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts entered into during the accounting period, regardless of whether these are wholly due for payment in the accounting period, together with any adjustments arising in the accounting period to such premiums receivable in respect of business written in prior accounting periods.

Gross written premiums is not defined in IFRS Accounting Standard as endorsed in the Kingdom of Saudi Arabia.

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12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders with significant influence, 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 related party transactions during the period and the related balances:

Entities controlled, jointly controlled or significantly influenced by related parties

	Transactions for the three-month period ended	
	(Unaudited)	
	31 March 2024	31 March 2023
Shareholder with significant influence		
Premium written	990	18,901
Claims paid	7,122	26,782
Investment income on term deposits	2,995	2,215
Shareholder having control over the Company		
Technical service charges	1,927	1,642
Other expenses	186	-
Brand fees	7	7
Operational expenses paid on behalf of related party and reinsurance	-	92
Operational expenses paid by related party on behalf of the Company	(291)	(261)
Reinsurance premium ceded	111	-
Reinsurance commission income	8	-
Balance (payable) / receivable as at		
	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Shareholder with significant influence		
Outstanding claims reserves	(14,679)	(21,855)
Premium receivable	45	3,995
Bank balances	42,908	2,052
Term deposits	118,812	134,539
Statutory deposit including accrued income	41,535	41,535
Accrued commission income receivable on term deposits	4,046	2,290
Accrued expenses and other liabilities	(9,919)	(7,808)
Shareholder having control over the Company		
Due from related parties	52	52
Due to related parties	(4,711)	(4,420)

These due from and due to related party balances pertain to inter-company transactions during the period.

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

	Transactions for the three-month period ended - (Unaudited)	
	(Unaudited)	
	31 March 2024	31 March 2023
Salaries and other allowances	2,029	1,157
End of service indemnities	53	39
	2,082	1,196

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13 ZAKAT AND INCOME TAX

Status of assessments

The Company has submitted its zakat and tax returns up till the year ended 31 December 2023.

During the period, Company's zakat and tax calculations and corresponding accruals for the current period are based on the effective annual ownership percentages which are 100% for zakat (2023: 100% for zakat).

Zakat, Tax and Custom Authority (ZATCA) has raised assessments for the years ended 2009 to 2013 with additional Zakat and withholding tax (WHT) liabilities amounting to SR 11.2 million and SR 8.9 million (together with 1% delay fine for each 30 days of delay) respectively. The Committee for Resolution of Tax Violations and Disputes (CRTVD) of the General Secretariat of Tax Committees (GSTC) has issued its decision on the above years accepting certain points and reducing the zakat liability to SR 7.1 million and no change in WHT liability. The Company has submitted an appeal to Appellate Committee for Tax Violations and Disputes Resolution ("ACTVDR") against CRTVD's decision. Based on ZATCA's amnesty scheme, the Company settled additional WHT of SR 8.9 million to remove associated delay fines, such settled liability will be refunded by ZATCA in case of a favorable decision by ACTVDR. ACTVDR's decision is awaited.

In respect of the assessment for the year 2014, the ZATCA has issued a revised assessment with an additional zakat liability of SR 1.98 million. The Company has escalated the appeal case to the GSTC, and the TVDRC has issued its decision where the TVDRC has rejected the Company's appeal and supported ZATCA's assessment for all disputed items. The Company has settled the additional zakat liability of SR 1.98 million and the case is closed.

The ZATCA issued assessments for the years 2015 through 2018 with additional zakat liability of SR 21 million. The Company escalated its appeal case to the GSTC. TVDRC rejected Company's appeal and issued its resolution. The Company submitted an appeal to TVDAC on TVDRC's decision. TVDAC issues its final decision and Company is in process to settle the additional Zakat liability.

The ZATCA also issued assessments for the years 2019 and 2020 with additional zakat and income tax liability amounting to SR 17 million and SR 0.72 million and penalties of SR 0.09 million till the date of the assessment (the penalties will increase by 1% for every 30 days of delay) respectively. The Company filed an appeal against the ZATCA's assessment which was rejected by ZATCA. Thus, the Company escalated its appeal to the TVDRC. TVDRC issued its decision on the above years accepting certain points which reduce the Zakat liability by SAR 125k Approx. The Company has submitted an appeal to TVDAC on the partial rejection of TVDRC's. TVDAC issues its final decision and Company is in process to settle the additional Zakat liability.

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13 ZAKAT AND INCOME TAX (CONTINUED)

	Three-month period ended	Year ended	Three-month period ended
	31 March 2024	31 December 2023	31 March 2023
	(Unaudited)	(Audited)	(Unaudited)
Opening zakat liability	62,500	56,331	56,331
Zakat charge for the period / year	2,340	6,169	1,800
Closing zakat liability	64,840	62,500	58,131

14 SHARE CAPITAL

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

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

	31 March 2024 (Unaudited)	
	No. of shares in '000	Share capital SAR '000
Liva Insurance B.S.C. (formerly known as Royal & Sun Alliance Insurance - Middle East)	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	40,000	400,000
	31 December 2023 (Audited)	
	No. of shares in '000	Share capital SAR '000
Liva Insurance B.S.C. (formerly known as Royal & Sun Alliance Insurance - Middle East)	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	40,000	400,000

The Company's ultimate parent company is Oman International Development and Investment Company SAOG.

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15 CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulator’s capital requirements of the market in which the Company operates while maximizing the return to stakeholders through the optimization of equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves. The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g., capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. In order to maintain or adjust the capital structure, the Company may issue right shares. As per guidelines laid out by Insurance Authority in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company maintains solvency margin equivalent to the highest of the three methods as per Insurance Implementing Regulations issued by Insurance Authority.

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

16 STATUTORY DEPOSIT

In compliance with Insurance Implementing Regulations of Insurance Authority, the Company deposited 10% of its paid-up capital, amounting to SR 40 million (2023: SR 40 million) in a bank designated by Insurance Authority. The accrued return on investment of statutory deposit as at 31 March, 2024 amounts to SR 1.5 million (31 December 2023: SR 1.5 million) and has been disclosed in assets as “Accrued commission income on statutory deposit” and the corresponding amount is shown in the liabilities as “Accrued commission income payable to Insurance Authority” as this deposit cannot be withdrawn without Insurance Authority’s consent.

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Statutory deposit	40,000	40,000
Less: Impairment allowance	(10)	(15)
	39,990	39,985

17 STATUTORY RESERVE

In accordance with its by-laws, the Company shall allocate 20% of its net income and after setting off the accumulated losses, each year to a statutory reserve until it has built up a reserve equal to the share capital.

18 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 7 May 2024, corresponding to 28 Shawwal 1445H.