

البند الثالث: الاطلاع على القوائم المالية للسنة
المالية المنتهية 31 ديسمبر 2025م ومناقشتها.

Item 3: Reviewing the financial
statements for the ending fiscal year 31
December 2025.

**CHUBB ARABIA COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITORS' REPORT**

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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Independent auditors' report to the shareholders of Chubb Arabia Cooperative Insurance Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chubb Arabia Cooperative Insurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes, from 1 to 33, to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Valuation of liability for incurred claims</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgment. This entails estimating the present value of future cash flows and risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfills its obligations under insurance contracts. The present value of future cash flows are based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not.</p> <p>The Company uses an external actuary ("Appointed Actuary") to provide them with the estimate of such liabilities. A range of methods were used to determine these liabilities which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.</p> <p>As at 31 December 2025, the estimates of present value of future cash flows and risk adjustment for non-financial risk amounts to Saudi Riyals 215.3 million and Saudi Riyals 14.8 million, respectively, as disclosed in Note 10 to the financial statements.</p> <p>We have considered this as a key audit matter due to the inherent estimation uncertainty and complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows and risk adjustment for non-financial risk arising from insurance contracts.</p> <p>Refer to Notes 3 and 4 for the material accounting policies and significant accounting judgements, estimates and assumptions related to insurance contract liabilities.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Updated our understanding, evaluated the design and implementation, and tested the key controls over the accuracy of the claims and provisions recorded by the Company; • Evaluated the competence, capabilities and objectivity of the management's Appointed Actuary based on their professional qualifications and experience and assessed their independence to the Company; • Performed substantive procedures, on a sample basis, on the amounts recorded by the Company for paid and outstanding claims; • Tested, on a sample basis, the integrity of the claims data, including salvage and subrogation recoveries, used as inputs by management and their Appointed Actuary into the actuarial valuations in estimating the present value of the future cash flows and risk adjustment for non-financial risk; • Engaged our internal actuarial specialists to assess the reasonableness of the actuarial models and assumptions, including expected loss ratios and expense allocation, used to calculate the present value of the future cash flows (net of salvage and subrogation) and the risk adjustment for non-financial risk, to obtain comfort over the actuarial report issued by management's Appointed Actuary. Our internal actuarial specialists also performed reprojections of the present value of future cash flows and risk adjustment for non-financial risk for significant product lines and compared them with the amounts recorded by the management for reasonableness; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.



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

Other information

Management is responsible for the other information. The other information comprises information included in the Company's 2025 annual report, but does not include the financial statements and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Company's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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.



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

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

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

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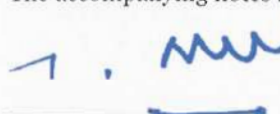
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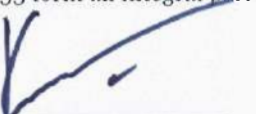


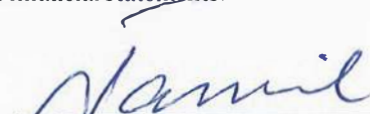
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	As at 31 December	
		2025	2024
ASSETS			
Cash and cash equivalents	5	20,896,722	38,781,683
Term deposits	6	229,371,370	204,304,884
Investments:			
Financial assets at fair value through profit or loss ("FVTPL")	7	71,304,228	74,282,875
Financial assets at fair value through other comprehensive income ("FVOCI")	7	195,108,349	166,756,423
Prepaid expenses and other assets	9	10,464,934	9,040,903
Reinsurance contract assets	10	168,646,620	115,024,395
Right-of-use assets	13	3,420,736	-
Property and equipment	11	2,350,271	3,009,239
Intangible assets	12	4,486,681	2,003,872
Accrued income on statutory deposit	14	391,210	841,248
Goodwill	8	43,774,750	43,774,750
Statutory deposit	14	40,000,000	30,000,000
TOTAL ASSETS		790,215,871	687,820,272
LIABILITIES			
Accrued expenses and other liabilities	15	19,303,547	13,989,363
Insurance contract liabilities	10	256,754,179	183,084,348
Reinsurance contract liabilities	10	1,322,422	6,173,728
Zakat and income tax payable	23	13,412,591	13,041,455
Deferred tax liabilities	23	1,330,525	740,455
Lease liabilities	13	3,343,539	-
Employee benefit obligations	16	17,421,079	15,535,075
Accrued income payable to Insurance Authority	14	391,210	841,248
TOTAL LIABILITIES		313,279,092	233,405,672
EQUITY			
Share capital	17	400,000,000	300,000,000
Statutory reserve	24	3,212,538	49,089,164
Retained earnings		13,606,750	57,113,253
Fair value reserve		66,182,817	53,561,426
Remeasurement reserve of employee benefit obligations		(6,065,326)	(5,349,243)
TOTAL EQUITY		476,936,779	454,414,600
TOTAL LIABILITIES AND EQUITY		790,215,871	687,820,272

The accompanying notes from 1 to 33 form an integral part of these financial statements.


Serge Michel Osouf
Chairman of the Board of
Directors


Kamran Mazhar
Chief Executive Officer

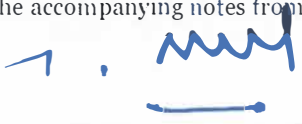

Nasir Jameel Sheikh
Chief Financial Officer

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF INCOME**


(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
Insurance revenue	18	392,965,748	383,410,199
Insurance service expenses	18	(252,404,866)	(175,831,021)
Net expense from reinsurance contracts	18	(124,888,272)	(188,679,169)
Insurance service result from Company's directly written business		15,672,610	18,900,009
Share of surplus from insurance pools	21	1,920,065	803,111
Total insurance service result		17,592,675	19,703,120
Interest income from financial assets not measured at FVTPL	25	20,072,534	16,227,103
Net gains on financial assets measured at FVTPL	7	1,275,387	1,538,916
Dividend income		859,988	812,403
Net investment income		22,207,909	18,578,422
Finance expense from insurance contracts issued	19	(3,417,903)	(5,628,566)
Finance income from reinsurance contracts held	19	2,223,296	4,312,422
Net insurance finance expense		(1,194,607)	(1,316,144)
Net insurance and investment result		38,605,977	36,965,398
Other operating expenses	20	(21,962,634)	(16,124,011)
Finance costs on lease liabilities	13	(228,827)	-
Other income		787,513	814,360
Total profit for the year before zakat and income tax		17,202,029	21,655,747
Zakat expense	23	(5,532,898)	(6,388,931)
Income tax (expense) reversal	23	(1,052,260)	1,025,835
		(6,585,158)	(5,363,096)
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		10,616,871	16,292,651
Earnings per share - Restated			
Basic earnings per share	26	0.27	0.41
Diluted earnings per share	26	0.27	0.41

The accompanying notes from 1 to 33 form an integral part of these financial statements.


Serge Michel Osouf
Chairman of the Board of
Directors

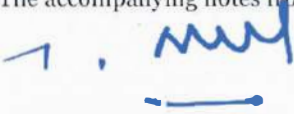

Kamran Mazhar
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer

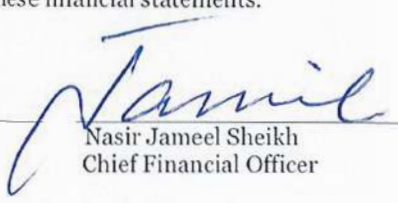
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		10,616,871	16,292,651
Other comprehensive income:			
<i>Items that will not be reclassified to the statement of income in subsequent years</i>			
Remeasurement loss on employee benefit obligations	16	(740,345)	(1,185,151)
Net changes in fair value of investments measured at FVOCI	27	11,604,221	17,669,692
Deferred tax	23	(671,992)	(3,211,871)
<i>Items that will be reclassified to the statement of income in subsequent years</i>			
Net changes in fair value of investments measured at FVOCI	7	2,315,126	405,801
Realised (gain) loss on investments measured at FVOCI reclassified to statement of income	25	(492,335)	468,667
Deferred tax	23	(109,367)	134,498
Total other comprehensive income		11,905,308	14,281,636
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		22,522,179	30,574,287

The accompanying notes from 1 to 33 form an integral part of these financial statements.


Serge Michel Osouf
Chairman of the Board of
Directors



Karim Mazhar
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
(All amounts expressed in Saudi Riyals unless otherwise stated)

Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Remeasurement reserve of employee benefit obligations	Total
At 1 January 2025	300,000,000	49,089,164	57,113,253	53,561,426	(5,349,243)	454,414,600
Total comprehensive income for the year						
Net profit for the year attributable to the shareholders	-	-	10,616,871	-	-	10,616,871
Other comprehensive income (loss)	-	-	-	12,621,391	(716,083)	11,905,308
Total comprehensive income (loss) for the year attributable to the shareholders	-	-	10,616,871	12,621,391	(716,083)	22,522,179
Transfer to a statutory reserve	24	2,123,374	(2,123,374)	-	-	-
Increase in share capital	1	(48,000,000)	(52,000,000)	-	-	-
Balance at 31 December 2025	400,000,000	3,212,538	13,606,750	66,182,817	(6,065,326)	476,936,779
At 1 January 2024	300,000,000	45,830,634	44,079,132	38,436,080	(4,505,533)	423,840,313
Total comprehensive income for the year						
Net profit for the year attributable to the shareholders	-	-	16,292,651	-	-	16,292,651
Other comprehensive income (loss)	-	-	-	15,125,346	(843,710)	14,281,636
Total comprehensive income (loss) for the year attributable to the shareholders	-	-	16,292,651	15,125,346	(843,710)	30,574,287
Transfer to a statutory reserve	24	3,258,530	(3,258,530)	-	-	-
Balance at 31 December 2024	300,000,000	49,089,164	57,113,253	53,561,426	(5,349,243)	454,414,600

The accompanying notes from 1 to 33 form an integral part of these financial statements.


Serge Michel Osouf
Chairman of the Board of Directors


Kamran Mazhar
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer


**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS**
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Total profit for the year before zakat and income tax		17,202,029	21,655,747
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment	11	1,047,114	1,072,955
Amortisation of intangible assets	12	740,284	760,968
Depreciation of right-of-use assets	13	1,833,657	-
Finance cost on lease liabilities	13	228,827	-
Net gain on financial assets measured at FVTPL	7	(1,275,387)	(1,538,916)
(Gain) loss on disposal of financial assets measured at FVOCI		(492,335)	468,667
Provision for employees benefit obligations	16	2,560,307	2,429,768
Dividend income		(859,988)	(812,403)
Interest income from financial assets not measured at FVTPL		(18,384,392)	(15,758,396)
Gain on disposal of property and equipment		-	(28,500)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		(1,512,459)	10,328,777
Reinsurance contract assets		(53,622,225)	87,251,655
Accrued income on statutory deposit		450,038	3,615,913
Accrued and other liabilities		5,314,182	292,497
Insurance contract liabilities		73,669,831	(100,010,798)
Reinsurance contract liabilities		(4,851,306)	6,173,728
Accrued income payable to Insurance Authority		(450,038)	(753,273)
Cash generated from operations		21,598,139	15,148,389
Employee benefit obligations paid	16	(1,414,648)	(2,597,748)
Zakat and income tax paid	22	(6,405,311)	(16,316,487)
Interest income received from financial assets not measured at FVTPL		15,348,476	18,271,362
Net cash generated from operating activities		29,126,656	14,505,516
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits		(182,334,832)	(209,925,052)
Redemption of term deposits		160,304,262	203,932,018
Payment against purchase of financial assets at FVTPL	7	(35,723,250)	(112,880,000)
Payment against purchase of financial assets at FVOCI	7	(33,618,056)	(54,892,480)
Payment for purchases of intangible assets	12	(3,223,093)	-
Payments for purchases of property and equipment	11	(388,146)	(1,866,846)
Proceeds from sale of financial assets at FVOCI	7	19,185,477	33,522,737
Proceeds from sale of financial assets at FVTPL	7	39,977,284	127,065,058
Dividend income received		859,988	812,403
Proceeds from sale of property and equipment	11	-	28,500
Placement in statutory deposit	14	(10,000,000)	-
Net cash used in investing activities		(44,960,366)	(14,203,662)

(Continued)


Serge Michel Osouf
Chairman of the Board of Directors



Kamran Mazhar
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer

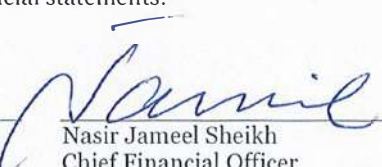
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS (continued)
 (All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for principal element of lease liabilities		(1,822,424)	-
Finance costs paid on lease liabilities	13	(228,827)	-
Net cash used in financing activities		(2,051,251)	-
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	5	38,781,683	38,479,829
Cash and cash equivalents at end of the year	5	20,896,722	38,781,683
Supplemental non-cash information:			
Right-of-use assets recorded against lease liabilities	13	5,254,393	-
Write off of fully depreciated property and equipment	11	781,341	-
Remeasurement loss on employee benefit obligations	16	(740,345)	(1,185,151)

The accompanying notes from 1 to 33 form an integral part of these financial statements.


 Serge Michel Osouf
 Chairman of the Board of Directors


 Kamran Mazhar
 Chief Executive Officer


 Nasir Jameel Sheikh
 Chief Financial Officer

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information - legal status and principal activities

(a) General information

Chubb Arabia Cooperative Insurance Company (“the Company”) is a Saudi Joint Stock Company registered on 28 Rajab 1430H (corresponding to 21 July 2009) under commercial registration number 2050066029 which was later amended to 2051043431 dated 9 Sha’aban 1431H (corresponding to 21 July 2010), issued in Al-Khobar, Kingdom of Saudi Arabia. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

The activities of the Company are to transact cooperative insurance 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 21 Dhul-Hijjah, 1430H (corresponding to 8 December 2009), the Company received the license from Insurance Authority (“IA”), formerly Saudi Central Bank (“SAMA”), to transact insurance business in the Kingdom of Saudi Arabia.

The Company operates through three main branches located in the Kingdom of Saudi Arabia.

(b) Increase in share capital

During the year ended 31 December 2025, the Board of Directors, in their meeting held on 21 May 2025, resolved to recommend to its shareholders to increase the share capital of the Company by Saudi Riyals 100.0 million through issuance of bonus shares, for which approvals from the IA and Capital Market Authority were obtained on 15 June 2025 and 8 September 2025, respectively. Such increase in share capital was approved by the Company’s shareholders in an extraordinary general assembly meeting (“EOGM”) held on 15 October 2025. Accordingly, all legal and regulatory formalities have been completed and the increase in share capital has been reflected in the statement of financial position as at the year ended 31 December 2025. The Company utilized retained earnings and statutory reserves amounting to Saudi Riyals 52.0 million and Saudi Riyals 48.0 million, respectively, for the issuance of bonus shares.

(c) Proposed investment in a reinsurance company

Subsequent to the year ended 31 December 2025, the Board of Directors approved the Company’s proposed participation in a 10% equity investment offered by Chubb International Investment Limited. This investment pertains to a new reinsurance company to be established jointly by Chubb International Investment Limited and El-Khereiji Investment Company in the Kingdom of Saudi Arabia. This approval is non-binding at this stage and is subject to the receipt of all necessary regulatory approvals.

2. Basis of preparation

(a) Statement of Compliance

These financial statements of the Company have been prepared 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).

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. Assets, liabilities, revenues and expenses clearly attributable to either activity is 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 of the Company.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(All amounts expressed in Saudi Riyals unless otherwise stated)**

2. Basis of preparation (continued)

(a) Statement of Compliance (continued)

In accordance with the requirements of the Implementing Regulations for Co-operative Insurance Companies (the “Regulations”) issued by the Insurance Authority, formerly SAMA and as per by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders’ operations in full. Surplus entitled to the policyholders is part of insurance service expenses.

The statements of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders’ operations have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by the Regulations. The Regulations require 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 operation.

In preparing the Company’s financial statements in compliance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, 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 like transactions and events in similar circumstances.

(b) Basis of measurement

The financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of financial assets at FVTPL, financial assets at FVOCI, insurance and reinsurance liabilities/assets and employee benefit obligations recorded at the present value using the projected unit credit method.

(c) Basis of presentation

The Company’s statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, prepaid expenses and other assets, financial assets at FVTPL, accrued and other liabilities, zakat and income tax payable, accrued income payable to Insurance Authority and accrued income on statutory deposit. The following balances would generally be classified as non-current: financial assets at FVOCI, property and equipment, right-of-use assets, goodwill, intangible assets, deferred tax liabilities, statutory deposit and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include term deposits, insurance contract liabilities, reinsurance contract assets/liabilities and lease liabilities.

(d) Functional and presentation currency

These financial statements are expressed in Saudi Arabian Riyals (“Saudi Riyals”) which is the functional and presentation currency of the Company.

(e) Seasonality of operations

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

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2. Basis of preparation (continued)

(f) Changes in products and services

During the year ended 31 December 2025, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company.

3. Material accounting policy information

The material accounting policies used in the preparation of these financial statements are summarised below, these policies have been consistently applied to each of the years.

3.1 New and amended standards adopted by the Company

There were no new standards or amendments to standards and interpretations that become applicable for the current reporting period, except for the amendment to IAS 21 ‘The Effects of Changes in Foreign Exchange Rates’ (“IAS 21”). This amendment is applicable when an entity 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. The transactions in foreign currencies entered by the Company in the normal course of its operations are not exposed to lack of exchangeability and consequently, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting this amendment.

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

The Company has chosen not to early adopt the following new standards, interpretations and amendments to existing standards which have been issued but not yet effective and is currently assessing their impact.

- **Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 ‘Financial instruments’ (“IFRS 9”) and IFRS 7 ‘Financial Instruments: Disclosures’ (“IFRS 7”)**

These amendments address the classification and measurement of financial instruments and related disclosures. The key changes include adjustments to the treatment of financial instruments, particularly in relation to the measurement of certain hybrid contracts, and more detailed disclosures related to financial instruments under IFRS 7. These amendments are designed to provide more transparency in how financial instruments are classified and measured.

Effective date:

Annual periods beginning on or after 1 January 2026.

Impact assessment

Management is currently in the process of assessing the impact of these amendments, however, no material impact is expected based on the current operations of the Company.

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3. Material accounting policy information (continued)

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

- **Amendment to IAS 21 - Translation to a hyperinflationary presentation currency**

These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if a) its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or b) it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.

Effective date:

Annual periods beginning on or after 1 January 2027.

Impact assessment

Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.

- **IFRS 18 ‘Presentation and Disclosure in Financial Statements’ (“IFRS 18”)**

IFRS 18 introduces updates related to the presentation and disclosure of financial information in financial statements. The amendments focus on improving the consistency and comparability of financial statement presentations across entities, including changes in the presentation of income, expenses, and liabilities. The goal is to enhance the clarity and transparency of financial reporting.

Effective date:

Annual periods beginning on or after 1 January 2027.

Impact assessment

Management is currently in the process of assessing the impact of this amendment, however, no material impact is expected.

- **IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’ (“IFRS 19”)**

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Effective date:

Annual periods beginning on or after 1 January 2027.

Impact assessment

Management has assessed the applicability of IFRS 19 and concluded that it does not apply to the Company since the Company has public accountability.

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3. Material accounting policy information (continued)

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

- **Annual Improvements to International Financial Reporting Standards - Volume 11**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards.

Effective date:

Annual periods beginning on or after 1 January 2026 with earlier application permitted.

Impact assessment

Management is currently in the process of assessing the impact of these improvements, however, no material impact is expected based on the current operations of the Company.

3.3 Insurance and reinsurance contracts

(i) *Classification and summary of measurement models*

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims (“LIC”) and Liability for Remaining Coverage (“LRC”).

The Company issues non-life insurance to the businesses. Non-life insurance products offered include engineering, property, marine, motor standard, motor third party, casualty and group life. These products offer protection of policyholder’s assets and indemnification of other parties that have suffered damage as a result of a policyholder’s accident. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

None of the insurance contracts issued by the Company contain embedded derivatives, investment components or any other goods and services.

(ii) *Level of aggregation*

The Company identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

The portfolios are further divided by year of issue.

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(ii) Level of aggregation (continued)

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

(iii) Recognition

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

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

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- For reinsurance contracts that provide proportionate coverage, at the later of:
 - (i)* the beginning of the coverage period of the group of reinsurance contracts and
 - (ii)* the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

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

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

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(iv) Contract boundaries

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

A substantive obligation to provide services ends when:

- (i)* The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- (ii)* Both of the following criteria are satisfied
 - The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
 - the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

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

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

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

(v) Measurement

The general measurement model (“GMM”), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts.

The liability for remaining coverage includes:

- Fulfilment cash flows which are comprised of:
- Discounted estimates of future cash flows.; and
- A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided.

However, the Premium Allocation Approach (“PAA”), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

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

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

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

- Insurance contracts:

The coverage period of Motor Standard, Motor Third Party, Marine and Group life contracts in the group of contracts is one year or less. PAA eligibility testing has been performed for the Casualty, Engineering and Property group of contracts. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Testing is completed on both:

- the product level then groups are formed based on the product and the terms of the product, and
- the portfolio level then groups are formed on a portfolio level.

The upper bound is derived by simulating the maximum potential difference between PAA and GMM for thousands of combinations of input assumptions (term, volatility, expected claims and expense ratio, acquisition expense ratio, risk adjustment) for contracts. It is derived as follows:

- Simulate differences between PAA and GMM for several thousand contracts with various cashflow assumptions,
- Derive a generic curve of the maximum deviation normalized by Gross Written Premium ("GWP") for each contract duration and level of reasonable shock applied,
- Apply the curve to the projected distribution of premium by contract duration to derive the portfolio potential deviation

The resulting upper-bound curves are then applied to all IFRS 17 portfolios. This effectively ensures that portfolios with a low volume of business, but which are likely to be eligible for the PAA are demonstrated to be eligible without requiring a bespoke cashflow projection based on detailed actuarial assumptions and judgement.

For portfolios that have failed the upper-bound PAA eligibility test, a best estimate of the potential deviation between the PAA and the GMM is determined for a hypothetical representative contract. The hypothetical representative contract is identified based on the current contract wording and projected distribution of coverage periods and is assumed to have GWP equal to the projected GWP of the entire portfolio. Where the potential deviation is below financial statement materiality, the associated portfolio is deemed eligible for the PAA.

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

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous, and facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

• Insurance contracts (continued):

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

- (i) the LRC; and
- (ii) the LIC, comprising the fulfilment cash flows (“FCF”) related to past service allocated to the group of contracts at the reporting date.

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

- (i) the remaining coverage; and
- (ii) the incurred claims, comprising the FCF related to past service allocated to the group of contracts at the reporting date.

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

- (a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- (b) decreased for insurance acquisition cash flows paid in the period;
- (c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
- (d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
- (e) increased for any adjustment to the financing component, where applicable.

• Reinsurance contracts:

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

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

Measurement on initial recognition under PAA:

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

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer.

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

• Reinsurance contracts (continued):

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

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, which are covered in Note 4.

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

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

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

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

- (a) the remaining coverage; and
- (b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date

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

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

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

- Reinsurance contracts (continued):

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

- (a) increased for ceding premiums paid in the year;
- (b) increased for broker fees paid in the year; and
- (c) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the year

On initial recognition of each group of contracts, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a year except for Casualty, Engineering and Property group of contracts. Accordingly, PAA eligibility testing has been performed on such contracts.

For all group of contracts, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

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

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

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

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held, in case where reinsurance arrangement exists. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) *Measurement* (continued)

The Company had identified onerous contracts on initial recognition from the motor product line on the basis of combined ratios derived from the technical price recommendations.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Non-performance risk (NPR) adjustment

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

(vi) *De-recognition and contract modification*

The Company derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified during the year ended 31 December 2025.

(vii) *Insurance acquisition cash flows & Attributable Cost*

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts.

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfilment of the groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses. The Company amortises the insurance acquisition costs over the contract period.

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(viii) Combination/unbundling of contracts

While identifying a contract in the scope of IFRS 17, the Company has to assess whether embedded derivatives, investment components and goods and services components need to be separated and accounted for under another standard. The Company does not issue any insurance contracts that contain embedded derivatives or distinct investment components. The Company does not underwrite contracts which require to separate the goods and services components.

(ix) Risk adjustments for non-financial risk

The Company has decided to adopt the Value at risk method on incurred claims for the estimation of risk adjustment. The Company has chosen a confidence level based on the 80th percentile of the distribution of the claim reserves, where applicable, keeping the level of confidence in a range from 70th to 80th otherwise, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

(x) Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, from directly written business, are presented separately in the statement of financial position. The Company recognised in the statement of income (a) an insurance service result, comprising insurance revenue, insurance service expenses and net income (expenses) from reinsurance contract, and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Other operating expenses

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

Insurance revenue

The insurance revenue for each year is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each year on the passage of time except for engineering contracts with coverage exceeding one year, where the allocation is determined based on the risk profile. The impact of seasonality is not considered material in relation to recording the insurance revenue.

The Company has developed impairment calculations based on provision matrix approach. LRC adjustment is recorded as an adjustment to LRC with corresponding impact recorded in Insurance Revenue. The Company has used these impairment calculations to project the expected premium receipts to each period.

Insurance service expenses

Insurance service expenses include the following:

- a. Incurred claims and other incurred insurance service expenses
- b. Changes that relate to past service – adjustments to the LIC.
- c. (Losses) reversal of losses on onerous contracts
- d. Insurance acquisition cash flows amortisation

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(x) *Presentation* (continued)

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the recognition of premium.

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

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

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

Hajj and Umrah insurance pool:

The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Hajj/Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Hajj/Umrah. The agreement terms are for 4 years starting from January 1, 2020 and it is renewable for another four years subject to the terms and conditions of the agreement.

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

Rights and Entitlements of Non-Saudi Employees in Private Sector Entities Insurance pool:

The Company along with eighteen other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with Al-Etihad Cooperative Insurance Company, effective from 3 November 2024. This compulsory product covers default of entities in paying the rights and entitlements of non-Saudi employees in private sector entities offered by the "Ministry of Human Resources and Social Development" through IA. The agreement is valid for an initial term of five years, starting from 3 November 2024, and renewable for another five years, subject to the terms and conditions of the agreement.

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

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(x) *Presentation* (continued)

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the year in statement of income.

(xi) *Classification, recognition and measurement*

- **Deferral of acquisition costs** - Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalise and amortise these costs over the coverage period based on the passage of time for all groups of contracts.
- **Discount rate** - The liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts.
- **Risk Adjustment** - The liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") and risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk.

Onerous contracts - IFRS 17 requires the identification of groups of onerous contracts at a more granular level. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income.

(xii) *Accounting policy choices*

Length of cohorts

IFRS 17 places an upper limit of 12 months on the length of cohorts so that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to use annual cohorts.

Use of OCI for insurance finance income or expense (IFIE)

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk. In reference to the presentation in statement of income, the Company will present the entire insurance finance income or expenses in the statement of income.

Expense attribution

The Company will perform regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts.

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3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(xii) Accounting policy choices (continued)

Deferral of acquisition cost

In reference to the recognition of acquisition costs, the Company has decided to capitalize and amortize the acquisition cost over the contract period instead of immediately recognizing it as an expense.

Policyholder surplus accounting

The Company does not make any allowance for surplus distribution when determining onerosity. Currently, the amount is determined on a retrospective basis only, allocated to group of contracts based on the Company's defined allocation policy and presented as part of LIC.

xiii. Presentation and disclosure

Statement of financial position

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities;
- Portfolios of reinsurance contracts held that are assets; and
- Portfolios of reinsurance contracts held that are liabilities.

Statements of income

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

Insurance service expense includes gross claims paid, changes in outstanding claims, changes in incurred but not reported claims, changes in loss component, policy acquisition costs, attributable expenses and the impact of release in the risk adjustment.

Net income / (expenses) from reinsurance contracts held includes reinsurance premium ceded, changes in reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non-financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under Net insurance financial result in Net income.

Share of surplus from insurance pools (i.e Hajj and Umrah scheme and Rights and Entitlements of Non-Saudi Employees in Private Sector Entities Insurance pool) are presented on a net basis within the total insurance service results after the insurance service result from the Company's directly written business.

Underwriting expenses, claims handling expenses, policy acquisition costs and general and administrative expenses are classified either as 'Incurred claims and other directly attributable expenses' within insurance service expense or as other operating expenses when they are not directly attributable to insurance contracts.

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3. Material accounting policy information (continued)

3.4 Financial assets and liabilities

(i) Initial recognition

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

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as a gain or loss.

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

(ii) Classification and subsequent measurement of financial assets

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

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

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (i)* the Company’s business model for managing the financial assets; and
- (ii)* the contractual cash flow characteristics of the financial assets.

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of ‘other’ business model and measured at FVTPL.

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

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3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

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

a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and profit:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. The Company also considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

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

Amortised cost:

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

Fair value through other comprehensive income ("FVOCI"):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Interest income from financial assets not measured at FVTPL' using the effective profit method.

Fair value through profit or loss ("FVTPL"):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the year in which it arises.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent and no such instances have occurred during the year ended 31 December 2025.

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3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

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

Equity instruments:

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

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

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

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

(iii) *Impairment of financial assets*

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

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

Premiums receivable balances have been classified under insurance contract liabilities and the reinsurers' receivable balances and reinsurers' share of outstanding claims and claims incurred but not reported have been classified under reinsurance contract assets, as rights and obligations under insurance contracts are accounted for under IFRS 17 because the policyholder transfers significant insurance risk to the insurer rather than financial risk, which are in the scope of IFRS 17 for impairment.

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

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted to present value.

Probability of Default ('PD'): The probability of default is an estimate of the likelihood of default over a given time horizon.

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3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

(iii) *Impairment of financial assets* (continued)

Loss Given Default ('LGD'): Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD'): The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate: While estimating the ECL, the Company will review macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company will analyze the relationship between key economic trends with the estimate of PD.

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

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

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

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

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

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

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

IFRS 9 impairment applies to financial instruments that are not measured at Fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

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3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

(iv) Derecognition of financial assets

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

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

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

(v) Classification and subsequent measurement of financial liabilities

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

(vi) Derecognition of financial liabilities

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

3.5 Interest income from financial assets not measured at FVTPL and dividend income

Interest income from financial assets not measured at FVTPL on short-term deposits and long-term deposits is recognised on a time proportion basis using the effective profit method and are disclosed under 'Interest income from financial assets not measured at FVTPL' in statement of income. Dividend income is recognised when the right to receive a dividend is established under 'Dividend income' in the statement of income.

3.6 Dividend distribution

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

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks and time deposits with original maturities of three months or less from the date of placement, which are subject to an insignificant risk of changes in value.

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3. Material accounting policy information (continued)

3.8 Term deposits

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

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

3.9 Goodwill

Goodwill is initially measured at excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit ("CGU") retained.

Goodwill is tested for impairment annually or as and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

3.10 Property and equipment

Property and equipment are initially recorded at cost and are carried at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. Depreciation is charged to the statement of income on a straight-line basis based on the following estimated useful lives:

Category	No. of years
Leasehold improvements	5
Furniture, fixtures and office equipment	4 – 10
Motor vehicles	4

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

The gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income.

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3. Material accounting policy information (continued)

3.11 Intangible assets

Intangible assets are initially recorded at cost and is carried at cost less accumulated amortisation and any accumulated impairment losses. The intangible assets comprise of software and related implementation costs. All these costs relating to the software package are deferred and amortised using the straight-line method over a period of five years.

3.12 Prepaid expenses and other assets

Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses and other assets are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to statement of income as they are consumed or expire with the passage of time.

3.13 Accrued and other liabilities

Accrued expenses and other liabilities are recognised for amounts to be paid in the future for services received and billed to the Company except in case of accrued expenses recognised when it is not billed.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

3.15 Statutory reserve

In accordance with the Law on Supervision of Cooperative Insurance Companies and the by-laws of the Company, the Company shall set aside 20% of shareholders' net income in each year to the statutory reserve until it has built up a reserve equal to the share capital. This reserve is not available for dividend distribution.

3.16 Employee benefit obligations

A defined benefit plan is an employment benefit plan other than a defined contribution plan. The Company primarily has end of service indemnities, which qualify as defined benefit plans. Accruals to defined benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting year. Re-measurements, comprising actuarial gains and losses and the effect of the changes to the asset ceiling (if applicable), is reflected immediately in the statement of financial position with a charge or credit recognised in the comprehensive income in the year in which they occur. Re-measurement recognised in the statement of comprehensive income is reflected as a reserve in statement of equity and will not be reclassified to statement of income. Past service cost is recognised in statement of income in the year of a plan amendment.

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3. Material accounting policy information (continued)

3.17 Zakat and taxes

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

Withholding tax

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

Value added tax

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

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

Deferred taxes

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, and for the carry forward losses in the financial statements, if any. 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.

3.18 Foreign currencies

Transactions in foreign currencies are initially recorded at the spot exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rate at the reporting date. 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.

3.19 Leases

Lease liabilities

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

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3 Material accounting policy information (continued)

3.19 Leases (continued)

To determine the incremental borrowing rate, the Company:

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

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

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

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

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

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

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

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

Right-of-use assets (“RoU”)

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

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

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4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2024. Also refer Note 29 for sensitivity analysis.

The estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period are discussed below:

(i) Estimates of future cash flows to fulfil insurance contracts

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

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

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

here estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts on a systematic basis. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts as per the requirements of IFRS 17 and guidelines received from local regulator.

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

(i) *Estimates of future cash flows to fulfil insurance contracts* (continued)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at Company level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in statement of income as they are incurred.

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

(ii) *Discounting methodology*

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims. The Company adopts a bottom-up approach. Cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company determines the risk-free rates using EIOPA rates denominated in USD and adjusted for the country risk premium. There rates are adjusted to reflect the liquidity characteristics of the group of insurance contracts. There is no allowance for the time value of money for liability for remaining coverage (“LRC”).

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

31 December 2025	Currency	1 year	2 years	3 years	4 years	5 years
Insurance contracts issued and reinsurance contracts held	Saudi Riyals	4.31%	4.19%	4.22%	4.28%	4.35%
31 December 2024	Currency	1 year	2 years	3 years	4 years	5 years
Insurance contracts issued and reinsurance contracts held	Saudi Riyals	5.19%	5.10%	5.07%	5.05%	5.03%

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

(iii) Risk adjustments for non-financial risks

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

Bootstrapping and Mack's Chain Ladder methods are considered for the estimation of the risk adjustment. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

The confidence level approach is used and the risk adjustment is calculated at the 80th percentile (the target confidence level) where applicable, keeping the level of confidence in a range from 70th to 80th otherwise.

(iv) Onerosity determination

For contracts measured using the PAA, the Company shall assume that no contracts in a portfolio of insurance contracts are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company performs the assessment of onerous contracts based on benchmark prices where available and on a combined ratio approach based on expected claims and expenses with an allowance for directly attributable expenses, on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if "facts and circumstances" indicate that there are significant changes in product pricing, product design, results of similar contracts it has recognized, forecasts or environmental factors.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted at current rates. The methodology and fact and circumstances are reviewed by the established profitability assessment Committee at regular intervals. Refer Note 3.3 (v) for further details in this regard.

(v) Estimates for expected premium receipts

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

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

(vi) *Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 27 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

(vii) *impairment of goodwill*

The recoverable amount of goodwill is estimated based on the present value of the future cash flows expected to be derived from the asset. In case, the recoverable amount is less than carrying value, the difference is charged to statement of income as impairment loss. The key assumptions used in determining the recoverable amounts and the related sensitivity analysis are set out in Note 8.

(viii) *Presentation of insurance pools*

IFRS 17 does not have specific requirements on the presentation of assigning insurance income and expenses, and insurance assets and liabilities when an insurance contract is issued by more than one entity. Accordingly, the Company applied the requirements in IAS 8 in developing a policy for the presentation of the arrangement in which it is a co-insurer (refer Note 3.3 (x)). The Company analysed the contractual terms of the arrangement policy and concluded that given the nature and substance of the arrangement, it is appropriate to present the results within net insurance results as a separate line item in the statement of comprehensive income, with details provided in the notes. The Company believes this is appropriate as management has no ability to change the pricing or control the expenditure and as such do not think it is appropriate to include the results within revenue and expenses that are controllable by the Company. The current presentation of the arrangement is similar where an entity is acting as an agent, where the principle is as there is no control net presentation is more appropriate and disclosure is provided in the notes. Management believes the presentation and disclosure reflects the substance of the arrangement.

5. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	31 December 2025	31 December 2024
Cash at banks		
- Current accounts	6,296,722	10,644,693
- Time deposits	14,600,000	28,136,990
	<u>20,896,722</u>	<u>38,781,683</u>

Cash at banks is placed with counterparties with sound credit ratings. Time deposits at 31 December 2025 and 31 December 2024 are placed with local banks with original maturities of less than three months from the date of placement and earned commission income at an average rate of 5.0% per annum (31 December 2024: average rate between 5.14% to 5.25% per annum).

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6. Term deposits

Long-term deposits, amounting to Saudi Riyals 66.4 million (31 December 2024: Saudi Riyals 62.7 million), represent deposits with maturity of more than one year from the date of placement and are placed with the financial institutions carrying commission income at the rate of 5.75% to 5.90% per annum and will mature between 6 January 2026 and 23 December 2026 (31 December 2024: 5.8% to 5.9% per annum and matured between 6 January 2026 and 23 December 2026).

Short-term deposits, amounting to Saudi Riyals 163.0 million (31 December 2024: Saudi Riyals 141.6 million), are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earned commission income at a rate of 6.13% to 5.05% per annum for the year ended 31 December 2025 (31 December 2024: 5.3% to 5.9%).

7. Investments

(a) *Investments are classified as follows:*

	31 December 2025	31 December 2024
Financial assets at FVTPL		
Mutual Funds	70,025,391	72,777,572
Equity	1,278,837	1,505,303
	71,304,228	74,282,875
Financial assets at FVOCI		
Equity	72,758,165	61,153,944
Debt instruments	122,350,184	105,602,479
	195,108,349	166,756,423
	266,412,577	241,039,298

Debt instruments represent investments in Sukuks that are classified as investments measured at FVOCI, as they pass SPPI assessment. The Company's business model for Sukuk classified as FVOCI is to hold to collect and sell the contractual cash flows.

Investment in mutual funds are classified as investments measured at FVTPL since these are equity instruments.

The Company has classified its investments in ordinary shares at FVTPL, except for Najm which is held at FVOCI. The Company holds an investment in the equity of Najm in accordance with Company's accounting policy under Note 3, investments in equity instruments should be measured at fair value. The fair value of Najm investment as at 31 December 2025 amounts to Saudi Riyals 72.8 million (31 December 2024: Saudi Riyals 61.2 million).

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7. Investments (continued)

(b) *Movement in investments carried at fair value through profit or loss is as follows:*

	31 December 2025	31 December 2024
Balance at beginning of the year	74,282,875	86,929,017
Additions during the year	35,723,250	112,880,000
Disposals during the year	(39,977,284)	(127,065,058)
Changes in fair value of investments	<u>1,275,387</u>	<u>1,538,916</u>
Balance at end of the year	<u>71,304,228</u>	<u>74,282,875</u>

(c) *Movement in investments carried at fair value through other comprehensive income is as follows:*

	31 December 2025	31 December 2024
Balance at beginning of the year	166,756,423	127,311,187
Additions during the year	33,618,056	54,892,480
Disposals during the year	(19,185,477)	(33,522,737)
Changes in fair value of investments	<u>13,919,347</u>	<u>18,075,493</u>
Balance at end of the year	<u>195,108,349</u>	<u>166,756,423</u>

(d) *Geographical concentration:*

The maximum exposure to credit and price risk for financial assets carried at fair through profit and loss and financial assets carried fair value through other comprehensive income at the reporting date by geographic region is as follows:

	31 December 2025	31 December 2024
Domestic	223,955,937	203,085,317
International	<u>42,456,640</u>	<u>37,953,981</u>
	<u>266,412,577</u>	<u>241,039,298</u>

8. Goodwill

The Company started its insurance operations on 1 February 2010. The Company acquired the insurance portfolio and the net assets of Ace Arabia Insurance Company BSC and International Insurance Company BSC with effect from 1 January 2009 as set forth in SAMA's guidelines in this respect, following the approval on the transfer from the respective authorities in the year 2012.

The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA and the value of goodwill was estimated at Saudi Riyals 43.8 million.

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8. Goodwill (continued)

For the impairment testing, management has identified a single CGU and determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' business plan, and use of an appropriate discount rate. Cash flows beyond five-years' period are extrapolated using the terminal value growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The calculation of value in use was most sensitive to the assumptions of insurance revenue growth, insurance service expenses as a percentage of insurance revenue and discount rate, which are determined keeping in view the historical performance, recent market and industry trends.

The key significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

	31 December 2025	31 December 2024
Key assumptions		
Insurance revenue growth (%)	10.9	9.9
Insurance service expenses as a percentage of insurance revenue (%)	50.7	55.5
Discount rate (%)	14	14
Terminal value growth rate (%)	2	2

Although management believes that the assumptions used to evaluate potential impairment are reasonable, such assumptions are inherently subjective. Based on the assumptions made, the expected discounted future cash flows exceed the carrying amount of goodwill and accordingly, no impairment has been recognised.

Sensitivity to the changes in assumptions

Management has identified that a reasonably possible change in the below given key assumptions could cause the carrying amount to equal the recoverable amount.

Insurance revenue growth

The insurance revenue growth in the forecast period has been estimated to be a compound annual growth rate of 10.9%. If all other assumptions kept the same, a reduction of this growth rate from 10.9% to 9.2% would give a value in use equal to the current carrying amount.

Insurance service expenses

The insurance service expenses as a percentage of insurance revenue in the forecast period has been estimated to be 50.7% of insurance revenue. If all other assumptions kept the same, an increase of insurance service expense from 50.7% to 60.9% of insurance revenue would give a value in use equal to the current carrying amount.

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the other key assumptions above would cause the carrying value of CGU including goodwill to exceed its recoverable amount.

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9. Prepaid expenses and other assets

	2025	2024
Receivable - insurance arrangements (Note 9.1)	4,020,432	1,127,299
License fee	1,548,709	613,253
Advance tax	1,538,922	5,123,101
Accrued interest on debt instruments	1,063,122	181,804
Employees' receivables	986,964	503,554
Prepaid insurance	882,406	779,377
Prepaid for maintenance	198,047	131,870
Other	226,332	580,645
	<u>10,464,934</u>	<u>9,040,903</u>

9.1 This includes receivables related to Hajj and Umrah insurance pool and Rights and Entitlements of Non-Saudi Employees in Private Sector insurance pool co-insurance agreements. Also see Note 21.

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10 Insurance and reinsurance contracts

10.1 Composition of the statement of financial position

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

	<u>Engineering</u>	<u>Property</u>	<u>Marine</u>	<u>Motor Standard</u>	<u>Motor Third Party</u>	<u>Casualty</u>	<u>Group life</u>	<u>Total</u>
31 December 2025								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	37,985,464	146,470,213	3,855,762	30,998,886	6,857,542	25,058,847	5,527,465	<u>256,754,179</u>
								<u>256,754,179</u>
Reinsurance contracts								
Reinsurance contract assets	26,938,956	127,515,118	-	-	88,075	7,211,928	6,892,543	168,646,620
Reinsurance contract liabilities	-	-	(1,322,422)	-	-	-	-	<u>(1,322,422)</u>
								<u>167,324,198</u>
31 December 2024								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	27,210,428	70,118,251	29,152,864	31,994,940	5,687,986	11,870,121	7,049,758	<u>183,084,348</u>
								<u>183,084,348</u>
Reinsurance contracts								
Reinsurance contract assets	24,661,334	62,013,099	21,312,477	702,269	-	-	6,335,216	115,024,395
Reinsurance contract liabilities	-	-	-	-	(17,559)	(6,156,169)	-	<u>(6,173,728)</u>
								<u>108,850,667</u>

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.1 Insurance contracts

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	22,026,541	552,141	150,813,794	9,691,872	183,084,348	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	22,026,541	552,141	150,813,794	9,691,872	183,084,348	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146
Insurance revenue	(392,965,748)	-	-	-	(392,965,748)	(383,410,199)	-	-	-	(383,410,199)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	239,472,874	11,847,996	251,320,870	-	-	156,902,830	5,256,244	162,159,074
Changes that relate to past service - adjustments to the LIC	-	-	(42,025,008)	(6,755,609)	(48,780,617)	-	-	(19,235,322)	(14,975,703)	(34,211,025)
Losses (Reversal of losses) on onerous contracts	-	175,952	-	-	175,952	-	(451,935)	-	-	(451,935)
Insurance acquisition cash flows amortisation	49,688,661	-	-	-	49,688,661	48,334,907	-	-	-	48,334,907
Insurance service expenses	49,688,661	175,952	197,447,866	5,092,387	252,404,866	48,334,907	(451,935)	137,667,508	(9,719,459)	175,831,021
Finance expense from insurance contracts	-	-	3,417,903	-	3,417,903	-	-	5,628,566	-	5,628,566
Total changes in the statement of income	(343,277,087)	175,952	200,865,769	5,092,387	(137,142,979)	(335,075,292)	(451,935)	143,296,074	(9,719,459)	(201,950,612)
Cash flows										
Premiums received	393,581,416	-	-	-	393,581,416	378,994,284	-	-	-	378,994,284
Claims and other incurred insurance service expenses paid	-	-	(136,356,393)	-	(136,356,393)	-	-	(234,583,525)	-	(234,583,525)
Insurance acquisition cash flows paid	(46,412,213)	-	-	-	(46,412,213)	(42,470,945)	-	-	-	(42,470,945)
Total cash inflows (outflows)	347,169,203	-	(136,356,393)	-	210,812,810	336,523,339	-	(234,583,525)	-	101,939,814
Insurance contracts										
Insurance contract liabilities - closing	25,918,657	728,093	215,323,170	14,784,259	256,754,179	22,026,541	552,141	150,813,794	9,691,872	183,084,348
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	25,918,657	728,093	215,323,170	14,784,259	256,754,179	22,026,541	552,141	150,813,794	9,691,872	183,084,348

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.1 Engineering

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	17,238,898	-	9,271,982	699,548	27,210,428	7,621,329	-	14,020,875	1,578,634	23,220,838
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	17,238,898	-	9,271,982	699,548	27,210,428	7,621,329	-	14,020,875	1,578,634	23,220,838
Insurance revenue	(50,336,616)	-	-	-	(50,336,616)	(56,839,250)	-	-	-	(56,839,250)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	12,036,732	781,489	12,818,221	-	-	9,832,577	544,418	10,376,995
Changes that relate to past service - adjustments to the LIC	-	-	(529,552)	(368,170)	(897,722)	-	-	(9,893,602)	(1,423,504)	(11,317,106)
Losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	5,245,931	-	-	-	5,245,931	4,750,422	-	-	-	4,750,422
Insurance service expenses	5,245,931	-	11,507,180	413,319	17,166,430	4,750,422	-	(61,025)	(879,086)	3,810,311
Finance expense from insurance contracts	-	-	260,061	-	260,061	-	-	554,624	-	554,624
Total changes in the statement of income	(45,090,685)	-	11,767,241	413,319	(32,910,125)	(52,088,828)	-	493,599	(879,086)	(52,474,315)
Cash flows										
Premiums received	54,535,540	-	-	-	54,535,540	66,226,429	-	-	-	66,226,429
Claims and other incurred insurance service expenses paid	-	-	(5,096,115)	-	(5,096,115)	-	-	(5,242,492)	-	(5,242,492)
Insurance acquisition cash flows paid	(5,754,264)	-	-	-	(5,754,264)	(4,520,032)	-	-	-	(4,520,032)
Total cash inflows (outflows)	48,781,276	-	(5,096,115)	-	43,685,161	61,706,397	-	(5,242,492)	-	56,463,905
Insurance contracts										
Insurance contract liabilities - closing	20,929,489	-	15,943,108	1,112,867	37,985,464	17,238,898	-	9,271,982	699,548	27,210,428
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	20,929,489	-	15,943,108	1,112,867	37,985,464	17,238,898	-	9,271,982	699,548	27,210,428

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.2 Property

	As at 31 December 2025				As at 31 December 2024					
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	(5,294,776)	-	71,242,713	4,170,314	70,118,251	(6,199,223)	-	118,268,040	9,752,975	121,821,792
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	(5,294,776)	-	71,242,713	4,170,314	70,118,251	(6,199,223)	-	118,268,040	9,752,975	121,821,792
Insurance revenue	(131,245,218)	-	-	-	(131,245,218)	(131,075,177)	-	-	-	(131,075,177)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	105,946,703	7,013,404	112,960,107	-	-	34,199,227	1,404,386	35,603,613
Changes that relate to past service - adjustments to the LIC	-	-	(10,647,465)	(1,480,463)	(12,127,928)	-	-	(2,030,732)	(6,987,047)	(9,017,779)
Losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	12,493,065	-	-	-	12,493,065	11,123,002	-	-	-	11,123,002
Insurance service expenses	12,493,065	-	95,299,238	5,532,941	113,325,244	11,123,002	-	32,168,495	(5,582,661)	37,708,836
Finance expense from insurance contracts	-	-	1,622,834	-	1,622,834	-	-	3,082,062	-	3,082,062
Total changes in the statement of income	(118,752,153)	-	96,922,072	5,532,941	(16,297,140)	(119,952,175)	-	35,250,557	(5,582,661)	(90,284,279)
Cash flows										
Premiums received	132,700,560	-	-	-	132,700,560	130,607,009	-	-	-	130,607,009
Claims and other incurred insurance service expenses paid	-	-	(28,273,088)	-	(28,273,088)	-	-	(82,275,884)	-	(82,275,884)
Insurance acquisition cash flows paid	(11,778,370)	-	-	-	(11,778,370)	(9,750,387)	-	-	-	(9,750,387)
Total cash inflows (outflows)	120,922,190	-	(28,273,088)	-	92,649,102	120,856,622	-	(82,275,884)	-	38,580,738
Insurance contracts										
Insurance contract liabilities - closing	(3,124,739)	-	139,891,697	9,703,255	146,470,213	(5,294,776)	-	71,242,713	4,170,314	70,118,251
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	(3,124,739)	-	139,891,697	9,703,255	146,470,213	(5,294,776)	-	71,242,713	4,170,314	70,118,251

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.3 Marine

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	(2,467,177)	-	29,003,804	2,616,237	29,152,864	1,176,328	-	67,936,861	5,789,055	74,902,244
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	(2,467,177)	-	29,003,804	2,616,237	29,152,864	1,176,328	-	67,936,861	5,789,055	74,902,244
Insurance revenue	(32,740,866)	-	-	-	(32,740,866)	(27,669,221)	-	-	-	(27,669,221)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	13,840,429	1,243,713	15,084,142	-	-	22,191,098	1,708,869	23,899,967
Changes that relate to past service - adjustments to the LIC	-	-	(20,441,888)	(3,249,578)	(23,691,466)	-	-	3,453,791	(4,881,687)	(1,427,896)
Losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	2,987,941	-	-	-	2,987,941	2,645,333	-	-	-	2,645,333
Insurance service expenses	2,987,941	-	(6,601,459)	(2,005,865)	(5,619,383)	2,645,333	-	25,644,889	(3,172,818)	25,117,404
Finance expense from insurance contracts	-	-	631,262	-	631,262	-	-	1,047,339	-	1,047,339
Total changes in the statement of income	(29,752,925)	-	(5,970,197)	(2,005,865)	(37,728,987)	(25,023,888)	-	26,692,228	(3,172,818)	(1,504,478)
Cash flows										
Premiums received	28,207,656	-	-	-	28,207,656	23,302,283	-	-	-	23,302,283
Claims and other incurred insurance service expenses paid	-	-	(13,701,081)	-	(13,701,081)	-	-	(65,625,285)	-	(65,625,285)
Insurance acquisition cash flows paid	(2,074,690)	-	-	-	(2,074,690)	(1,921,900)	-	-	-	(1,921,900)
Total cash inflows (outflows)	26,132,966	-	(13,701,081)	-	12,431,885	21,380,383	-	(65,625,285)	-	(44,244,902)
Insurance contracts										
Insurance contract liabilities - closing	(6,087,136)	-	9,332,526	610,372	3,855,762	(2,467,177)	-	29,003,804	2,616,237	29,152,864
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	(6,087,136)	-	9,332,526	610,372	3,855,762	(2,467,177)	-	29,003,804	2,616,237	29,152,864

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.4 Motor Standard

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	7,002,669	432,017	23,409,504	1,150,750	31,994,940	5,982,120	1,004,076	20,519,922	968,398	28,474,516
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	7,002,669	432,017	23,409,504	1,150,750	31,994,940	5,982,120	1,004,076	20,519,922	968,398	28,474,516
Insurance revenue	(69,031,440)	-	-	-	(69,031,440)	(68,753,433)	-	-	-	(68,753,433)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	60,375,831	915,065	61,290,896	-	-	55,823,187	800,544	56,623,731
Changes that relate to past service - adjustments to the LIC	-	-	(3,543,564)	(814,288)	(4,357,852)	-	-	(4,042,616)	(618,192)	(4,660,808)
Losses (Reversal of losses) on onerous contracts	-	140,035	-	-	140,035	-	(572,059)	-	-	(572,059)
Insurance acquisition cash flows amortisation	13,136,146	-	-	-	13,136,146	13,529,535	-	-	-	13,529,535
Insurance service expenses	13,136,146	140,035	56,832,267	100,777	70,209,225	13,529,535	(572,059)	51,780,571	182,352	64,920,399
Finance expense from insurance contracts	-	-	491,515	-	491,515	-	-	380,593	-	380,593
Total changes in the statement of income	(55,895,294)	140,035	57,323,782	100,777	1,669,300	(55,223,898)	(572,059)	52,161,164	182,352	(3,452,441)
Cash flows										
Premiums received	66,950,028	-	-	-	66,950,028	69,058,916	-	-	-	69,058,916
Claims and other incurred insurance service expenses paid	-	-	(58,375,260)	-	(58,375,260)	-	-	(49,271,582)	-	(49,271,582)
Insurance acquisition cash flows paid	(11,240,122)	-	-	-	(11,240,122)	(12,814,469)	-	-	-	(12,814,469)
Total cash inflows (outflows)	55,709,906	-	(58,375,260)	-	(2,665,354)	56,244,447	-	(49,271,582)	-	6,972,865
Insurance contracts										
Insurance contract liabilities - closing	6,817,281	572,052	22,358,026	1,251,527	30,998,886	7,002,669	432,017	23,409,504	1,150,750	31,994,940
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	6,817,281	572,052	22,358,026	1,251,527	30,998,886	7,002,669	432,017	23,409,504	1,150,750	31,994,940

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.5 Motor Third Party

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	882,838	120,124	4,428,720	256,304	5,687,986	1,203,547	-	3,483,844	224,363	4,911,754
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	882,838	120,124	4,428,720	256,304	5,687,986	1,203,547	-	3,483,844	224,363	4,911,754
Insurance revenue	(20,492,493)	-	-	-	(20,492,493)	(17,608,532)	-	-	-	(17,608,532)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	13,870,760	204,535	14,075,295	-	-	12,270,882	188,598	12,459,480
Changes that relate to past service - adjustments to the LIC	-	-	(614,526)	(146,815)	(761,341)	-	-	63,119	(156,657)	(93,538)
Losses on onerous contracts	-	35,917	-	-	35,917	-	120,124	-	-	120,124
Insurance acquisition cash flows amortisation	5,431,015	-	-	-	5,431,015	4,955,956	-	-	-	4,955,956
Insurance service expenses	5,431,015	35,917	13,256,234	57,720	18,780,886	4,955,956	120,124	12,334,001	31,941	17,442,022
Finance expenses from insurance contracts	-	-	97,679	-	97,679	-	-	83,789	-	83,789
Total changes in the statement of income	(15,061,478)	35,917	13,353,913	57,720	(1,613,928)	(12,652,576)	120,124	12,417,790	31,941	(82,721)
Cash flows										
Premiums received	21,399,902	-	-	-	21,399,902	16,815,502	-	-	-	16,815,502
Claims and other incurred insurance service expenses paid	-	-	(13,097,228)	-	(13,097,228)	-	-	(11,472,914)	-	(11,472,914)
Insurance acquisition cash flows paid	(5,519,190)	-	-	-	(5,519,190)	(4,483,635)	-	-	-	(4,483,635)
Total cash inflows (outflows)	15,880,712	-	(13,097,228)	-	2,783,484	12,331,867	-	(11,472,914)	-	858,953
Insurance contracts										
Insurance contract liabilities - closing	1,702,072	156,041	4,685,405	314,024	6,857,542	882,838	120,124	4,428,720	256,304	5,687,986
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	1,702,072	156,041	4,685,405	314,024	6,857,542	882,838	120,124	4,428,720	256,304	5,687,986

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.6 Casualty

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	2,019,895	-	9,439,332	410,894	11,870,121	4,092,088	-	13,269,878	733,265	18,095,231
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	2,019,895	-	9,439,332	410,894	11,870,121	4,092,088	-	13,269,878	733,265	18,095,231
Insurance revenue	(78,807,011)	-	-	-	(78,807,011)	(67,551,050)	-	-	-	(67,551,050)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	25,336,518	1,284,498	26,621,016	-	-	13,885,512	246,380	14,131,892
Changes that relate to past service - adjustments to the LIC	-	-	(3,551,287)	(327,906)	(3,879,193)	-	-	(5,119,407)	(568,751)	(5,688,158)
Losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	8,391,753	-	-	-	8,391,753	9,058,546	-	-	-	9,058,546
Insurance service expenses	8,391,753	-	21,785,231	956,592	31,133,576	9,058,546	-	8,766,105	(322,371)	17,502,280
Finance expense from insurance contracts	-	-	248,688	-	248,688	-	-	404,837	-	404,837
Total changes in the statement of income	(70,415,258)	-	22,033,919	956,592	(47,424,747)	(58,492,504)	-	9,170,942	(322,371)	(49,643,933)
Cash flows										
Premiums received	80,722,403	-	-	-	80,722,403	63,779,296	-	-	-	63,779,296
Claims and other incurred insurance service expenses paid	-	-	(12,285,666)	-	(12,285,666)	-	-	(13,001,488)	-	(13,001,488)
Insurance acquisition cash flows paid	(7,823,264)	-	-	-	(7,823,264)	(7,358,985)	-	-	-	(7,358,985)
Total cash inflows (outflows)	72,899,139	-	(12,285,666)	-	60,613,473	56,420,311	-	(13,001,488)	-	43,418,823
Insurance contracts										
Insurance contract liabilities - closing	4,503,776	-	19,187,585	1,367,486	25,058,847	2,019,895	-	9,439,332	410,894	11,870,121
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	4,503,776	-	19,187,585	1,367,486	25,058,847	2,019,895	-	9,439,332	410,894	11,870,121

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.7 Group life

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities - opening	2,644,194	-	4,017,739	387,825	7,049,758	6,702,305	-	4,601,825	364,641	11,668,771
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	2,644,194	-	4,017,739	387,825	7,049,758	6,702,305	-	4,601,825	364,641	11,668,771
Insurance revenue	(10,312,104)	-	-	-	(10,312,104)	(13,913,536)	-	-	-	(13,913,536)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	8,065,901	405,292	8,471,193	-	-	8,700,347	363,049	9,063,396
Changes that relate to past service - adjustments to the LIC	-	-	(2,696,726)	(368,389)	(3,065,115)	-	-	(1,665,875)	(339,865)	(2,005,740)
Losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	2,002,810	-	-	-	2,002,810	2,272,113	-	-	-	2,272,113
Insurance service expenses	2,002,810	-	5,369,175	36,903	7,408,888	2,272,113	-	7,034,472	23,184	9,329,769
Finance expense from insurance contracts	-	-	65,864	-	65,864	-	-	75,322	-	75,322
Total changes in the statement of income	(8,309,294)	-	5,435,039	36,903	(2,837,352)	(11,641,423)	-	7,109,794	23,184	(4,508,445)
Cash flows										
Premiums received	9,065,327	-	-	-	9,065,327	9,204,849	-	-	-	9,204,849
Claims and other incurred insurance service expenses paid	-	-	(5,527,955)	-	(5,527,955)	-	-	(7,693,880)	-	(7,693,880)
Insurance acquisition cash flows paid	(2,222,313)	-	-	-	(2,222,313)	(1,621,537)	-	-	-	(1,621,537)
Total cash inflows (outflows)	6,843,014	-	(5,527,955)	-	1,315,059	7,583,312	-	(7,693,880)	-	(110,568)
Insurance contracts										
Insurance contract liabilities - closing	1,177,914	-	3,924,823	424,728	5,527,465	2,644,194	-	4,017,739	387,825	7,049,758
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	1,177,914	-	3,924,823	424,728	5,527,465	2,644,194	-	4,017,739	387,825	7,049,758

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets - opening	10,468,126	-	98,240,422	6,315,847	115,024,395	(1,310,998)	-	187,202,198	16,384,850	202,276,050
Reinsurance contract liabilities - opening	(10,051,490)	-	3,733,526	144,236	(6,173,728)	-	-	-	-	-
Opening balance - net	416,636	-	101,973,948	6,460,083	108,850,667	(1,310,998)	-	187,202,198	16,384,850	202,276,050
Allocation of reinsurance premium	(220,517,789)	-	-	-	(220,517,789)	(221,078,489)	-	-	-	(221,078,489)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	119,342,737	9,070,003	128,412,740	-	-	49,376,707	3,019,549	52,396,256
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(28,412,847)	(4,370,376)	(32,783,223)	-	-	(7,052,620)	(12,944,316)	(19,996,936)
Amounts recoverable from reinsurers - net	-	-	90,929,890	4,699,627	95,629,517	-	-	42,324,087	(9,924,767)	32,399,320
Finance income from reinsurance contracts	-	-	2,223,296	-	2,223,296	-	-	4,312,422	-	4,312,422
Total changes in the statement of income	(220,517,789)	-	93,153,186	4,699,627	(122,664,976)	(221,078,489)	-	46,636,509	(9,924,767)	(184,366,747)
Cash flows										
Premiums ceded and acquisition cash flows paid	212,188,870	-	-	-	212,188,870	222,806,123	-	-	-	222,806,123
Recoveries from reinsurance	-	-	(31,050,363)	-	(31,050,363)	-	-	(131,864,759)	-	(131,864,759)
Total cash outflows (inflows)	212,188,870	-	(31,050,363)	-	181,138,507	222,806,123	-	(131,864,759)	-	90,941,364
Reinsurance contracts										
Reinsurance contract assets - closing	(619,571)	-	158,406,082	10,860,109	168,646,620	10,468,126	-	98,240,422	6,315,847	115,024,395
Reinsurance contract liabilities - closing	(7,292,712)	-	5,670,689	299,601	(1,322,422)	(10,051,490)	-	3,733,526	144,236	(6,173,728)
Closing balance - net	(7,912,283)	-	164,076,771	11,159,710	167,324,198	416,636	-	101,973,948	6,460,083	108,850,667

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.1 Engineering

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets - opening	17,869,993	-	6,330,489	460,852	24,661,334	6,490,347	-	12,479,615	1,259,770	20,229,732
Reinsurance contract liabilities - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	17,869,993	-	6,330,489	460,852	24,661,334	6,490,347	-	12,479,615	1,259,770	20,229,732
Allocation of reinsurance premium	(41,947,514)	-	-	-	(41,947,514)	(47,959,230)	-	-	-	(47,959,230)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	6,612,087	573,969	7,186,056	-	-	4,512,850	381,700	4,894,550
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	1,076,563	(255,117)	821,446	-	-	(7,240,192)	(1,180,618)	(8,420,810)
Amounts recoverable from reinsurers - net	-	-	7,688,650	318,852	8,007,502	-	-	(2,727,342)	(798,918)	(3,526,260)
Finance income from reinsurance contracts	-	-	171,996	-	171,996	-	-	428,799	-	428,799
Total changes in the statement of income	(41,947,514)	-	7,860,646	318,852	(33,768,016)	(47,959,230)	-	(2,298,543)	(798,918)	(51,056,691)
Cash flows										
Premiums ceded and acquisition cash flows paid	37,892,918	-	-	-	37,892,918	59,338,876	-	-	-	59,338,876
Recoveries from reinsurance	-	-	(1,847,280)	-	(1,847,280)	-	-	(3,850,583)	-	(3,850,583)
Total cash outflows (inflows)	37,892,918	-	(1,847,280)	-	36,045,638	59,338,876	-	(3,850,583)	-	55,488,293
Reinsurance contracts										
Reinsurance contract assets - closing	13,815,397	-	12,343,855	779,704	26,938,956	17,869,993	-	6,330,489	460,852	24,661,334
Reinsurance contract liabilities - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	13,815,397	-	12,343,855	779,704	26,938,956	17,869,993	-	6,330,489	460,852	24,661,334

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.2 Property

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets - opening	(4,480,509)	-	63,077,490	3,416,118	62,013,099	(3,826,614)	-	103,958,508	8,880,037	109,011,931
Reinsurance contract liabilities - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	(4,480,509)	-	63,077,490	3,416,118	62,013,099	(3,826,614)	-	103,958,508	8,880,037	109,011,931
Allocation of reinsurance premium	(104,890,585)	-	-	-	(104,890,585)	(107,817,616)	-	-	-	(107,817,616)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	87,539,680	6,363,621	93,903,301	-	-	20,619,311	985,244	21,604,555
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(6,688,271)	(1,148,358)	(7,836,629)	-	-	249,522	(6,449,163)	(6,199,641)
Amounts recoverable from reinsurers - net	-	-	80,851,409	5,215,263	86,066,672	-	-	20,868,833	(5,463,919)	15,404,914
Finance income from reinsurance contracts	-	-	1,335,268	-	1,335,268	-	-	2,694,507	-	2,694,507
Total changes in the statement of income	(104,890,585)	-	82,186,677	5,215,263	(17,488,645)	(107,817,616)	-	23,563,340	(5,463,919)	(89,718,195)
Cash flows										
Premiums ceded and acquisition cash flows paid	99,245,639	-	-	-	99,245,639	107,163,721	-	-	-	107,163,721
Recoveries from reinsurance	-	-	(16,254,975)	-	(16,254,975)	-	-	(64,444,358)	-	(64,444,358)
Total cash outflows (inflows)	99,245,639	-	(16,254,975)	-	82,990,664	107,163,721	-	(64,444,358)	-	42,719,363
Reinsurance contracts										
Reinsurance contract assets - closing	(10,125,455)	-	129,009,192	8,631,381	127,515,118	(4,480,509)	-	63,077,490	3,416,118	62,013,099
Reinsurance contract liabilities - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	(10,125,455)	-	129,009,192	8,631,381	127,515,118	(4,480,509)	-	63,077,490	3,416,118	62,013,099

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.3 Marine

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets - opening	(6,650,296)	-	25,894,168	2,068,605	21,312,477	(3,014,868)	-	62,419,665	5,502,107	64,906,904
Reinsurance contract liabilities - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	(6,650,296)	-	25,894,168	2,068,605	21,312,477	(3,014,868)	-	62,419,665	5,502,107	64,906,904
Allocation of reinsurance premium	(20,341,604)	-	-	-	(20,341,604)	(16,412,839)	-	-	-	(16,412,839)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	7,586,334	743,912	8,330,246	-	-	15,952,803	1,239,277	17,192,080
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(17,860,717)	(2,512,916)	(20,373,633)	-	-	4,319,794	(4,672,779)	(352,985)
Amounts recoverable from reinsurers - net	-	-	(10,274,383)	(1,769,004)	(12,043,387)	-	-	20,272,597	(3,433,502)	16,839,095
Finance income from reinsurance contracts	-	-	552,923	-	552,923	-	-	922,616	-	922,616
Total changes in the statement of income	(20,341,604)	-	(9,721,460)	(1,769,004)	(31,832,068)	(16,412,839)	-	21,195,213	(3,433,502)	1,348,872
Cash flows										
Premiums ceded and acquisition cash flows paid	19,699,188	-	-	-	19,699,188	12,777,411	-	-	-	12,777,411
Recoveries from reinsurance	-	-	(10,502,019)	-	(10,502,019)	-	-	(57,720,710)	-	(57,720,710)
Total cash outflows (inflows)	19,699,188	-	(10,502,019)	-	9,197,169	12,777,411	-	(57,720,710)	-	(44,943,299)
Reinsurance contracts										
Reinsurance contract assets - closing	-	-	-	-	-	(6,650,296)	-	25,894,168	2,068,605	21,312,477
Reinsurance contract liabilities - closing	(7,292,712)	-	5,670,689	299,601	(1,322,422)	-	-	-	-	-
Closing balance - net	(7,292,712)	-	5,670,689	299,601	(1,322,422)	(6,650,296)	-	25,894,168	2,068,605	21,312,477

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.4 Motor Standard

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets - opening	(10,129)	-	631,274	81,124	702,269	(81,836)	-	22,057	1,565	(58,214)
Reinsurance contract liabilities - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	(10,129)	-	631,274	81,124	702,269	(81,836)	-	22,057	1,565	(58,214)
Allocation of reinsurance premium	(903,096)	-	-	-	(903,096)	(770,450)	-	-	-	(770,450)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	-	-	-	-	-	590,663	79,487	670,150
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(639,115)	(81,124)	(720,239)	-	-	(85)	72	(13)
Amounts recoverable from reinsurers - net	-	-	(639,115)	(81,124)	(720,239)	-	-	590,578	79,559	670,137
Finance income from reinsurance contracts	-	-	7,845	-	7,845	-	-	437	-	437
Total changes in the statement of income	(903,096)	-	(631,270)	(81,124)	(1,615,490)	(770,450)	-	591,015	79,559	(99,876)
Cash flows										
Premiums ceded and acquisition cash flows paid	913,225	-	-	-	913,225	842,157	-	-	-	842,157
Recoveries from reinsurance	-	-	(4)	-	(4)	-	-	18,202	-	18,202
Total cash outflows (inflows)	913,225	-	(4)	-	913,221	842,157	-	18,202	-	860,359
Reinsurance contracts										
Reinsurance contract assets - closing	-	-	-	-	-	(10,129)	-	631,274	81,124	702,269
Reinsurance contract liabilities - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	-	-	-	-	-	(10,129)	-	631,274	81,124	702,269

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.5 Motor Third Party

	As at 31 December 2025				As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts									
Reinsurance contract assets - opening	-	-	-	-	(16,844)	-	(1)	-	(16,845)
Reinsurance contract liabilities - opening	(17,559)	-	-	-	-	-	-	-	-
Opening balance - net	(17,559)	-	-	-	(16,844)	-	(1)	-	(16,845)
Allocation of reinsurance premium	(294,909)	-	-	-	(237,577)	-	-	-	(237,577)
Amounts recoverable from reinsurers									
Claims recovered and other directly attributable expenses	-	-	-	-	-	-	(5,720)	-	(5,720)
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(776)	-	-	-	1	-	1
Amounts recoverable from reinsurers - net	-	-	(776)	-	-	-	(5,719)	-	(5,719)
Finance income from reinsurance contracts	-	-	112	-	-	-	-	-	-
Total changes in the statement of income	(294,909)	-	(664)	-	(237,577)	-	(5,719)	-	(243,296)
Cash flows									
Premiums ceded and acquisition cash flows paid	338,687	-	-	-	236,862	-	-	-	236,862
Recoveries from reinsurance	-	-	62,520	-	-	-	5,720	-	5,720
Total cash outflows	338,687	-	62,520	-	236,862	-	5,720	-	242,582
Reinsurance contracts									
Reinsurance contract assets - closing	26,219	-	61,856	-	-	-	-	-	-
Reinsurance contract liabilities - closing	-	-	-	-	(17,559)	-	-	-	(17,559)
Closing balance - net	26,219	-	61,856	-	(17,559)	-	-	-	(17,559)

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.6 Casualty

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets - opening	-	-	-	-	-	(5,663,626)	-	6,261,252	494,937	1,092,563
Reinsurance contract liabilities - opening	(10,033,931)	-	3,733,526	144,236	(6,156,169)	-	-	-	-	-
Opening balance - net	(10,033,931)	-	3,733,526	144,236	(6,156,169)	(5,663,626)	-	6,261,252	494,937	1,092,563
Allocation of reinsurance premium	(46,752,318)	-	-	-	(46,752,318)	(40,635,764)	-	-	-	(40,635,764)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	12,678,186	1,077,022	13,755,208	-	-	2,026,833	57,797	2,084,630
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(2,356,898)	(94,025)	(2,450,923)	-	-	(3,503,148)	(408,498)	(3,911,646)
Amounts recoverable from reinsurers - net	-	-	10,321,288	982,997	11,304,285	-	-	(1,476,315)	(350,701)	(1,827,016)
Finance income from reinsurance contracts	-	-	116,324	-	116,324	-	-	231,182	-	231,182
Total changes in the statement of income	(46,752,318)	-	10,437,612	982,997	(35,331,709)	(40,635,764)	-	(1,245,133)	(350,701)	(42,231,598)
Cash flows										
Premiums ceded and acquisition cash flows paid	49,046,274	-	-	-	49,046,274	36,265,459	-	-	-	36,265,459
Recoveries from reinsurance	-	-	(346,468)	-	(346,468)	-	-	(1,282,593)	-	(1,282,593)
Total cash outflows (inflows)	49,046,274	-	(346,468)	-	48,699,806	36,265,459	-	(1,282,593)	-	34,982,866
Reinsurance contracts										
Reinsurance contract assets - closing	(7,739,975)	-	13,824,670	1,127,233	7,211,928	-	-	-	-	-
Reinsurance contract liabilities - closing	-	-	-	-	-	(10,033,931)	-	3,733,526	144,236	(6,156,169)
Closing balance - net	(7,739,975)	-	13,824,670	1,127,233	7,211,928	(10,033,931)	-	3,733,526	144,236	(6,156,169)

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.7 Group life

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		Total	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets - opening	3,739,067	-	2,307,001	289,148	6,335,216	4,802,443	-	2,061,102	246,434	7,109,979
Reinsurance contract liabilities - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	3,739,067	-	2,307,001	289,148	6,335,216	4,802,443	-	2,061,102	246,434	7,109,979
Allocation of reinsurance premium	(5,387,763)	-	-	-	(5,387,763)	(7,245,013)	-	-	-	(7,245,013)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	4,926,450	311,479	5,237,929	-	-	5,679,967	276,044	5,956,011
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(1,943,633)	(278,836)	(2,222,469)	-	-	(878,512)	(233,330)	(1,111,842)
Amounts recoverable from reinsurers - net	-	-	2,982,817	32,643	3,015,460	-	-	4,801,455	42,714	4,844,169
Finance income from reinsurance contracts	-	-	38,828	-	38,828	-	-	34,881	-	34,881
Total changes in the statement of income	(5,387,763)	-	3,021,645	32,643	(2,333,475)	(7,245,013)	-	4,836,336	42,714	(2,365,963)
Cash flows										
Premiums ceded and acquisition cash flows paid	5,052,939	-	-	-	5,052,939	6,181,637	-	-	-	6,181,637
Recoveries from reinsurance	-	-	(2,162,137)	-	(2,162,137)	-	-	(4,590,437)	-	(4,590,437)
Total cash outflows (inflows)	5,052,939	-	(2,162,137)	-	2,890,802	6,181,637	-	(4,590,437)	-	1,591,200
Reinsurance contracts										
Reinsurance contract assets - closing	3,404,243	-	3,166,509	321,791	6,892,543	3,739,067	-	2,307,001	289,148	6,335,216
Reinsurance contract liabilities - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	3,404,243	-	3,166,509	321,791	6,892,543	3,739,067	-	2,307,001	289,148	6,335,216

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11. Property and equipment

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost:				
At 1 January 2025	2,555,538	5,877,204	91,109	8,523,851
Additions	-	388,146	-	388,146
Write off	-	(781,341)	-	(781,341)
At 31 December 2025	2,555,538	5,484,009	91,109	8,130,656
Accumulated depreciation:				
At 1 January 2025	(1,540,279)	(3,931,270)	(43,063)	(5,514,612)
Charge for the year	(291,381)	(739,261)	(16,472)	(1,047,114)
Write off	-	781,341	-	781,341
At 31 December 2025	(1,831,660)	(3,889,190)	(59,535)	(5,780,385)
Net book value:				
At 31 December 2025	723,878	1,594,819	31,574	2,350,271
Cost:				
At 1 January 2024	1,705,759	6,466,600	156,519	8,328,878
Additions	849,779	1,017,067	-	1,866,846
Disposals	-	(1,606,463)	(65,410)	(1,671,873)
At 31 December 2024	2,555,538	5,877,204	91,109	8,523,851
Accumulated depreciation:				
At 1 January 2024	(1,248,898)	(4,772,632)	(92,000)	(6,113,530)
Charge for the year	(291,381)	(765,101)	(16,473)	(1,072,955)
Disposals	-	1,606,463	65,410	1,671,873
At 31 December 2024	(1,540,279)	(3,931,270)	(43,063)	(5,514,612)
Net book value:				
At 31 December 2024	1,015,259	1,945,934	48,046	3,009,239

Depreciation charge for 2025 of Saudi Riyals 0.8 million (2024: Saudi Riyals 0.9 million) has been allocated to insurance service expenses.

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12. Intangible assets

	Capital work in progress	Software	Total
Cost:			
At 1 January 2025	-	9,234,404	9,234,404
Additions	<u>3,223,093</u>	-	<u>3,223,093</u>
At 31 December 2025	<u>3,223,093</u>	<u>9,234,404</u>	<u>12,457,497</u>
Accumulated amortisation:			
At 1 January 2025	-	(7,230,532)	(7,230,532)
Charge for the year	-	<u>(740,284)</u>	<u>(740,284)</u>
At 31 December 2025	-	<u>(7,970,816)</u>	<u>(7,970,816)</u>
Net book value:			
At 31 December 2025	<u>3,223,093</u>	<u>1,263,588</u>	<u>4,486,681</u>
		Software	
Cost:			
At 1 January 2024		9,234,404	
Additions		<u>-</u>	
At 31 December 2024		<u>9,234,404</u>	
Accumulated amortisation:			
At 1 January 2024		(6,469,564)	
Charge for the year		<u>(760,968)</u>	
At 31 December 2024		<u>(7,230,532)</u>	
Net book value:			
At 31 December 2024		<u>2,003,872</u>	

Software mainly includes AIMS and other programs which are used for financial reporting purposes. Amortisation charge for 2025 of Saudi Riyals 0.5 million (2024: Saudi Riyals 0.6 million) has been allocated to insurance service expenses.

The capital-work-in-progress as at 31 December 2025 principally comprises the costs incurred related to computer software under development which is expected to be completed in the first half of 2026 with a total estimated cost of Saudi Riyals 5.4 million. Refer Note 30 for capital commitment related to the software.

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13 Right-of-use assets and lease liabilities

(a) Amounts recognised in the statement of financial position

During the year ended 31 December 2025, the Company has recognized right-of-use assets and corresponding lease liability in respect of a lease arrangement for its office premises.

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

	31 December 2025
Right-of-use assets	
<u>Cost:</u>	
At the beginning of the year	-
Additions during the year	<u>5,254,393</u>
At the end of the year	<u>5,254,393</u>
<u>Accumulated depreciation:</u>	
At the beginning of the year	-
Charge for the year	<u>(1,833,657)</u>
At the end of the year	<u>(1,833,657)</u>
Net book value	<u>3,420,736</u>

Lease liabilities

Commitments in relation to lease obligations are payable as follows:

	31 December 2025
Within one year	1,751,097
Later than one year but not later than five years	1,716,227
Later than five years	-
	<u>3,467,324</u>
Future finance costs	<u>(123,785)</u>
Total lease liabilities	<u>3,343,539</u>
Current	1,636,133
Non-current	<u>1,707,406</u>
	<u>3,343,539</u>

Movement in lease liabilities is as follows:

	31 December 2025
At the beginning of the year	-
Addition during the year	5,165,963
Finance costs on lease liabilities	<u>228,827</u>
	<u>5,394,790</u>
Payments during the year	<u>(2,051,251)</u>
At the end of the year	<u>3,343,539</u>

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13 Right-of- use assets and lease liabilities (continued)

The total cash outflow for the year ended 31 December 2025 amounts to Saudi Riyals 2.1 million.

(b) Amounts recognised in the statement of income:

Total finance costs recognised in the statement of income pertaining to lease liabilities amounted to Saudi Riyals 0.2 million for the year ended 31 December 2025.

(c) Details for leasing activities of the Company

The Company leases office premises across the Kingdom of Saudi Arabia. Rental contracts are made for a period of three years but may have extension options. The weighted average incremental borrowing rate applied to the lease liabilities between 6.2% and 7.1%.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets are not used as security for borrowing purposes.

14. Statutory deposit

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. IA (formerly SAMA) is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent. In accordance with the instruction received from the SAMA vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 31 December 2025 as an asset and a liability in these financial statements. As requested by IA, the Company has released the accrued income on statutory deposit to IA upto 23 October 2025, amounting to Saudi Riyals 1.5 million.

During the year ended 31 December 2025, the Company has placed an additional amount of Saudi Riyals 10.0 million in the statutory deposit, on account of increase in share capital. Also see Note 1.

15. Accrued and other liabilities

	31 December 2025	31 December 2024
Value added tax payable	6,274,544	2,986,724
Withholding tax payable	3,532,512	3,424,178
Accrued bonus	3,981,919	3,604,363
Remuneration of board and other committee's members	3,109,500	2,979,500
Legal and professional fees	933,525	612,935
Other	1,471,547	381,663
	<u>19,303,547</u>	<u>13,989,363</u>

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16. Employee benefit obligations

16.1 General description of the plan

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

	31 December 2025	31 December 2024
Balance at beginning of the year	15,535,075	14,517,904
Current service cost	1,736,463	1,699,049
Finance costs	823,844	730,719
Remeasurement loss	740,345	1,185,151
Payments during the year	(1,414,648)	(2,597,748)
Balance at end of the year	17,421,079	15,535,075

16.2 Amounts recognised in the statements of income and comprehensive income

	31 December 2025	31 December 2024
Current service result	1,736,463	1,699,049
Interest expense	823,844	730,719
Total amount recognised in the statement of income	2,560,307	2,429,768
Remeasurement		
Loss due to change in financial assumptions	122,332	518,529
Loss due to change in demographic assumptions	-	1,887
Loss due to change in experience adjustments	618,013	664,735
Total amount recognised in the statement of comprehensive income	740,345	1,185,151

16.3 Principal actuarial assumptions

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

	31 December 2025	31 December 2024
Discount rate	4.75%	5.25%
Salary growth rate	6.00%	5.75%

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16 Employee benefit obligations (continued)

16.4 Sensitivity analysis for actuarial assumptions

	<u>31 December 2025</u>	
	Change in assumption	Impact on employee benefits obligations
Discount rate		
Increase	+0.5%	(556,286)
Decrease	-0.5%	596,493
Salary growth rate		
Increase	+0.5%	463,831
Decrease	-0.5%	(436,552)
	<u>31 December 2024</u>	
	Change in assumption	Impact on employee benefits obligations
Discount rate		
Increase	+0.5%	(468,582)
Decrease	-0.5%	501,553
Salary growth rate		
Increase	+0.5%	534,524
Decrease	-0.5%	(504,243)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee benefit obligation.

16.5 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 6.60 years (2024: 6.23 years). The expected maturity analysis of undiscounted employee benefit obligations is as follows:

	<u>Less than a year</u>	<u>Between 1 - 2 years</u>	<u>Between 2 - 5 years</u>	<u>Between 6 - 10 years</u>	<u>Total</u>
2025	1,266,429	5,523,140	5,638,133	10,717,895	23,145,597
2024	1,418,181	4,237,827	5,646,202	9,590,966	20,893,176

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17. Share capital

The authorized, issued and paid-up capital of the Company was Saudi Riyals 400 million at 31 December 2025 (31 December 2024: Saudi Riyals 300 million) consisting of 40 million shares (31 December 2024: 30 million shares) of Saudi Riyals 10 each. Also refer Note 1 (b).

Shareholding structure of the Company as of 31 December 2025 and 31 December 2024 is as below:

31 December 2025		Authorised and issued		Paid up
	Company incorporated in	No. of Shares	Saudi Riyals	
Chubb International Holding Co.	United States of America	12,000,000	120,000,000	120,000,000
El-Khereiji Investment Company International Corporation For Trade and Contract Services General Public	Kingdom of Saudi Arabia	10,000,000	100,000,000	100,000,000
	Kingdom of Saudi Arabia	2,000,000	20,000,000	20,000,000
		16,000,000	160,000,000	160,000,000
		40,000,000	400,000,000	400,000,000
31 December 2024		Authorised and issued		Paid up
	Company incorporated in	No. of Shares	Saudi Riyals	
Chubb International Holding Co.	United States of America	9,000,000	90,000,000	90,000,000
El-Khereiji Investment Company International Corporation For Trade and Contract Services General Public	Kingdom of Saudi Arabia	7,500,000	75,000,000	75,000,000
	Kingdom of Saudi Arabia	1,500,000	15,000,000	15,000,000
		12,000,000	120,000,000	120,000,000
		30,000,000	300,000,000	300,000,000

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18. Insurance revenue and expenses

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for year ended 31 December 2025 and 31 December 2024 is included in following tables respectively.

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2025								
Insurance revenue from contracts measured under PAA	50,336,616	131,245,218	32,740,866	69,031,440	20,492,493	78,807,011	10,312,104	392,965,748
Incurring claims and other incurred insurance service expenses	(12,818,221)	(112,960,107)	(15,084,142)	(61,290,896)	(14,075,295)	(26,621,016)	(8,471,193)	(251,320,870)
Changes that relate to past service - adjustments to the LIC	897,722	12,127,928	23,691,466	4,357,852	761,341	3,879,193	3,065,115	48,780,617
Losses on onerous contracts	-	-	-	(140,035)	(35,917)	-	-	(175,952)
Insurance acquisition cash flows amortisation	(5,245,931)	(12,493,065)	(2,987,941)	(13,136,146)	(5,431,015)	(8,391,753)	(2,002,810)	(49,688,661)
Total insurance service expenses	(17,166,430)	(113,325,244)	5,619,383	(70,209,225)	(18,780,886)	(31,133,576)	(7,408,888)	(252,404,866)
Reinsurance income contracts measured under the PAA								
Reinsurance premium ceded	(41,947,514)	(104,890,585)	(20,341,604)	(903,096)	(294,909)	(46,752,318)	(5,387,763)	(220,517,789)
Claims recovered and other directly attributable expenses	7,186,056	93,903,301	8,330,246	-	-	13,755,208	5,237,929	128,412,740
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	821,446	(7,836,629)	(20,373,633)	(720,239)	(776)	(2,450,923)	(2,222,469)	(32,783,223)
Total net expenses from reinsurance contracts	(33,940,012)	(18,823,913)	(32,384,991)	(1,623,335)	(295,685)	(35,448,033)	(2,372,303)	(124,888,272)
Insurance service result from Company's directly written business	(769,826)	(903,939)	5,975,258	(2,801,120)	1,415,922	12,225,402	530,913	15,672,610
Share of surplus from insurance pools	-	-	-	-	-	-	-	1,920,065
Total insurance service result	(769,826)	(903,939)	5,975,258	(2,801,120)	1,415,922	12,225,402	530,913	17,592,675

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18. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2024								
Insurance revenue from contracts measured under PAA	56,839,250	131,075,177	27,669,221	68,753,433	17,608,532	67,551,050	13,913,536	383,410,199
Incurring claims and other incurred insurance service expenses	(10,376,995)	(35,603,613)	(23,899,967)	(56,623,731)	(12,459,480)	(14,131,892)	(9,063,396)	(162,159,074)
Changes that relate to past service - adjustments to the LIC	11,317,106	9,017,779	1,427,896	4,660,808	93,538	5,688,158	2,005,740	34,211,025
Reversal of losses (losses) on onerous contracts	-	-	-	572,059	(120,124)	-	-	451,935
Insurance acquisition cash flows amortisation	(4,750,422)	(11,123,002)	(2,645,333)	(13,529,535)	(4,955,956)	(9,058,546)	(2,272,113)	(48,334,907)
Total insurance service expenses	(3,810,311)	(37,708,836)	(25,117,404)	(64,920,399)	(17,442,022)	(17,502,280)	(9,329,769)	(175,831,021)
Reinsurance income contracts measured under the PAA								
Reinsurance premium ceded	(47,959,230)	(107,817,616)	(16,412,839)	(770,450)	(237,577)	(40,635,764)	(7,245,013)	(221,078,489)
Claims recovered and other directly attributable expenses	4,894,550	21,604,555	17,192,080	670,150	(5,720)	2,084,630	5,956,011	52,396,256
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	(8,420,810)	(6,199,641)	(352,985)	(13)	1	(3,911,646)	(1,111,842)	(19,996,936)
Total net expenses from reinsurance contracts	(51,485,490)	(92,412,702)	426,256	(100,313)	(243,296)	(42,462,780)	(2,400,844)	(188,679,169)
Insurance service result from Company's directly written business	1,543,449	953,639	2,978,073	3,732,721	(76,786)	7,585,990	2,182,923	18,900,009
Share of surplus from insurance pool	-	-	-	-	-	-	-	803,111
Total insurance service result	1,543,449	953,639	2,978,073	3,732,721	(76,786)	7,585,990	2,182,923	19,703,120

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19. Insurance finance expense - net

An analysis of the net insurance finance expenses by product line for the year ended 31 December 2025 and 31 December 2024 respectively is presented below:

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2025								
Finance expenses from insurance contracts issued								
Interest accreted	(225,796)	(1,528,265)	(657,866)	(440,703)	(93,223)	(240,067)	(64,328)	(3,250,248)
Effects of changes in interest rates and other financial assumptions	(34,265)	(94,569)	26,604	(50,812)	(4,456)	(8,621)	(1,536)	(167,655)
Foreign exchange differences	-	-	-	-	-	-	-	-
Finance expenses from insurance contracts issued	(260,061)	(1,622,834)	(631,262)	(491,515)	(97,679)	(248,688)	(65,864)	(3,417,903)
Finance income from reinsurance contracts held								
Interest accreted	143,440	1,240,321	576,916	7,845	-	111,820	37,227	2,117,569
Effects of changes in interest rates and other financial assumptions	28,556	94,947	(23,993)	-	112	4,504	1,601	105,727
Foreign exchange differences	-	-	-	-	-	-	-	-
Finance income from reinsurance contracts held	171,996	1,335,268	552,923	7,845	112	116,324	38,828	2,223,296
Net insurance finance expenses	(88,065)	(287,566)	(78,339)	(483,670)	(97,567)	(132,364)	(27,036)	(1,194,607)

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19. Insurance finance expense – net (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the year ended 31 December 2024								
Finance expenses from insurance contracts issued								
Interest accreted	(566,743)	(3,215,860)	(1,072,751)	(449,123)	(91,982)	(424,220)	(76,468)	(5,897,147)
Effects of changes in interest rates and other financial assumptions	12,119	133,798	25,412	68,530	8,193	19,383	1,146	268,581
Foreign exchange differences	-	-	-	-	-	-	-	-
Finance expenses from insurance contracts issued	(554,624)	(3,082,062)	(1,047,339)	(380,593)	(83,789)	(404,837)	(75,322)	(5,628,566)
Finance income from reinsurance contracts held								
Interest accreted	437,009	2,816,535	947,210	445	-	244,687	34,985	4,480,871
Effects of changes in interest rates and other financial assumptions	(8,210)	(122,028)	(24,594)	(8)	-	(13,505)	(104)	(168,449)
Foreign exchange differences	-	-	-	-	-	-	-	-
Finance income from reinsurance contracts held	428,799	2,694,507	922,616	437	-	231,182	34,881	4,312,422
Net insurance finance expenses	(125,825)	(387,555)	(124,723)	(380,156)	(83,789)	(173,655)	(40,441)	(1,316,144)

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20. Other operating expenses

	31 December 2025	31 December 2024
Salaries and related costs	40,604,233	38,854,288
Commission incurred	29,979,381	27,252,595
Other acquisition expenses	11,176,173	10,933,905
Information technology	4,561,090	3,881,235
Professional fees	3,010,996	3,017,516
Remuneration and meeting fee for Board of Directors	3,080,250	3,303,150
Insurance (Note 20.2)	2,160,167	1,971,374
Travelling	839,681	377,874
Training	942,054	660,403
Communication expenses	640,928	623,140
Entertainment	286,282	290,268
Other	7,637,960	10,008,930
	104,919,195	101,174,678

20.1 Allocation of expenses is as follows:

	31 December 2025	31 December 2024
Other incurred insurance service expenses (Note 20.3)	30,830,464	34,215,292
Insurance acquisition cashflows amortisation (Note 20.3)	49,688,662	48,334,907
Amounts recoverable from reinsurers (Note 20.4)	2,437,435	2,500,468
Other operating expenses (Note 20.5)	21,962,634	16,124,011
	104,919,195	101,174,678

20.2 The insurance expense covers essential insurance policies related to employees and other operational purposes.

20.3 Reported as part of insurance service expenses.

20.4 Reported as part of allocation of reinsurance premium paid.

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

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21. Share of surplus from insurance pools

21.1 Share of surplus from Hajj and Umrah

This represents the Company's share in the surplus for general accident product arising from the Hajj and Umrah scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from January 1, 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from January 1, 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement since 2024 as the aforementioned arrangement has been discontinued. The Company's share of run-off income in the Hajj and Umrah scheme amounted to Saudi Riyals 0.2 million during the period (2024: Saudi Riyals 0.8 million).

21.2 Rights and Entitlements of Non-Saudi Employees in Private Sector Entities Insurance

The Company along with eighteen other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with Al-Etihad Cooperative Insurance Company, effective from 3 November 2024. This compulsory product covers default of entities in paying the rights and entitlements of non-Saudi employees in private sector entities offered by the "Ministry of Human Resources and Social Development" through IA. The agreement is valid for an initial term of five years, starting from 3 November 2024, and renewable for another five years, subject to the terms and conditions of the agreement.

The Company's share of income in the Rights and Entitlements of Non-Saudi Employees in Private Sector scheme is derived from insurance revenue of Saudi Riyals 11.9 million for the year ended 31 December 2025 (2024: Saudi Riyals Nil), and net expenses of Saudi Riyals 10.2 million for the year ended 31 December 2025 (2024: Saudi Riyals Nil).

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22. Related party transactions and balances

Related parties comprise the shareholders, directors associated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company's direct and indirect shareholders), and key management personnel. Related parties also include business entities in which certain directors or senior management have control or joint control. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

(a) *The following are the details of the major related party transactions during the year ended 31 December:*

	Transactions for the year ended	
	31 December 2025	31 December 2024
<u>Affiliates</u>		
Gross written premium (forming part of insurance revenue)	852,266	758,725
Rent (Refer note 13)	1,716,657	1,661,857
Claims expenses (forming part of insurance service expenses)	4,698,497	3,510,178
Other operating expenses	183,107	5,000
<u>Board of Directors</u>		
Remuneration	1,425,000	1,425,000
Meeting fee and expenses	2,176,698	1,878,150
<u>Shareholders/Affiliates</u>		
Reinsurance premium ceded (forming part of net expenses from reinsurance contracts)	67,630,187	61,165,156
Reinsurance share of paid claims (forming part of net expenses from reinsurance contracts)	5,268,153	25,432,555
Reinsurance commission income (forming part of net expenses from reinsurance contracts)	9,595,765	10,407,412

(b) *The following are the details of the major related party due from / to as at 31 December:*

	Balances receivable (payable) as at	
	31 December 2025	31 December 2024
<u>Affiliates</u>		
Insurance contract liabilities (expected premium receipts)	33,302	15,765
<u>Board of Directors</u>		
Remuneration and meeting fees	(3,109,500)	(2,979,500)
<u>Shareholders</u>		
Reinsurance contract liabilities/assets (including expected reinsurance recoveries)	(30,253,722)	(31,827,324)

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22. Related party transactions and balances (continued)

(c) *The compensation of key management personnel during the year ended 31 December is as follows:*

	31 December 2025	31 December 2024
<u>Key management personnel</u>		
Salaries and benefits	4,739,992	5,086,751
Employee benefit obligations	493,542	416,676
	<u>5,233,534</u>	<u>5,503,427</u>

Key management personnel include senior management, department heads and board of directors.

The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is based on employment terms and as per the by-laws of the Company.

23. Zakat and income tax

(a) *Shareholding percentage*

The shareholding percentage of the Company at 31 December 2025 and 31 December 2024 was as follows:

	31 December 2025	31 December 2024
Shareholding percentage subject to zakat (%)	70	70
Shareholding percentage subject to income tax (%)	30	30
	<u>100</u>	<u>100</u>

(b) *Zakat*

The Company calculated the zakat base in accordance with the ZATCA Regulations. Zakat is payable at 2.578% on all components of the zakat base, subject to a minimum and maximum limit as prescribed in the ZATCA Regulations. Accordingly, the zakat base for the year ended 31 December 2025 and 2024 has been calculated based on such ZATCA Regulations.

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

	31 December 2025	31 December 2024
Equity and provisions at the end of year	456,959,167	462,855,069
Liabilities and other additions to Zakat base	3,330,712	7,133,482
Zakat adjustments	13,698,873	23,065,157
Investments	(73,356,624)	(61,153,944)
Long-term assets	(10,257,688)	(5,013,111)
Goodwill	(43,774,750)	(43,774,750)
Statutory deposits	(40,000,000)	(30,000,000)
Zakat base	<u>306,599,690</u>	<u>353,111,903</u>
Zakat due at 2.578% (Saudi Shareholders' share of zakat base @ 70%)	<u>5,532,898</u>	<u>6,388,931</u>

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23. Zakat and income tax (continued)

(c) *Income tax*

Income tax charge for the current year is calculated at 20% of the adjusted taxable income on the portion of equity owned by the foreign shareholders.

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

	31 December 2025	31 December 2024
Total profit for the year before zakat and income tax	17,202,029	21,655,747
Accounting depreciation and amortisation	3,641,739	1,833,923
Provisions	3,645,915	3,487,367
Fines and penalties paid in the Kingdom of Saudi Arabia	38,000	-
Gain on disposal	-	(28,500)
Tax depreciation	(2,387,218)	(2,499,403)
Payments of employee benefit obligations	(1,414,648)	(2,597,748)
Adjusted profit for the year	20,725,817	21,851,386
Tax at 20% (Foreign Shareholders' share @ 30%)	1,243,549	1,311,083

Combined movement of zakat, income tax and deferred tax was as follows:

	Zakat	Income Tax	Sub-total	Deferred tax liabilities (assets)	Total
1 January 2025	10,977,771	2,063,684	13,041,455	740,455	13,781,910
Charge for the year:					
Income statement	5,532,898	1,243,549	6,776,447	(191,289)	6,585,158
Other comprehensive income	-	-	-	781,359	781,359
Payment	(5,058,960)	(1,346,351)	(6,405,311)	-	(6,405,311)
31 December 2025	11,451,709	1,960,882	13,412,591	1,330,525	14,743,116

	Zakat	Income Tax	Sub-total	Deferred tax (assets) liabilities	Total
1 January 2024	18,853,432	2,804,496	21,657,928	-	21,657,928
Charge for the year:					
Income statement	6,388,931	1,311,083	7,700,014	(2,336,918)	5,363,096
Other comprehensive income	-	-	-	3,077,373	3,077,373
Payment	(14,264,592)	(2,051,895)	(16,316,487)	-	(16,316,487)
31 December 2024	10,977,771	2,063,684	13,041,455	740,455	13,781,910

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23. Zakat and income tax (continued)

(d) *Deferred tax liabilities*

As at 31 December, deferred tax liabilities and deferred tax assets are attributable to the following:

	31 December 2025	31 December 2024
Difference in accounting and tax base pertaining to foreign shareholder related to:		
Fixed assets	3,264,704	3,414,167
Employee benefit obligations	5,227,965	4,660,523
Expected premium receipts	5,976,884	5,317,104
Fair value reserve	(21,122,176)	(17,094,072)
Net deductible differences	(6,652,623)	(3,702,278)
Income tax rate (%)	20	20
Deferred tax	(1,330,525)	(740,455)

(e) *Reconciliation of income tax and deferred tax*

	31 December 2025	31 December 2024
Income tax expense	(1,243,549)	(1,311,083)
Deferred income tax income - net	191,289	2,336,918
Charged to profit or loss arising from deferred tax asset	191,289	2,336,918
Credited to profit or loss arising from deferred tax liabilities	-	-
Balance at the end of the year	(1,052,260)	1,025,835

(f) *Status of assessments*

During 2024, the Zakat, Tax and Customs Authority (“ZATCA”) raised final assessments for the years ended 31 December 2021 and 2022 assessing additional zakat and income tax liability amounting to Saudi Riyals 7.3 million, inclusive of fine for delay. The Company filed an appeal to ZATCA and paid Saudi Riyals 19,000 under protest. However, ZATCA rejected the appeal but waived the fine for delay amounting to Saudi Riyals 0.3 million. During the year ended 31 December 2025, the Company escalated its appeal before the Tax Violations and Disputes Appeal Committee (TVDAC), following the decision issued by the Tax Violations and Disputes Resolutions Committee (TVDRC) on 7 August 2025. The decision from TVDAC is currently pending.

Management believes that the level of the existing provision for zakat and income tax maintained by the Company is presently sufficient to cover such uncertain zakat and income tax positions.

As at 31 December 2025, the Company has obtained zakat and tax certificates from ZATCA for the years through 2024.

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24. Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Implementing Regulation for Co-operative Insurance Companies issued by the Insurance Authority, formerly SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

During the year ended 31 December 2025, the shareholders of the Company, in an EOGM, held on 16 January 2025, resolved to amend the By-laws of the Company in accordance with the new Regulations for Companies. The legal formalities for amendments to the By-laws have been completed. During the year ended 31 December 2025, the Company has continued to transfer 10% of the net profit to the statutory reserve to ensure compliance with the current form of the Company's By-laws as well as the latest By-laws issued. Also refer Note 1(b).

25. Interest income from financial assets not measured at FVTPL

	31 December 2025	31 December 2024
Interest income on term deposits	14,110,951	13,819,087
Interest income on debt instruments measured at FVOCI	5,469,248	2,876,683
Realised gain (loss) on investments measured at FVOCI reclassified to statement of income	492,335	(468,667)
	20,072,534	16,227,103

26. Basic and diluted earnings per share

Basic and diluted earnings per share for the year ended 31 December 2025 and 2024 is calculated by dividing net profit for the year attributable to the shareholders by the weighted average number of outstanding shares during the year.

As mentioned in Note 1(b), the Company's shareholders, in an EOGM held on 15 October 2025, approved the Company's proposed increase in the share capital by Saudi Riyals 100.0 million through issuance of bonus shares. Accordingly, the weighted average number of shares has been retrospectively adjusted for the current period as well as the prior period to reflect the impact of aforementioned bonus issue as required by IAS 33, 'Earnings per share' as follows:

The basic and diluted earnings per share is calculated as follows:

	31 December 2025	31 December 2024
Net profit for the year attributable to the shareholders	10,616,871	16,292,651
Weighted average number of ordinary shares for basic and diluted earnings per share (Note 17)	40,000,000	40,000,000
Basic and diluted earnings per share - Restated	0.27	0.41

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27. 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.

The fair values of on-balance sheet financial instruments that are not carried at fair value are not significantly different from their carrying amounts included in the financial statements.

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

- 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; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

(a) *Carrying amounts and fair value*

	31 December 2025			Total
	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Investments at FVTPL	71,304,228	-	-	71,304,228
Investments at FVOCI	112,350,184	10,000,000	72,758,165	195,108,349
Total investments	183,654,412	10,000,000	72,758,165	266,412,577
	31 December 2024			Total
	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Investments at FVTPL	74,282,875	-	-	74,282,875
Investments at FVOCI	95,602,479	10,000,000	61,153,944	166,756,423
Total investments	169,885,354	10,000,000	61,153,944	241,039,298

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27. Fair value of financial instruments (continued)

(a) *Carrying amounts and fair value* (continued)

The fair value of investment in quoted instruments including mutual funds and quoted sukuks at level 1 is based on quoted prices available in the market. Additionally, there were no changes in the valuation techniques. The fair value of investments in sukuk at level 2 is based on the value of similar quoted sukuk communicated by the fund manager.

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

- **Discounted cashflows (“DCF”) method:** The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate (“WACC”). The value derived from such an analysis results into a value for the enterprise (the “Enterprise Value”). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the “Equity Value”), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabahas and other investments, are subtracted from the Enterprise Value; and
- **Market multiples method:** The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

A weight of 60% (2024: 60%) and 40% (2024: 40%) are then applied to the fair values determined under both methods, to arrive at the equity valuation of najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Furthermore, there were no transfers into and out of level 3 measurements.

(b) *Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy*

	31 December 2025	31 December 2024
Balance at the beginning of the year	61,153,944	43,484,252
Unrealised gain on fair value of FVOCI	11,604,221	17,669,692
Balance at the end of the year	72,758,165	61,153,944

Such unrealised gain on fair value of FVOCI is routed through other comprehensive income.

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27. Fair value of financial instruments (continued)

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

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	
Unquoted equity investment in Najm	72,758,165	61,153,944	Revenue growth rate	Revenue growth rate	9.0%	9.9%	Reducing the revenue growth rate by 100 basis points, would decrease the fair value by Saudi Riyals 0.8 million. (2024: Saudi Riyals 0.6 million)
			WACC	WACC	17%	16.5%	Increasing the WACC by 100 basis points, would decrease the fair value by Saudi Riyals 1.9 million. (2024: Saudi Riyals 1.7 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by Saudi Riyals 1.0 million. (2024: Saudi Riyals 1.1 million)
			EV/EBITDA multiple	EV/EBITDA multiple	6	7	Reducing the EV/EBITDA multiple to 5.4, would decrease the fair value by Saudi Riyals 1.9 million (2024: Saudi Riyals 1.44 million).

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

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27. Fair value of financial instruments (continued)

(d) Valuation process

The finance department of the Company performs the valuations of level 3 fair values required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee and the Audit Committee. Discussions of valuation processes and results are held between the CFO, AC, Investment Committee and the Finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal value growth rate is derived from publicly available databases.
- Earnings growth factors for unlisted equity securities are estimated based on such Company's own historical result.

28. Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

The Board of Directors of the Company monitors the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors for the Company as a whole. Furthermore, the Company operates in one geographical area i.e. Kingdom of Saudi Arabia.

Accordingly, segmental analysis of the statement of income and other comprehensive income and statement of financial position is not carried out as the CODM considers the Company to be a single operating segment based on the nature of its operations and products. However, the Company has disclosed its insurance related balances/results by product lines, which are determined based on the disaggregation principles of IFRS 17. These include insurance contract liabilities/assets, reinsurance contract assets/liabilities, insurance service results and insurance finance income/expenses. Refer Notes 10, 18 and 19 for such analysis.

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29. Risk management

Risk governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of Directors of the Company. The Company is exposed to insurance, reinsurance, regulatory framework, credit, liquidity, foreign currency, commission rate, and market risk.

Risk management structure

A cohesive 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 centralised oversight of 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.

Audit Committee and Internal Audit Department

Risk management processes throughout the Company are audited annually by the Internal Audit Department which examines both the adequacy of the procedures and the Company's compliance with such procedures.

The internal audit department discusses the results of all assessments with senior management, and reports its findings and recommendations directly to the Audit Committee.

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

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

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29. Risk management (continued)

29.1 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

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

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

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

Frequency and severity of claims

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

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29. Risk management (continued)

29.1 Insurance risk (continued)

Concentration of insurance risk

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

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and 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 primarily in Saudi Arabia, hence, all the insurance risks relate to policies written in Saudi Arabia.

Reinsurance Risk

In order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

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

- Minimum acceptable credit rating by agencies that is not lower than prescribed in the Regulations;
- Reputation of particular reinsurance companies; and
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for reinsurance business. As at 31 December 2025, 44% of reinsurance receivables balance was due from one party (31 December 2024: 25% due from one party).

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of insurance contract liabilities reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

There is no single counterparty exposure that exceeds 25% of total reinsurance assets at the reporting date.

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29. Risk management (continued)

29.1 Insurance risk (continued)

Reinsurance Risk (continued)

The nature of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous year.

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

	31 December 2025			31 December 2024		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
Engineering	37,985,464	(26,938,956)	11,046,508	27,210,428	(24,661,334)	2,549,094
Property	146,470,213	(127,515,118)	18,955,095	70,118,251	(62,013,099)	8,105,152
Marine	3,855,762	1,322,422	5,178,184	29,152,864	(21,312,477)	7,840,387
Motor Standard	30,998,886	-	30,998,886	31,994,940	(702,269)	31,292,671
Motor Third Party	6,857,542	(88,075)	6,769,467	5,687,986	17,559	5,705,545
Casualty	25,058,847	(7,211,928)	17,846,919	11,870,121	6,156,169	18,026,290
Group life	5,527,465	(6,892,543)	(1,365,078)	7,049,758	(6,335,216)	714,542
Total	256,754,179	(167,324,198)	89,429,981	183,084,348	(108,850,667)	74,233,681

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.

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. 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 degrees of judgment and uncertainty. Actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments 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 and economic conditions. Judgment is further used to assess the extent to which external factors affect the estimates.

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 at the statement of financial position date. The details of estimation of insurance contract liabilities are given under Note 4.

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29. Risk management (continued)

29.1 Insurance risk (continued)

Process used to determine assumptions

The process used to determine the assumptions for calculating the estimate of present value of cash flows is intended to result in neutral 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 estimate of present value of cash flows 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. Such estimates are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

Sensitivities on major assumptions

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

The following sensitivity analysis shows the impact on gross and net liabilities, profit before zakat and tax for reasonably possible movements in key assumptions with all other assumptions in Note 4. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The impact of sensitivities to changes in discount rates is minimal therefore not presented.

	31 December 2025	31 December 2024
Liability for incurred claims		
Estimates of present value of FCF	215,323,170	150,813,794
Risk adjustment for non-financial risk	14,784,259	9,691,872
Asset for incurred claims		
Estimates of present value of FCF	164,076,771	101,973,948
Risk adjustment for non-financial risk	11,159,710	6,460,083

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29. Risk management (continued)

29.1 Insurance risk (continued)

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

	31 December 2025	31 December 2024
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	(10,766,159)	(7,540,690)
Unpaid claims and expenses decrease by 5%	10,766,159	7,540,690
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	(5,129,652)	(2,966,805)
5 percentiles decrease in the confidence level	3,925,319	2,381,070

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

	31 December 2025	31 December 2024
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	8,203,839	4,762,758
Unpaid claims and expenses decrease by 5%	(8,203,839)	(4,762,758)
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	3,937,869	1,900,028
5 percentiles decrease in the confidence level	(2,988,773)	(1,526,154)

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

	31 December 2025	31 December 2024
Impact on net income of change in direct expense ratio - loss component*		
2% Increase	(729,237)	(352,161)
2% Decrease	537,575	218,952

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

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and claims not reported for each successive accident year at each reporting date, together with cumulative payments to date. As required under IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain. The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years, spanning a number of financial years.

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2025

Accident year	2022 & earlier	2023	2024	2025	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:					
At end of accident year	992,483,336	161,645,786	123,776,409	210,371,341	-
1 year later	798,216,409	142,610,544	94,034,204	-	-
2 years later	687,151,057	131,607,398	-	-	-
3 years later	635,781,219	-	-	-	-
4 years later	516,221,092	-	-	-	-
5 years later	644,855,414	-	-	-	-
Gross estimates of the undiscounted amount of the claims	644,855,414	131,607,398	94,034,204	210,371,341	1,080,868,357
Cumulative gross claims and other incurred insurance service expenses paid	(622,721,486)	(119,370,108)	(84,441,673)	(61,121,163)	(887,654,430)
Gross undiscounted liabilities for incurred claims	22,133,928	12,237,290	9,592,531	149,250,178	193,213,927
Gross undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	25,808,872
Other liabilities	-	-	-	-	1,795,999
Effect of discounting	-	-	-	-	(5,495,628)
Gross discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	215,323,170
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	14,784,259
Gross liabilities for incurred claims	-	-	-	-	230,107,429

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2024

Accident year	2021 & earlier	2022	2023	2024	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:					
At end of accident year	814,356,449	178,126,887	161,645,786	123,776,409	-
1 year later	663,541,889	134,674,519	142,610,544	-	-
2 years later	559,207,975	127,943,081	-	-	-
3 years later	504,678,655	-	-	-	-
4 years later	432,017,986	-	-	-	-
5 years later	515,910,190	-	-	-	-
Gross estimates of the undiscounted amount of the claims	515,910,190	127,943,081	142,610,544	123,776,409	910,240,224
Cumulative gross claims and other incurred insurance service expenses paid	(486,272,061)	(119,398,137)	(116,508,514)	(56,436,860)	(778,615,572)
Gross undiscounted liabilities for incurred claims	29,638,129	8,544,944	26,102,030	67,339,549	131,624,652
Gross undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	21,051,993
Other liabilities	-	-	-	-	2,368,319
Effect of discounting	-	-	-	-	(4,231,170)
Gross discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	150,813,794
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	9,691,872
Gross liabilities for incurred claims	-	-	-	-	160,505,666

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2025

Accident year	2022 & earlier	2023	2024	2025	Total
Undiscounted liabilities for incurred claims, net of reinsurance:					
At end of accident year	423,188,376	56,403,366	70,308,855	85,154,286	-
1 year later	337,003,998	48,517,742	62,964,957	-	-
2 years later	345,967,208	46,681,135	-	-	-
3 years later	336,134,795	-	-	-	-
4 years later	288,133,430	-	-	-	-
5 years later	333,998,736	-	-	-	-
Net estimates of the undiscounted amount of the claims	333,998,736	46,681,135	62,964,957	85,154,286	528,799,114
Cumulative net claims and other incurred insurance service expenses paid	(330,742,560)	(44,804,792)	(57,363,283)	(50,777,580)	(483,688,215)
Net undiscounted liabilities for incurred claims	3,256,176	1,876,343	5,601,674	34,376,706	45,110,899
Net undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	7,288,016
Other liabilities	-	-	-	-	1,667,558
Effect of discounting	-	-	-	-	(2,820,074)
Net discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	51,246,399
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	3,624,549
Net liabilities for incurred claims	-	-	-	-	54,870,948

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29. Risk management (continued)

29.1 Insurance risk (continued)

31 December 2024

Accident year	2021 & earlier	2022	2023	2024	Total
Undiscounted liabilities for incurred claims, net of reinsurance:					
At end of accident year	368,557,791	54,630,585	56,403,366	70,308,855	-
1 year later	288,714,823	48,289,175	48,517,742	-	-
2 years later	299,766,703	46,200,504	-	-	-
3 years later	289,251,770	-	-	-	-
4 years later	237,446,749	-	-	-	-
5 years later	288,530,624	-	-	-	-
Net estimates of the undiscounted amount of the claims	288,530,624	46,200,504	48,517,742	70,308,855	453,557,725
Cumulative net claims and other incurred insurance service expenses paid	(285,289,373)	(44,677,031)	(44,779,104)	(45,114,401)	(419,859,909)
Net undiscounted liabilities for incurred claims	3,241,251	1,523,473	3,738,638	25,194,454	33,697,816
Net undiscounted liabilities for other incurred insurance service expenses	-	-	-	-	15,184,466
Other liabilities	-	-	-	-	1,440,399
Effect of discounting	-	-	-	-	(1,482,835)
Net discounted liabilities for incurred claims excluding risk adjustment	-	-	-	-	48,839,846
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	3,231,789
Net liabilities for incurred claims	-	-	-	-	52,071,635

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29. Risk management (continued)

29.1 Insurance risk (continued)

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
31 December 2025			
Gross liabilities for incurred claims	215,323,170	14,784,259	230,107,429
Amounts recoverable from reinsurers	(164,076,771)	(11,159,710)	(175,236,481)
Net liabilities for incurred claims	51,246,399	3,624,549	54,870,948
	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
31 December 2024			
Gross liabilities for incurred claims	150,813,794	9,691,872	160,505,666
Amounts recoverable from reinsurers	(101,973,948)	(6,460,083)	(108,434,031)
Net liabilities for incurred claims	48,839,846	3,231,789	52,071,635

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29. Risk management (continued)

29.2 Financial risk

The Company's principal financial assets and liabilities are cash and cash equivalents, term deposits, premiums and insurance balances receivable - net, investments (forming part of insurance contract liabilities), accrued income on statutory deposit, reinsurer's share of outstanding claims (forming part of reinsurance contract assets), reinsurers' share of claims incurred but not reported (forming part of reinsurance contract assets) and other assets (included in prepaid expenses and other assets). The Company's principal financial liabilities are reinsurance balances payable (forming part of reinsurance contract assets), outstanding claims (forming part of reinsurance contract assets), claims incurred but not reported (forming part of reinsurance contract assets), accrued and other liabilities, accounts payable, dividend payable and surplus distribution payable (forming part of insurance contract liabilities).

The main risks arising from the Company's financial instruments are market risks (including commission rate risk, price risk and currency risk), credit risk, liquidity risk and, which are summarized below:

29.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- The Company stipulates diversification benchmarks by type of instrument and geographical area.

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board of Directors gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.1 Market risk (continued)

(a) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals and United States Dollars, during the year. As the Saudi Riyal is pegged to the United States Dollar, balances in United States Dollars are not considered to represent significant currency risk.

(b) Commission rate risk

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

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate bearing securities. The commission rate risk is limited by monitoring changes in commission rates and by investing in floating rate instruments.

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

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

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

The Company's exposure to commission rate risk sensitive insurance and reinsurance contracts, deposits and debt instruments are, as follows:

	31 December 2025	31 December 2024
Insurance contract liabilities	230,107,429	160,505,666
Reinsurance contract assets	175,236,481	108,434,031
Cash and cash equivalents	14,600,000	28,136,990
Term deposits	229,371,370	204,304,884
Debt instruments carried at FVOCI	122,350,184	105,602,479

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29 Risk management (continued)

29.2 Financial risk (continued)

29.2.1 Market risk (continued)

(b) *Commission rate risk* (continued)

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

	Changes in commission rate	31 December 2025	31 December 2024
Insurance contract liabilities, net	+/-2%	2,591,888	1,624,158
Reinsurance contract assets, net	+/-2%	1,998,468	1,051,392
Cash and cash equivalents	+/-2%	761	3,636
Term deposits	+/-2%	152,066	89,372
Investments measured at FVOCI (Debt instruments)	+/-2%	109,385	57,431

(c) *Price risk*

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's investments amounting to Saudi Riyals 266.4 million (2024: Saudi Riyals 241.0 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of a hypothetical change of a 5% increase and 5% decrease in the market prices of investments on comprehensive income would be as follows:

Financial assets held at FVTPL

% change in price	31 December 2025	31 December 2024
+5	3,565,211	3,714,144
-5	(3,565,211)	(3,714,144)

Financial assets held at FVOCI (Debt instruments)

% change in debt price	31 December 2025	31 December 2024
+5	6,117,509	5,280,124
-5	(6,117,509)	(5,280,124)

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29 Risk management (continued)

29.2 Financial risk (continued)

28.2.1 Market risk (continued)

(c) *Price risk* (continued)

For sensitivity analysis relating to financial assets held at FVOCI, refer Note 27(c).

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2025 and 2024. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company.

29.2.2 Credit risk

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

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

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

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

The Company's investment portfolio is managed by the investment committee in accordance with the investment policy established by the investment committee, which is approved by the Board of Directors.

The Company's other financial assets are held with commercial banks and financial institutions with strong financial positions and credit ratings. The Company's policy is to invest in high-quality, liquid (that is, investment-grade) financial instruments. The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with either investment grade or satisfactory non-investment grade credit rating.

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

	31 December 2025	31 December 2024
Cash and cash equivalents	20,896,722	38,781,683
Reinsurance contract assets	168,646,620	115,024,395
Investments carried at FVTPL	71,304,228	74,282,875
Investments carried at FVOCI	195,108,349	166,756,423
Term deposits	229,371,370	204,304,884
Statutory deposit	40,000,000	30,000,000
Accrued income on statutory deposit	391,210	841,248
Other assets (included in Prepaid expenses and other assets)	7,609,440	6,935,758
	733,327,939	636,927,266

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.2 Credit risk (continued)

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. Approximately all of the Company's underwriting activities are carried out in Saudi Arabia.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade ratings refers to companies with the stated rating equivalent to Standard and Poor's rating of AAA to BBB and the ratings below the mentioned threshold are considered speculative grade with a higher default risk. Management does not expect any losses from non-performance by these counterparties. At 31 December 2025 and 2024, the ECL allowance on above-mentioned assets was immaterial.

	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	Investment grade		Non-Investment Grade			
			Satisfactory		Past due impaired	
Cash and cash equivalent	20,896,722	38,781,683	-	-	-	-
Reinsurance contract assets	168,646,620	115,024,395	-	-	-	-
Other assets (included in Prepaid expenses and other assets)	-	-	7,609,440	6,935,758	-	-
Term deposits	229,371,370	204,304,884	-	-	-	-
Investments carried at FVTPL	71,304,228	74,282,875	-	-	-	-
Investments carried at FVOCI	122,350,184	105,602,479	72,758,165	61,153,944	-	-
Statutory deposit	40,000,000	30,000,000	-	-	-	-
Accrued income on statutory deposit	391,210	841,248	-	-	-	-
Total	652,960,334	568,837,564	80,367,605	68,089,702	-	-

Credit quality of investments as at 31 December:

Premiums receivable balances have been classified under insurance contract liabilities and the reinsurers' receivable balances and reinsurers' share of outstanding claims and claims incurred but not reported have been classified under reinsurance contract assets, as rights and obligations under insurance contracts are accounted for under IFRS 17 because the policyholder transfers significant insurance risk to the insurer rather than financial risk, which are in the scope of IFRS 17 for impairment. Also see Notes 3.4 and 4 (vi), for further details in this regard.

The Company applies the three-stage model for impairment of financial assets measured at amortised cost and debt instruments held at FVOCI only, based on changes in credit quality since initial recognition. Also see Note 3.4 (iii) for further details regarding impairment.

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29 Risk management (continued)

29.2 Financial risk (continued)

29.2.2 Credit risk (continued)

Credit quality of investments as at 31 December: (continued)

The Company uses “low credit risk” practical expedient for the cash and cash equivalents, term deposits and statutory deposits with the assumption that the credit risk on such financial instruments has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months.

Other financial assets at amortised cost include other receivables. These instruments are considered to be low credit risk since they have a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term. At 31 December 2025 and 2024, the ECL allowance on other financial assets was immaterial.

29.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities. The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets. Further, the Company manages liquidity risk as follows:

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

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.3 Liquidity risk (continued)

The table below summarizes the maturities of the Company's undiscounted contractual obligations at 31 December 2025 and 2024. As the Company does not have any commission bearing liabilities, contractual cash flow of financial liabilities approximates their carrying value.

31 December 2025	Less than one year	More than 12 months	Total
Cash and cash equivalents	20,896,722	-	20,896,722
Term deposits	163,011,633	66,359,737	229,371,370
Statutory deposit	-	40,000,000	40,000,000
Accrued income on statutory deposit	391,210	-	391,210
Other assets (included in Prepaid expenses and other assets)	7,609,440	-	7,609,440
Investments carried at FVTPL	71,304,228	-	71,304,228
Investments carried at FVOCI	-	195,108,349	195,108,349
Total	263,213,233	301,468,086	564,681,319

31 December 2025	Less than 12 months	More than 12 months	Total
Accrued and other liabilities	19,303,547	-	19,303,547
Accrued commission income payable to Insurance Authority	391,210	-	391,210
Employee benefit obligations	1,266,429	21,879,168	23,145,597
Total	20,961,186	21,879,168	42,840,354
Total liquidity gap	242,252,047	279,588,918	521,840,965

31 December 2024	Less than one year	More than 12 months	Total
Cash and cash equivalent	38,781,683	-	38,781,683
Term deposits	141,587,217	62,717,667	204,304,884
Statutory deposit	-	30,000,000	30,000,000
Accrued income on statutory deposit	841,248	-	841,248
Other assets (included in Prepaid expenses and other assets)	6,935,758	-	6,935,758
Investments carried at FVTPL	74,282,875	-	74,282,875
Investments carried at FVOCI	-	166,756,423	166,756,423
Total	262,428,781	259,474,090	521,902,871

31 December 2024	Less than 12 months	More than 12 months	Total
Accrued and other liabilities	13,989,363	-	13,989,363
Accrued commission income payable to Insurance Authority	841,248	-	841,248
Employee benefit obligations	1,418,181	19,474,995	20,893,176
Total	16,248,792	19,474,995	35,723,787
Total liquidity gap	246,179,989	239,999,095	486,179,084

For the purpose of the financial assets, non-financial assets amounting to Saudi Riyals 2.9 million (2024: Saudi Riyals 2.1 million) have been excluded from prepaid expenses.

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29. Risk management (continued)

29.2 Financial risk (continued)

29.2.3 Liquidity risk (continued)

Insurance contract issued	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	12,500,458	2,904,208	577,781	371,031	93,165
Property	119,877,641	18,051,795	5,193,739	471,628	-
Marine	9,215,319	-	173,548	61,931	-
Motor Standard	19,500,679	1,792,388	889,177	468,923	170,305
Motor Third Party	4,260,385	297,535	122,939	70,365	21,138
Casualty	17,705,671	1,473,424	377,673	85,454	13,509
Group life	3,650,055	339,493	-	-	-
31 December 2025	186,710,208	24,858,843	7,334,857	1,529,332	298,117

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	9,838,477	2,099,090	381,678	317,820	82,019
Property	112,083,868	15,425,931	4,357,596	382,756	-
Marine	5,451,171	-	231,590	55,667	-
Motor Standard	-	-	-	-	-
Motor Third Party	62,510	-	-	-	-
Casualty	12,730,352	1,056,133	303,046	73,082	9,995
Group life	2,955,610	259,797	-	-	-
31 December 2025	143,121,988	18,840,951	5,273,910	829,325	92,014

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	8,069,636	1,231,329	169,290	70,176	1,891
Property	59,531,190	10,668,940	2,853,670	154,278	-
Marine	24,991,754	2,647,919	1,733,539	533,851	-
Motor Standard	21,068,341	1,426,360	940,548	569,858	23,162
Motor Third Party	3,868,930	513,779	104,804	59,892	731
Casualty	8,176,974	1,257,420	249,877	41,843	439
Group life	3,928,410	156,131	-	-	-
31 December 2024	129,635,235	17,901,878	6,051,728	1,429,898	26,223

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Engineering	5,535,925	826,425	90,354	47,857	1,645
Property	53,918,633	8,462,373	2,171,439	102,435	-
Marine	22,134,073	2,412,932	1,649,272	506,414	-
Motor Standard	639,118	-	-	-	-
Motor Third Party	-	-	-	-	-
Casualty	2,874,007	798,748	175,477	28,370	353
Group life	2,228,512	117,916	-	-	-
31 December 2024	87,330,268	12,618,394	4,086,542	685,076	1,998

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29 Risk management (continued)

29.2 Financial risk (continued)

29.2.3 Liquidity risk (continued)

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

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

- Fair value through profit or loss investments includes investments in mutual funds and equity and are held for cash management purposes and expected to be matured or settled within 12 months from the balance sheet date.
- Term deposits include deposits placed with high credit rating financial institutions with maturity of less than 12 months from the date of placement.
- Cash and bank balances are available on demand.
- Reinsurers contract assets mainly pertain to property and casualty segment and are generally realized within 6 to 9 months based on settlement of claims.

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

- Majority of insurance contract liabilities are expected to be settled within 12 months in accordance with statutory timelines for payment. Property and casualty policies due to the inherent nature are generally settled within 12 months from the date of receipt of loss adjustor report.
- Accrued expenses and other liabilities are expected to settle within a year of 12 months from the year end date.

Employee benefit obligations are expected to settle based on the maturity analysis disclosed in Note 16.

29.3 Capital risk management

The objectives are set by the Board of Directors of the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Cooperative Insurance Companies control law of Insurance Authority, formerly SAMA;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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.

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29 Risk management (continued)

29.2 Financial risk (continued)

29.3 Capital risk management (continued)

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum capital requirement of Saudi Riyals 100 million;
- Premium solvency margin; or
- Claims solvency margin

As of 31 December 2025, the Company is in compliance with the minimum solvency margin as required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

30 Commitments and contingencies

The Company's commitments and contingencies are as follows:

Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. 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 impact on the Company's result or financial position.

Capital commitments

As at 31 December 2025, the Company has a capital commitment related to software under development amounting to Saudi Riyals 2.2 million (31 December 2024: Saudi Riyals Nil). Also refer Note 12.

31 Auditors' remuneration

Auditors' fee for 2025 audit and review services amounts to Saudi Riyals 1.5 million (2024: Saudi Riyals 1.7 million) and their fee for other statutory services amounts to Saudi Riyals 0.1 million (2024: Saudi Riyals 0.05 million).

32 Subsequent events

Subsequent to the year ended 31 December 2025, significant geopolitical developments occurred in the Gulf region from 28 February 2026 and onwards. As of the date of authorization of these financial statements, the Company has not incurred any claims related to these developments. While the situation introduces uncertainty regarding potential future claims and risk exposure, there is currently insufficient information to estimate any impact on the Company's financial position. These are considered non-adjusting subsequent events under IAS 10 "Events after the reporting period".

Management continues to monitor the situation closely and will provide updates and disclosures in future periods as more information becomes available.

Except as disclosed above and in Note 1 (c), no other subsequent events occurred between 31 December 2025 and the date of authorisation of issue of these financial statements by the Company's Board of Directors, which may have a material impact on these financial statements.

33 Approval of the financial statements

The financial statements have been authorized for issue by the Board of Directors on 21 Ramadan 1447 (corresponding to 10 March 2026).

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Gross written premium

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

Breakdown of GWP	31 December 2025			
	Motor	Property & casualty	Protection & Savings Group (Term life)	Total
Retail	15,853,907	537,364	-	16,391,271
Very small	2,608,782	1,747,358	-	4,356,140
Small	1,522,765	9,706,636	159,544	11,388,945
Medium	3,957,390	4,883,587	236,628	9,077,605
Corporate	82,050,498	293,703,603	9,158,785	384,912,886
Total	105,993,342	310,578,548	9,554,957	426,126,847

Breakdown of GWP	31 December 2024			
	Motor	Property & casualty	Protection & Savings Group (Term life)	Total
Retail	15,705,322	276,347	-	15,981,669
Very small	2,662,091	2,473,821	-	5,135,912
Small	1,799,603	10,326,689	477,326	12,603,618
Medium	4,887,994	8,985,806	349,216	14,223,016
Corporate	62,726,886	275,434,648	11,904,693	350,066,227
Total	87,781,896	297,497,311	12,731,235	398,010,442

Net written premium

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

Item	31 December 2025			
	Motor	Property & casualty	Protection & Savings Group (Term life)	Total
Gross written premium	105,993,342	310,578,548	9,554,957	426,126,847
Reinsurance premium ceded – globally (including excess of loss)	(914,166)	(209,090,182)	(3,232,325)	(213,236,673)
Reinsurance premium ceded – locally (including excess of loss)	(288,167)	(52,313,820)	(1,209,275)	(53,811,262)
Net written premium - total	104,791,009	49,174,546	5,113,357	159,078,912

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Net written premium (continued)

Item	31 December 2024			
	Motor	Property & casualty	Protection & Savings Group (Term life)	Total
Gross written premium	87,781,896	297,497,311	12,731,235	398,010,442
Reinsurance premium ceded – globally (including excess of loss)	(804,780)	(228,651,300)	(4,854,567)	(234,310,647)
Reinsurance premium ceded – locally (including excess of loss)	(207,194)	(22,566,999)	(1,896,286)	(24,670,479)
Net written premium - total	86,769,922	46,279,012	5,980,382	139,029,316

Surplus distribution

The surplus distribution payable to the policyholders for the year 31 December 2025 amounts to Saudi Riyals 1.7 million (2024: Saudi Riyals 1.9 million).

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Supplementary information

As required by the Implementing Regulation for Co-operative Insurance Companies issued by the Insurance Authority, formerly SAMA, the statement of financial position, statement of income and statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

STATEMENT OF FINANCIAL POSITION

	31 December 2025			31 December 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	5,022,827	15,873,895	20,896,722	7,616,796	31,164,887	38,781,683
Term deposits	68,440,681	160,930,689	229,371,370	36,224,898	168,079,986	204,304,884
Investments						
Financial assets at fair value through profit or loss ("FVTPL")	10,259,115	61,045,113	71,304,228	9,931,476	64,351,399	74,282,875
Financial assets at fair value through other comprehensive income ("FVOCI")	23,533,608	171,574,741	195,108,349	29,518,657	137,237,766	166,756,423
Prepaid expenses and other assets	8,140,960	2,323,974	10,464,934	7,358,745	1,682,158	9,040,903
Reinsurance contract assets	168,646,620	-	168,646,620	115,024,395	-	115,024,395
Right-of-use assets	3,420,736	-	3,420,736	-	-	-
Property and equipment	2,350,271	-	2,350,271	3,009,239	-	3,009,239
Intangible assets	4,486,681	-	4,486,681	2,003,872	-	2,003,872
Accrued income on statutory deposit	-	391,210	391,210	-	841,248	841,248
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	40,000,000	40,000,000	-	30,000,000	30,000,000
Due from insurance operations	-	7,089,835	7,089,835	-	1,694,800	1,694,800
TOTAL ASSETS	294,301,499	503,004,207	797,305,706	210,688,078	478,826,994	689,515,072
Due from insurance operations	-	(7,089,835)	(7,089,835)	-	(1,694,800)	(1,694,800)
TOTAL ASSETS AS PER FINANCIAL STATEMENTS	294,301,499	495,914,372	790,215,871	210,688,078	477,132,194	687,820,272

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Supplementary information (continued)

STATEMENT OF FINANCIAL POSITION (continued)

	31 December 2025			31 December 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES						
Accrued and other liabilities	14,789,547	4,514,000	19,303,547	10,557,565	3,431,798	13,989,363
Insurance contract liabilities	256,754,179	-	256,754,179	183,084,348	-	183,084,348
Reinsurance contract liabilities	1,322,422	-	1,322,422	6,173,728	-	6,173,728
Zakat and income tax payable	-	13,412,591	13,412,591	-	13,041,455	13,041,455
Deferred tax liabilities	-	1,330,525	1,330,525	-	740,455	740,455
Lease liabilities	3,343,539	-	3,343,539	-	-	-
Employee benefit obligations	17,421,079	-	17,421,079	15,535,075	-	15,535,075
Accrued Income payable to Insurance Authority	-	391,210	391,210	-	841,248	841,248
Due to shareholders' operations	7,089,835	-	7,089,835	1,694,800	-	1,694,800
TOTAL LIABILITIES	300,720,601	19,648,326	320,368,927	217,045,516	18,054,956	235,100,472
Due to shareholders' operations	(7,089,835)	-	(7,089,835)	(1,694,800)	-	(1,694,800)
TOTAL LIABILITIES AS PER FINANCIAL STATEMENTS	293,630,766	19,648,326	313,279,092	215,350,716	18,054,956	233,405,672
EQUITY						
Share capital	-	400,000,000	400,000,000	-	300,000,000	300,000,000
Statutory reserve	-	3,212,538	3,212,538	-	49,089,164	49,089,164
Retained earnings	-	13,606,750	13,606,750	-	57,113,253	57,113,253
Fair value reserve	(353,776)	66,536,593	66,182,817	(1,008,195)	54,569,621	53,561,426
Remeasurement reserve of employee benefit obligations	(6,065,326)	-	(6,065,326)	(5,349,243)	-	(5,349,243)
TOTAL EQUITY	(6,419,102)	483,355,881	476,936,779	(6,357,438)	460,772,038	454,414,600
TOTAL LIABILITIES AND EQUITY AS PER FINANCIAL STATEMENTS	287,211,664	503,004,207	790,215,871	208,993,278	478,826,994	687,820,272

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STATEMENT OF INCOME

	31 December 2025			31 December 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Insurance revenue	392,965,748	-	392,965,748	383,410,199	-	383,410,199
Insurance service expenses*	(252,404,866)	-	(252,404,866)	(175,831,021)	-	(175,831,021)
Net expenses from reinsurance contracts	(124,888,272)	-	(124,888,272)	(188,679,169)	-	(188,679,169)
Insurance service result from Company's directly written business	15,672,610	-	15,672,610	18,900,009	-	18,900,009
Share of surplus from insurance pools	1,920,065	-	1,920,065	803,111	-	803,111
Total insurance service result	17,592,675	-	17,592,675	19,703,120	-	19,703,120
Interest income from financial assets not measured at FVTPL	5,215,271	14,857,263	20,072,534	3,606,718	12,620,385	16,227,103
Net gains on financial assets measured at FVTPL	327,639	947,748	1,275,387	22,597	1,516,319	1,538,916
Dividend income	308,647	551,341	859,988	308,647	503,756	812,403
Net investment income	5,851,557	16,356,352	22,207,909	3,937,962	14,640,460	18,578,422
Finance expenses from insurance contracts issued	(3,417,903)	-	(3,417,903)	(5,628,566)	-	(5,628,566)
Finance income from reinsurance contracts held	2,223,296	-	2,223,296	4,312,422	-	4,312,422
Net insurance finance expense	(1,194,607)	-	(1,194,607)	(1,316,144)	-	(1,316,144)
Net insurance and investment result	22,249,625	16,356,352	38,605,977	22,324,938	14,640,460	36,965,398
Other operating expenses	(10,677,129)	(11,285,505)	(21,962,634)	(6,541,633)	(9,582,378)	(16,124,011)
Finance costs on lease liabilities	(228,827)	-	(228,827)	-	-	-
Other income	787,513	-	787,513	814,360	-	814,360
Net surplus from operations	12,131,182	5,070,847	17,202,029	16,597,665	5,058,082	21,655,747
Surplus transfer to shareholders	(12,131,182)	12,131,182	-	(16,597,665)	16,597,665	-
Total profit for the year before zakat and income tax	-	17,202,029	17,202,029	-	21,655,747	21,655,747
Zakat expense	-	(5,532,898)	(5,532,898)	-	(6,388,931)	(6,388,931)
Income tax reversal (expense)	-	(1,052,260)	(1,052,260)	-	1,025,835	1,025,835
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	10,616,871	10,616,871	-	16,292,651	16,292,651
Earnings per share (expressed in Saudi Riyals per share)						
Basic earnings per share			<u>0.27</u>			<u>0.41</u>
Diluted earnings per share			<u>0.27</u>			<u>0.41</u>

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STATEMENT OF COMPREHENSIVE INCOME

	31 December 2025			31 December 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	10,616,871	10,616,871	-	16,292,651	16,292,651
Other comprehensive income						
<i>Items that will not be reclassified to the statement of income in subsequent years</i>						
Remeasurement loss on employee benefit obligations	(740,345)	-	(740,345)	(1,185,151)	-	(1,185,151)
Net changes in fair value of investments measured at FVOCI	-	11,604,221	11,604,221	-	17,669,692	17,669,692
Deferred tax	24,262	(696,254)	(671,992)	-	(3,211,871)	(3,211,871)
<i>Items that will be reclassified to the statement of income in subsequent years</i>						
Net changes in fair value of investments measured at FVOCI	964,139	1,350,987	2,315,126	(133,463)	539,264	405,801
Realised (gain) loss on investments measured at FVOCI reclassified to statement of income	(309,720)	(182,615)	(492,335)	300,974	167,693	468,667
Deferred tax	-	(109,367)	(109,367)	-	134,498	134,498
Total other comprehensive income	(61,664)	11,966,972	11,905,308	(1,017,640)	15,299,276	14,281,636
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	(61,664)	22,583,843	22,522,179	(1,017,640)	31,591,927	30,574,287

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STATEMENT OF CASH FLOWS

	31 December 2025			31 December 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total profit for the year before zakat and income tax	-	17,202,029	17,202,029	-	21,655,747	21,655,747
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	1,047,114	-	1,047,114	1,072,955	-	1,072,955
Amortisation of intangible assets	740,284	-	740,284	760,968	-	760,968
Depreciation of right of use of assets	1,833,657	-	1,833,657	-	-	-
Finance cost on lease liabilities	228,827	-	228,827	-	-	-
Net gain on financial assets measured at FVTPL	(327,639)	(947,748)	(1,275,387)	159,297	(1,698,213)	(1,538,916)
(Gain) loss on disposal of financial assets measured at FVOCI	(182,615)	(309,720)	(492,335)	300,974	167,693	468,667
Provision for employees benefit obligations	2,560,307	-	2,560,307	2,429,768	-	2,429,768
Dividend income	(308,647)	(551,341)	(859,988)	(308,647)	(503,756)	(812,403)
Interest income from financial assets not measured at FVTPL	(4,850,033)	(13,534,359)	(18,384,392)	(3,116,350)	(12,642,046)	(15,758,396)
Gain on disposal of property and equipment	-	-	-	(28,500)	-	(28,500)
Changes in operating assets and liabilities:						
Prepaid expenses and other assets	(870,643)	(641,816)	(1,512,459)	11,708,391	(1,379,614)	10,328,777
Reinsurance contract assets	(53,622,225)	-	(53,622,225)	87,251,655	-	87,251,655
Accrued income on statutory deposit	-	450,038	450,038	-	3,615,913	3,615,913
Accrued and other liabilities	4,231,980	1,082,202	5,314,182	569,396	(276,899)	292,497
Insurance contract liabilities	73,669,831	-	73,669,831	(100,010,798)	-	(100,010,798)
Reinsurance contract liabilities	(4,851,306)	-	(4,851,306)	6,173,728	-	6,173,728
Accrued income payable to Insurance Authority	-	(450,038)	(450,038)	-	(753,273)	(753,273)
Cash generated from operations	19,298,892	2,299,247	21,598,139	6,962,837	8,185,552	15,148,389

(Continued)

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025**
(All amounts expressed in Saudi Riyals unless otherwise stated)

Supplementary information (continued)

STATEMENT OF CASH FLOWS (continued)

	31 December 2025			31 December 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Employee benefit obligations paid	(1,414,648)	-	(1,414,648)	(2,597,748)	-	(2,597,748)
Zakat and income tax paid	-	(6,405,311)	(6,405,311)	-	(16,316,487)	(16,316,487)
Interest income received from financial assets not measured at FVTPL	3,772,276	11,576,200	15,348,476	4,175,539	14,095,823	18,271,362
Net cash generated from operating activities	21,656,520	7,470,136	29,126,656	8,540,628	5,964,888	14,505,516
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in term deposits	(52,786,300)	(129,548,532)	(182,334,832)	(46,121,814)	(163,803,238)	(209,925,052)
Redemption of term deposits	22,145,555	138,158,707	160,304,262	57,038,812	146,893,206	203,932,018
Payment against purchase of financial assets at FVTPL	-	(35,723,250)	(35,723,250)	-	(112,880,000)	(112,880,000)
Payment against purchase of financial assets at FVOCI	-	(33,618,056)	(33,618,056)	(12,066,451)	(42,826,029)	(54,892,480)
Payment for purchases of intangible assets	(3,223,093)	-	(3,223,093)	-	-	-
Payments for purchases of property and equipment	(388,146)	-	(388,146)	(1,866,846)	-	(1,866,846)
Proceeds from sale of financial assets at FVOCI	6,822,083	12,363,394	19,185,477	11,327,697	22,195,040	33,522,737
Proceeds from sale of financial assets at FVTPL	-	39,977,284	39,977,284	-	127,065,058	127,065,058
Dividend income received	308,647	551,341	859,988	308,647	503,756	812,403
Proceeds from sale of property and equipment	-	-	-	28,500	-	28,500
Placement in statutory deposit	-	(10,000,000)	(10,000,000)	-	-	-
Net cash (used in) generated from investing activities	(27,121,254)	(17,839,112)	(44,960,366)	8,648,545	(22,852,207)	(14,203,662)

(Continued)

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025**
(All amounts expressed in Saudi Riyals unless otherwise stated)

Supplementary information (continued)

STATEMENT OF CASH FLOWS (continued)

	31 December 2025			31 December 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments for principal element of lease liabilities	(1,822,424)	-	(1,822,424)	-	-	-
Finance cost paid on lease liabilities	(228,827)	-	(228,827)	-	-	-
Net cash used in financing activities	(2,051,251)	-	(2,051,251)	-	-	-
Due to operations	4,922,016	(4,922,016)	-	(15,743,088)	15,743,088	-
Net change in cash and cash equivalents	(2,593,969)	(15,290,992)	(17,884,961)	1,446,085	(1,144,231)	301,854
Cash and cash equivalents at the beginning of the year	7,616,795	31,164,888	38,781,683	6,170,710	32,309,119	38,479,829
Cash and cash equivalents at end of the year	5,022,826	15,873,896	20,896,722	7,616,795	31,164,888	38,781,683
Supplemental non-cash information:						
Right-of-use assets recorded against lease liabilities	5,254,393	-	5,254,393	-	-	-
Write off of fully depreciated property and equipment	781,341	-	781,341	-	-	-
Remeasurement loss on employee benefit obligations	(740,345)	-	(740,345)	(1,185,151)	-	(1,185,151)