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

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

**INDEPENDENT AUDITORS' REPORT**
**To the Shareholders of**
**WALAA COOPERATIVE INSURANCE COMPANY**
**(A Saudi Joint Stock Company)**

**Opinion**

We have audited the financial statements of **Walaa Cooperative Insurance Company** (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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") (collectively referred to as "International Financial Reporting Standards" as endorsed in Kingdom of Saudi Arabia).

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following is the description of the key audit matter and how the key audit matter was addressed:

| Key audit matter | How the key matter was addressed in our audit |
|---|---|
| **Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities:**<br>As at 31 December 2024, estimate of present value of cash flows and risk adjustment for non-financial risk for insurance contracts issued under PAA amounts to SR 1,114.088 million and SR 39.768 million (2023: SR 961.831 million and SR 38.247 million) respectively and estimate of present value of cash flows and risk adjustment for non-financial risk for insurance contracts issued under GMM-VFA amounts to SR 5.514 million | We performed the following procedures:<br>• Assessed the design and implementation of internal control procedures and their operational effectiveness;<br>• Evaluated and tested the data used in the process of valuation of the "Present Value of Future Cash Flows" (PVFCFs);<br>• Tested samples of claims reserves by comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters, reinsurance contracts etc.; |

**INDEPENDENT AUDITORS' REPORT**
**To the Shareholders of**
**WALAA COOPERATIVE INSURANCE COMPANY**
**(A Saudi Joint Stock Company) (Continued...)**

| Key audit matter | How the key matter was addressed in our audit |
|---|---|
| **Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities:**<br><br>and SR 0.31 million (2023: SR 4.137 million and SR 0.24 million) respectively, as reported in Note 4 to the financial statements.<br><br>The estimation of the liability for incurred claims and loss component involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils its obligations under insurance contracts. The present value of future cash flows is based on the best- estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.<br><br>The loss component is recognized if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous. Such loss component is remeasured at each reporting date as the difference between the amounts of the fulfillments cashflows determined under the general measurement model relating to the future service and the carrying amount of the liability for remaining coverage without the loss component.<br><br>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events. | • Evaluated the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary's engagement with the Company to determine if the scope of their work was sufficient for audit purposes.<br>• Assessed the disclosures relating to this matter in the financial statements against the requirements of IFRSs.<br><br>In addition, with the assistance of our actuarial specialists, we performed the following:<br><br>• Evaluated the Company's actuarial practices and provisions established, including the actuarial report issued by management's expert;<br><br>• Assessed the calculation methods and the models used;<br><br>• Assessed key actuarial assumptions including loss ratios, claims development factors, mortality rates, lapse rates and discount rates;<br><br>• Determined if the estimates applied in the current and prior year were consistent; and<br><br>• Developed a point estimate or range based on our understanding of the Company's business and evaluated the differences between management's point estimate and our point estimate or range. |

**INDEPENDENT AUDITORS' REPORT**
**To the Shareholders of**
**WALAA COOPERATIVE INSURANCE COMPANY**
**(A Saudi Joint Stock Company) (Continued…)**

| Key audit matter | How the key matter was addressed in our audit |
|---|---|
| Due to the inherent estimation uncertainty, complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows, risk adjustment for non-financial risk and loss component arising from insurance contracts, we have considered this as a key audit matter.<br><br>Refer to notes 2(d) and 3 for the material accounting policies and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. | |

**Other Information**

Management is responsible for the other information. Other information comprises the information included in the Company's 2024 annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

**INDEPENDENT AUDITORS' REPORT**
**To the Shareholders of**
**WALAA COOPERATIVE INSURANCE COMPANY**
**(A Saudi Joint Stock Company) (Continued...)**

**Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued...)**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISAs, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- Conclude on the appropriateness of the managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT**
**To the Shareholders of**
**WALAA COOPERATIVE INSURANCE COMPANY**
**(A Saudi Joint Stock Company) (Continued...)**
**Auditors' Responsibilities for the Audit of the Financial Statements (Continued...)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and material audit findings, including any material 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

| | |
|---|---|
| **Crowe Solutions for Professional Consulting** | **El Sayed El Ayouty & Co.** |
| **Member Crowe Global** | **Certified Public Accountants** |
| P. O. Box 10504 | P. O. Box 780 |
| Riyadh 11443 | Jeddah 21421 |
| Kingdom of Saudi Arabia | Kingdom of Saudi Arabia |
| | A. Balamesh |
| **Abdullah M. Al Azem** | **Abdullah Ahmed Balamesh** |
| Certified Public Accountant | Certified Public Accountant |
| Registration No. 335 | License No. 345 |

March 19, 2025
Ramadan 19, 1446 H

شركة حلول كرو للإستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
Crowe Solutions For Professional Consulting

السيد العيوطي وشركاه
محاسبون ومراجعون قانونيون
س.ت رقم ٤٠٣٠٢٩١٢٤٥
EL SAYED EL AYOUTY & CO.
CERTIFIED PUBLIC ACCOUNTANTS
C.R. No. 4030291245

**WALAA COOPERATIVE INSURANCE COMPANY**
(A SAUDI JOINT STOCK COMPANY)
**STATEMENT OF FINANCIAL POSITION**
**AS AT DECEMBER 31, 2024**

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | SAR "000" | |
| **Assets** | | | |
| Cash and cash equivalents | 9 | **962,268** | 512,411 |
| Short term deposits | 9 | **296,709** | 433,407 |
| Prepaid expenses and other assets | 11 | **86,460** | 52,764 |
| Reinsurance contract assets for non unit-linked business | 4.2 | **741,129** | 789,767 |
| Reinsurance contract assets for unit-linked business | 4.2 | **164** | 111 |
| Financial assets for unit-linked insurance contracts | | **536,185** | 543,235 |
| Due from shareholders' operations | | **1,940** | 29,876 |
| Statutory deposit | 25 | **127,558** | 85,058 |
| Accrued income on statutory deposit | 25 | **19** | 4,347 |
| Investments | 10 | **1,388,722** | 1,116,502 |
| Long term deposits | | **409,741** | 358,306 |
| Property and equipment, net | 13 | **50,960** | 31,254 |
| Right of use assets, net | 12 | **23,183** | 4,230 |
| Intangible assets | 14 | **116,460** | 121,566 |
| Goodwill | 15 | **24,415** | 24,415 |
| **Total assets** | | **4,765,913** | 4,107,249 |
| | | | |
| **Liabilities and equity** | | | |
| **Liabilities** | | | |
| Insurance contract liabilities for non unit-linked business | 4.1 | **2,129,850** | 2,002,424 |
| Insurance contract liabilities for unit-linked business | 4.1 | **543,959** | 552,247 |
| Reinsurance contract liabilities for non unit-linked business | 4.2 | **3,302** | - |
| Accrued expenses and other liabilities | 16 | **160,313** | 167,541 |
| Lease liabilities | 12 | **21,534** | 2,754 |
| Accrued income on statutory deposit payable to Insurance Authority | 25 | **19** | 4,347 |
| Due to insurance operations | | **1,940** | 29,876 |
| Provision for zakat and income tax | 21 | **42,963** | 46,283 |
| Provision for end-of-service benefits (EOSB) | 23 | **38,015** | 33,322 |
| **Total liabilities** | | **2,941,895** | 2,838,794 |
| | | | |
| **Equity** | | | |
| Share capital | 22 | **1,275,583** | 850,583 |
| Share premium | 22 | **228,280** | 193,119 |
| Statutory reserve | 24 | **92,775** | 79,915 |
| Fair value reserve for investments measured at fair value | 10 | **117,149** | 81,827 |
| Retained earnings | | **117,794** | 66,351 |
| **Total shareholders' equity** | | **1,831,581** | 1,271,795 |
| Remeasurement of EOSB related to insurance operations | 23 | **(7,563)** | (3,340) |
| **Total equity** | | **1,824,018** | 1,268,455 |
| **Total liabilities and equity** | | **4,765,913** | 4,107,249 |

Mohammad

| Chief Financial Officer | Chief Executive Officer | Board member |
|---|---|---|

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

**WALAA COOPERATIVE INSURANCE COMPANY**
(A SAUDI JOINT STOCK COMPANY)
**STATEMENT OF INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | SAR "000" | |
| Insurance revenue | 5.1 | **3,344,580** | 2,887,642 |
| Insurance service expenses | 5.2 | **(1,988,804)** | (1,679,206) |
| **Insurance service results before reinsurance contracts held** | | **1,355,776** | 1,208,436 |
| Allocation of reinsurance premiums | 5.3 | **(1,574,269)** | (1,321,613) |
| Amounts recoverable from reinsurers for incurred claims | 5.4 | **182,412** | 141,298 |
| **Net expenses from reinsurance contracts held** | | **(1,391,857)** | (1,180,315) |
| **Insurance service results** | | **(36,081)** | 28,121 |
| Commission income on investments and deposits | | **74,216** | 58,399 |
| Dividends on investments | | **16,983** | 16,791 |
| Realized gain on investments measured at fair value | 10 | **43,892** | 9,202 |
| Unrealized gain on investments measured at fair value | 10 | **4,652** | 80,696 |
| Change in expected credit losses on financial assets | | **(18)** | (105) |
| **Net investment income** | | **139,725** | 164,983 |
| Finance expense from insurance contracts issued | 6.1 | **(21,567)** | (6,285) |
| Finance income from reinsurance contracts held | 6.2 | **12,994** | 1,932 |
| **Net insurance finance expenses** | | **(8,573)** | (4,353) |
| **Net insurance and investment results** | | **95,071** | 188,751 |
| Other income | 13 | **23,260** | 11,265 |
| Other operating expenses | 8 | **(35,278)** | (37,039) |
| **Net income for the year before zakat & tax, attributable to the shareholders** | | **83,053** | 162,977 |
| Provision for Zakat | 21 | **(16,350)** | (12,430) |
| Provision for Income Tax | 21 | **(2,400)** | (2,570) |
| **Net income for the year after zakat & tax, attributable to the shareholders** | | **64,303** | 147,977 |
| **Earnings per share (expressed in SAR per share) - Restated** | | | |
| Basic and diluted earnings per share - Restated | 30 | **0.62** | 1.45 |
| Weighted average number of ordinary outstanding shares (in thousand shares) - Restated | | **103,064** | 101,722 |

Mohammad

Chief Financial Officer | Chief Executive Officer | Board member

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

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

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | SAR "000" | |
| **Net income for the year attributable to the shareholders** | | **64,303** | 147,977 |
| **Other comprehensive income:** | | | |
| ***Items that will not be reclassified to the statement of income in subsequent periods*** | | | |
| Re-measurement loss on end of service benefits (EOSB) | 23 | **(4,223)** | (3,477) |
| Net changes in fair value of investments measured at fair value through other comprehensive income (FVOCI) | 10 | **35,322** | 7,519 |
| **Total comprehensive income for the year** | | **95,402** | 152,019 |

Mohannad

Chief Financial Officer

Chief Executive Officer

Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Notes | Share capital | Share premium | Statutory reserve | Fair value reserve for investments | Retained earnings | Total shareholder equity | Remeasurement of EOSB obligations | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | SAR "000" | | | | |
| **Balance as at January 1, 2024** | | 850,583 | 193,119 | 79,915 | 81,827 | 66,351 | 1,271,795 | (3,340) | 1,268,455 |
| **Comprehensive income for the year:** | | | | | | | | | |
| Net income for the year attributable to the shareholders | | - | - | - | - | 64,303 | 64,303 | - | 64,303 |
| Re-measurement loss on end of service benefits (EOSB) | 23 | - | - | - | - | - | - | (4,223) | (4,223) |
| Net changes in fair value of investments measured at FVOCI | 10 | - | - | - | 35,322 | - | 35,322 | - | 35,322 |
| **Total comprehensive income for the year** | | - | - | - | 35,322 | 64,303 | 99,625 | (4,223) | 95,402 |
| Transfer to statutory reserve | 24 | - | - | 12,860 | - | (12,860) | - | - | - |
| Increase in share capital (rights issue) | 22 | 425,000 | - | - | - | - | 425,000 | - | 425,000 |
| Increase in share premium (rights issue), net | 22 | - | 35,161 | - | - | - | 35,161 | - | 35,161 |
| **Balance as at December 31, 2024** | | 1,275,583 | 228,280 | 92,775 | 117,149 | 117,794 | 1,831,581 | (7,563) | 1,824,018 |

Mohammed
Chief Financial Officer

Chief Executive Officer

Board member

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

| | Notes | Share capital | Share premium | Statutory reserve | Fair value reserve for investments | Retained earnings/ (Accumulated losses) | Total shareholder equity | Remeasurement of EOSB obligations | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | | SAR "000" | | | | | | | |
| **Balance as at January 1, 2023** | | 850,583 | 193,119 | 63,327 | 74,308 | (65,038) | 1,116,299 | 137 | 1,116,436 |
| **Comprehensive income for the year:** | | | | | | | | | |
| Net income for the year attributable to the shareholders | | - | - | - | - | 147,977 | 147,977 | - | 147,977 |
| Re-measurement loss on end of service benefits (EOSB) | 23 | - | - | - | - | - | - | (3,477) | (3,477) |
| Net changes in fair value of investments measured at FVOCI | 10 | - | - | - | 7,519 | - | 7,519 | - | 7,519 |
| **Total comprehensive income for the year** | | - | - | - | 7,519 | 147,977 | 155,496 | (3,477) | 152,019 |
| Transfer to statutory reserve | 24 | - | - | 16,588 | - | (16,588) | - | - | - |
| **Balance as at December 31, 2023** | | 850,583 | 193,119 | 79,915 | 81,827 | 66,351 | 1,271,795 | (3,340) | 1,268,455 |

Chief Financial Officer

Chief Executive Officer

Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | SAR "000" | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income for the year before zakat and income tax | | **83,053** | 162,977 |
| **Adjustments for non-cash and non-operating items:** | | | |
| Depreciation of property and equipment | 13 | **5,603** | 4,601 |
| Depreciation of right of use assets | 12 | **7,496** | 3,698 |
| Amortization of intangible assets | 14 | **20,156** | 16,119 |
| Commission income on investments and deposits | | **(74,216)** | (58,399) |
| Dividends on investments | | **(16,983)** | (16,791) |
| Realized gain on investments measured at fair value | 10 | **(43,892)** | (9,202) |
| Unrealized gain on investments measured at fair value | 10 | **(4,652)** | (80,696) |
| Change in expected credit losses on financial assets | | **5** | 114 |
| Gains on disposal of property and equipment | 13 | **(20,378)** | - |
| Finance cost on lease assets | | **912** | 116 |
| Provision for end-of-service benefits (EOSB) | 23 | **6,089** | 5,147 |
| **Changes in operating assets and liabilities:** | | | |
| Insurance contract assets for non unit-linked business | 4 | **-** | 8,793 |
| Insurance contract liabilities for non unit-linked business | 4 | **127,426** | 372,017 |
| Insurance contract liabilities for unit-linked business | 4 | **(8,288)** | 61,982 |
| Reinsurance contract assets for non unit-linked business | 4 | **48,638** | 12,189 |
| Reinsurance contract assets for unit-linked business | 4 | **(53)** | (680) |
| Reinsurance contract liabilities for non unit-linked business | 4 | **3,302** | (3,258) |
| Prepaid expenses and other assets | 11 | **(33,726)** | 42,899 |
| Accrued expenses and other liabilities | 16 | **(8,977)** | (82,257) |
| | | **91,515** | 439,369 |
| End-of-service benefits paid | 23 | **(5,619)** | (2,250) |
| Zakat and income tax paid | 21 | **(20,321)** | (13,733) |
| **Net cash generated from operating activities** | | **65,575** | 423,386 |

Mohannad

Chief Financial Officer

Chief Executive Officer

Board member

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

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | SAR "000" | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Financial assets for unit linked insurance contracts, net | | **7,050** | (59,494) |
| Purchase of investments measured at FVTPL | 10 | **(245,558)** | (279,477) |
| Disposals of investments measured at FVTPL | 10 | **240,076** | 251,025 |
| Purchase of investments measured at FVOCI | 10 | **(5,625)** | - |
| Purchase of investments measured at amortized cost | 10 | **(170,738)** | (168,621) |
| Disposals of investments measured at amortized cost | 10 | **10,032** | 138,860 |
| Investment in joint venture | 10 | **(12,600)** | - |
| Commission income received on investments and deposits | | **70,278** | 54,392 |
| Dividends received on investments | | **16,983** | 16,791 |
| Disposals / (additions) of short term deposits | | **136,711** | (65,996) |
| Additions to long term deposits | | **(51,426)** | (305,000) |
| Additions to intangible assets, net | 14 | **(15,050)** | (16,788) |
| Additions to property and equipment | 13 | **(41,709)** | (6,756) |
| Disposals of property and equipment | 13 | **36,778** | 32 |
| **Net cash used in investing activities** | | **(24,798)** | (441,032) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Increase in share capital | 22 | **425,000** | - |
| Increase in share premium, net | 22 | **35,161** | - |
| Net changes in statutory deposits | 25 | **(42,500)** | - |
| Lease liabilities paid | 12 | **(8,581)** | (4,153) |
| **Net cash generated from / (used in) financing activities** | | **409,080** | (4,153) |
| **Net change in cash and cash equivalents** | | **449,857** | (21,799) |
| Cash and cash equivalents, beginning of the year | 9 | **512,411** | 534,210 |
| **Cash and cash equivalents, end of the year** | 9 | **962,268** | 512,411 |

Mohammad

Chief Financial Officer

Chief Executive Officer

Board member

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

## 1. GENERAL

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

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

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

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

The Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by Insurance Authority (IA) previously known as “SAMA”, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

The share capital of the Company as of December 31, 2024 after rights issue is amounted to SAR 1,275.583 million comprising of 127.558 million shares of SAR 10 each (December 31, 2023: SAR 850.583 million comprising of 85.058 million shares of SAR 10 each). Refer note 22.

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

During the year, the Board of Directors after discussing the Rights Issue with the financial advisor, decided on February 25, 2024 (corresponding to 15/8/1445H) to amend its recommendation to the Extraordinary General Assembly regarding the increase of the Company’s capital by offering of Rights Issue and change the offering amount to SAR 467.5 million instead of SAR 425 million, through offering a total of 42.5 million ordinary shares of a nominal value of SAR 10 per share, with an offer price of SAR 11 per share. Capital Market Authority (CMA) approved the application of the proposed Rights Issue on August 5, 2024 (corresponding 1 Safar 1446H).

The Extra Ordinary General Assembly of the shareholders approved the right issue in the meeting held on November 26, 2024 (corresponding to 24 Jumada Al Awwal 1446H).

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

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

The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 28 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations (the implementing regulations). The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations. (Refer to Note 28 for supplementary disclosures).

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

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

### (b) Functional and presentation currency

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

### (c) Seasonality of operations

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

## 2. BASIS OF PREPARATION (CONTINUED)

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

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

#### (1) PAA Eligibility Testing

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

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

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

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

#### (2) Unit of account

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

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

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

#### (3) Discount rates

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

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

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

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

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

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

**(5) Liability for incurred claims**

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

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

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

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

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

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

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

## 2. BASIS OF PREPARATION (CONTINUED)

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

### (6) Measurement of the Expected Credit Loss Allowance (ECL) (Contunued)

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

### (7) Fair value of financial instruments

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

### (8) Going Concern

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

## 3. MATERIAL ACCOUNTING POLICIES

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

**(a) New IFRS Standards, IFRIC interpretations and amendments thereof, effecting during the period but not adopted by the Company:**

| Standard interpretation, amendments | Description |
|---|---|
| Amendment to IFRS-16 - Leases on sale and lease back | These amendments include requirements for sale and leaseback transactions in IFRS-16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. |
| Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements | These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cashflows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. |
| Amendment IAS 01- Non-current liabilities with covenants | These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. |
| IFRS S1 - General requirements for disclosure of sustainability-related financial information. | This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. |
| IFRS S2 - Climate-related disclosures (subject to endorsement from SOCPA) | This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risk and opportunities. |

**(b) New IFRS Standards, IFRIC interpretations and amendments thereof, not effecting during the period and not early adopted by the Company**

| Standard interpretation, amendments | Description | Effective date |
|---|---|---|
| Amendments to IAS 21 - Lack of exchangeability | IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique. | January 1, 2025 |
| Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor and its Associate or Joint Venture | Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale of contribution of assets that do not constitute a business as defined in IFRS-3 Business Combinations and the gain or loss resulting from the sale of contribution to an associate or joint venture of assets that constitute a business as defined in IFRS-3 is recognized in full. | Effective date deferred indefinitely |
| IFRS 18 - Presentation and disclosure in financial statements | The new standard sets out the requirements for presentation and disclosure of financial statements (mainly SOI), aiming to improve the structure and content of the primary financial statements for all entities applying IFRS. This standard will supersede IAS 8. | January 1, 2027 |

Note: There is no material impact on the Company's financial statements due to the above changes.

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (ii) IFRS 17 Insurance Contracts

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

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

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

**Definition and classification**

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

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

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

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

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

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

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

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

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

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

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

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

All other insurance contracts originated by the Company are without direct participation 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 the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

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

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

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgment to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and are allocated to the same group without performing an individual contract assessment.

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

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

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

For all contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones.

For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. Similar to Life Risk and Savings contracts, this assessment is performed at a policyholder pricing at group of contract level.

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

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts being held in a net cost position without a significant possibility of a net gain arising subsequently.

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

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

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

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

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

**Recognition and derecognition**

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

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

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

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

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

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

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

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

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

**Accounting for contract modification and derecognition**

An insurance contract is derecognized when it is:

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

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cashflows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met.

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

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

The Company derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

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

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

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

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

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

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

**Measurement**

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

The estimates of future cash flows:

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

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

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

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

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

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

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

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

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

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

A substantive obligation ends when:

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

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

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

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

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

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

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

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

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

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

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

**Insurance acquisition costs**
The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:
a. costs directly attributable to individual contracts and groups of contracts; and
b. costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

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

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

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

**Initial measurement - groups of contracts not measured under the PAA**
**Contractual service margin**
The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company recognizes as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:
a. the initial recognition of the FCF;
b. the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
c. cash flows arising from the contracts in the group at that date.

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

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

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:
a. the initial recognition of the FCF; and
b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

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

**Subsequent measurement - groups of contracts not measured under the PAA**
The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:
a. the LRC, comprising:
   i. the FCF related to future service allocated to the group of contracts at that date; and
   ii. the CSM of the group at that date; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:
a. the remaining coverage, comprising:
   i. the FCF related to future service allocated to the group of contracts at that date; and
   ii. the CSM of the group at that date; and
   c. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:
a. changes that relate to current or past service are recognized in statement of income; and
b. changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below.

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

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

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:
a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b. changes in the FCF relating to the LIC; and
c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

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

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

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

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

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

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

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

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

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

**Changes to the contractual service margin**

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

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

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

***Interest accretion on the CSM***

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

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

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

Release of the CSM to statement of income

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

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

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

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

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

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

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

The Company determines coverage units as follows:

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

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

For reinsurance contracts held, the CSM is released to statement of income as services are received from the reinsurer in the period.

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

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

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

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

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

a. the LRC; and
b. the LIC, comprising the FCF related to past service allocated to the group of contracts at the reporting date.

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

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group of contracts at the reporting date.

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

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

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

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

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

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

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

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

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

**Insurance revenue**

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

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

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

- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

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

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

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

**Insurance service expenses**

Insurance service expenses include the following:

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

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

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

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

**Insurance service result from reinsurance contracts held**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(iii) IFRS 9 Financial Instruments**

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

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

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

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

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

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

***(i) Business model assessment***

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

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

***(ii) SPPI test***

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).
The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

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

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**
**(iii) IFRS 9 Financial Instruments (Continued)**

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

***Debt instruments at FVOCI***
The Company applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

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

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

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

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

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

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**
**(iii) IFRS 9 Financial Instruments (Continued)**

Transaction costs of financial assets carried at fair value though statement of income are expensed in the statement of income.

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

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

**Impairment of financial assets**

Overview of Expected Credit Loss ('ECL') principles

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

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

No impairment loss is recognized on equity instruments.

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

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

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

Measurement of expected credit losses:

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

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

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**
**(iii) IFRS 9 Financial Instruments (Continued)**

ECL methodology
ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

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

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

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

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

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

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

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

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

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

**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**
**(iii) IFRS 9 Financial Instruments (Continued)**

**Financial liabilities**
IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognized in the statement of income, whereas under IFRS 9 these fair value changes generally are presented as follows:
- The amount of change in the fair value that is attributable to changes in the credit risk of liability are presented in OCI.
- The remaining amount of the change in the fair value are presented in the statement of income.

However, the above has no impact on the Company.

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

**(v) Property and equipment**
Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flows to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. The cost of other items of property and equipment is depreciated on the straight-line method to allocate the cost over estimated useful lives, as follows:

| | No of years |
|---|---|
| Furniture, fixture and office equipment | 5 |
| Computer equipment | 4 |
| Vehicles | 4 |

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

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

**(vi) Intangible assets**
Separately acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Company amortizes intangible assets with a limited useful life using straight-line method over the period of their useful lives. Refer to note 14.

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (vii) Goodwill

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

**Impairment testing of goodwill**

The Company's management tests, on an annual basis, whether goodwill arising on merger has suffered any impairment. This requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 15.

### (viii) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

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

Provisions are recognized when the Company has an obligation (legal or constructive) arising from past events, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (xi) Leases

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

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

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

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

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

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

The Company did not make any such adjustments during the years reported.

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

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

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

**(xi) Leases (Continued)**

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

**(xii) Dividend distribution**

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

**(xiii) Cash and cash equivalents**

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

**(xiv) Cash flow statement**

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

**(xv) Short-term deposits**

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

**(xvi) Foreign currencies**

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

**(xvii) Zakat and taxes**

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

**Withholding tax**

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

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

**(xvii) Zakat and taxes (Continued)**

**Value added tax**

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

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

**Deferred income tax:**

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

**(xviii) Statutory reserve**

In accordance with the Company's by-laws, the Company allocates 20% of its annual net income after adjusting accumulated losses, if any, from shareholders' operations each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

**(xix) Operating segments**

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

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

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

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

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

## 4. INSURANCE AND REINSURANCE CONTRACTS

An analysis of the amounts presented in the balance sheet for insurance and reinsurance contract assets and liabilities by valuation approach (PAA / GMM / VFA) has been included in the tables below:

| **4.1 Insurance contracts assets and liabilities** | **Valuation Approach** | **December 31, 2024** | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | **Assets** | **Liabilities** | Assets | Liabilities |
| | | **SAR "000"** | | | |
| Medical | PAA | **-** | **200,054** | - | 306,853 |
| Motor | PAA | **-** | **540,735** | - | 547,750 |
| Property | PAA | **-** | **310,213** | - | 219,864 |
| Energy | PAA | **-** | **241,018** | - | 239,388 |
| Engineering | PAA | **-** | **308,685** | - | 251,320 |
| P&S - non unit-linked | PAA | **-** | **101,976** | - | 96,655 |
| P&C - others | PAA | **-** | **371,495** | - | 306,017 |
| **4.1.1 Total PAA** | | **-** | **2,074,176** | - | 1,967,847 |
| P&C - others | GMM | **-** | **55,024** | - | 34,005 |
| P&S - non unit-linked | GMM | **-** | **650** | - | 572 |
| P&S - unit-linked | VFA | **-** | **543,959** | - | 552,247 |
| **4.1.2 Total GMM/VFA** | | **-** | **599,633** | - | 586,824 |
| ***Insurance contract Liabilities for non unit-linked business*** | PAA, GMM | **-** | **2,129,850** | - | 2,002,424 |
| ***Insurance contract Liabilities for unit-linked business*** | VFA | **-** | **543,959** | - | 552,247 |

| **4.2 Reinsurance contracts assets and liabilities** | **Valuation Approach** | **December 31, 2024** | | December 31, 2023 | |
|---|---|---|---|---|---|
| | | **Assets** | **Liabilities** | Assets | Liabilities |
| | | **SAR "000"** | | | |
| Medical | PAA | **-** | **3,302** | 392 | - |
| Motor | PAA | **3,253** | **-** | 8,111 | - |
| Property | PAA | **70,022** | **-** | 141,722 | - |
| Energy | PAA | **228,809** | **-** | 228,464 | - |
| Engineering | PAA | **238,570** | **-** | 167,396 | - |
| P&S - non unit-linked | PAA | **28,649** | **-** | 63,596 | - |
| P&C - others | PAA | **132,906** | **-** | 157,543 | - |
| **4.2.1 Total PAA** | | **702,209** | **3,302** | 767,224 | - |
| P&C - others | GMM | **38,920** | **-** | 22,543 | - |
| P&S - unit-linked | GMM | **164** | **-** | 111 | - |
| **4.2.2 Total GMM** | | **39,084** | **-** | 22,654 | - |
| ***Reinsurance contract assets and liabilities for non unit-linked business*** | PAA, GMM | **741,129** | **3,302** | 789,767 | - |
| ***Reinsurance contract assets for unit-linked business*** | GMM | **164** | **-** | 111 | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

An analysis of insurance contracts assets and liabilities by 'Liability for Remaining Coverage' (LFRC) and 'Liability for Incurred Claims' (LIC) along with the breakup of 'Loss Component' (LC) and 'Risk Adjustment' (RA) has been included in the below tables:

### 4.1.1 Insurance contracts - PAA - Total

| | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | 949,383 | 18,386 | 961,831 | 38,247 | 1,967,847 | 458,719 | 15,644 | 1,109,965 | 45,818 | 1,630,146 |
| Opening insurance contract (assets) | - | - | - | - | - | (39,292) | - | 27,300 | 3,199 | (8,793) |
| **Net opening insurance contract liabilities** | 949,383 | 18,386 | 961,831 | 38,247 | 1,967,847 | 419,427 | 15,644 | 1,137,265 | 49,017 | 1,621,353 |
| **Insurance revenue** | (3,330,738) | - | - | - | (3,330,738) | (2,872,509) | - | - | - | (2,872,509) |
| Incurred claims and other expenses | - | - | 1,848,800 | 27,524 | 1,876,324 | - | - | 1,599,402 | 27,042 | 1,626,444 |
| Losses/(loss reversals) on onerous contracts | - | 15,952 | - | - | 15,952 | - | 2,742 | - | - | 2,742 |
| Changes to liabilities for incurred claims | - | - | (207,013) | (26,009) | (233,022) | - | - | (217,538) | (38,669) | (256,207) |
| Insurance acquisition costs | 327,006 | - | - | - | 327,006 | 290,244 | - | - | - | 290,244 |
| Surplus distribution for the year | - | - | - | - | - | - | - | 10,423 | - | 10,423 |
| **Insurance service expenses** | 327,006 | 15,952 | 1,641,787 | 1,515 | 1,986,260 | 290,244 | 2,742 | 1,392,287 | (11,627) | 1,673,646 |
| **Insurance service result before reinsurance contracts held** | (3,003,732) | 15,952 | 1,641,787 | 1,515 | (1,344,478) | (2,582,265) | 2,742 | 1,392,287 | (11,627) | (1,198,863) |
| **Finance expenses from insurance contracts issued** | - | - | 19,483 | 6 | 19,489 | 186 | - | 5,922 | 10 | 6,118 |
| **Total changes in the statement of income** | (3,003,732) | 15,952 | 1,661,270 | 1,521 | (1,324,989) | (2,582,079) | 2,742 | 1,398,209 | (11,617) | (1,192,745) |
| **Insurance pool portfolio transition impact** | - | - | - | - | - | 60,737 | - | 1,098 | 847 | 62,682 |
| Premium received | 3,267,573 | - | - | - | 3,267,573 | 3,407,469 | - | - | - | 3,407,469 |
| Claims and directly attributable expenses paid | - | - | (1,509,013) | - | (1,509,013) | - | - | (1,574,741) | - | (1,574,741) |
| Insurance acquisition expenses paid | (327,242) | - | - | - | (327,242) | (356,171) | - | - | - | (356,171) |
| **Net cash flows for insurance contracts** | 2,940,331 | - | (1,509,013) | - | 1,431,318 | 3,051,298 | - | (1,574,741) | - | 1,476,557 |
| **Net closing insurance contract liabilities** | 885,982 | 34,338 | 1,114,088 | 39,768 | 2,074,176 | 949,383 | 18,386 | 961,831 | 38,247 | 1,967,847 |
| Closing insurance contract liabilities | 885,982 | 34,338 | 1,114,088 | 39,768 | 2,074,176 | 949,383 | 18,386 | 961,831 | 38,247 | 1,967,847 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

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

| 4.1.1 Insurance contracts - PAA - Medical | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | 115,331 | 18,301 | 165,856 | 7,365 | 306,853 | 182,360 | 581 | 109,243 | 12,670 | 304,854 |
| Opening insurance contract (assets) | - | - | - | - | - | (36,647) | - | 27,300 | 3,199 | (6,148) |
| **Net opening insurance contract liabilities** | 115,331 | 18,301 | 165,856 | 7,365 | 306,853 | 145,713 | 581 | 136,543 | 15,869 | 298,706 |
| **Insurance revenue** | (617,012) | - | - | - | (617,012) | (667,999) | - | - | - | (667,999) |
| Incurred claims and other expenses | - | - | 536,183 | 3,667 | 539,850 | - | - | 607,545 | 6,362 | 613,907 |
| Losses/(loss reversals) on onerous contracts | - | (10,792) | - | - | (10,792) | - | 17,720 | - | - | 17,720 |
| Changes to liabilities for incurred claims | - | - | 52,901 | (5,474) | 47,427 | - | - | 7,123 | (14,936) | (7,813) |
| Insurance acquisition costs | 107,691 | - | - | - | 107,691 | 100,806 | - | - | - | 100,806 |
| Surplus distribution for the year | - | - | - | - | - | - | - | 1,726 | - | 1,726 |
| **Insurance service expenses** | 107,691 | (10,792) | 589,084 | (1,807) | 684,176 | 100,806 | 17,720 | 616,394 | (8,574) | 726,346 |
| **Insurance service result before reinsurance contracts held** | (509,321) | (10,792) | 589,084 | (1,807) | 67,164 | (567,193) | 17,720 | 616,394 | (8,574) | 58,347 |
| **Finance expenses from insurance contracts issued** | - | - | 2,994 | 2 | 2,996 | - | - | 606 | 2 | 608 |
| **Total changes in the statement of income** | (509,321) | (10,792) | 592,078 | (1,805) | 70,160 | (567,193) | 17,720 | 617,000 | (8,572) | 58,955 |
| **Insurance pool portfolio transition impact** | - | - | - | - | - | 9,490 | - | (2,558) | 68 | 7,000 |
| Premium received | 561,827 | - | - | - | 561,827 | 651,994 | - | - | - | 651,994 |
| Claims and directly attributable expenses paid | - | - | (633,415) | - | (633,415) | - | - | (585,129) | - | (585,129) |
| Insurance acquisition expenses paid | (105,371) | - | - | - | (105,371) | (124,673) | - | - | - | (124,673) |
| **Net cash flows for insurance contracts** | 456,456 | - | (633,415) | - | (176,959) | 527,321 | - | (585,129) | - | (57,808) |
| **Net closing insurance contract liabilities** | 62,466 | 7,509 | 124,519 | 5,560 | 200,054 | 115,331 | 18,301 | 165,856 | 7,365 | 306,853 |
| Closing insurance contract liabilities | 62,466 | 7,509 | 124,519 | 5,560 | 200,054 | 115,331 | 18,301 | 165,856 | 7,365 | 306,853 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.1.1 Insurance contracts - PAA - Motor | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | | | SAR "000" | | | | | SAR "000" | | |
| Opening insurance contract liabilities | 394,696 | 85 | 147,084 | 5,885 | 547,750 | 124,696 | 14,263 | 152,010 | 10,899 | 301,868 |
| Opening insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |
| **Net opening insurance contract liabilities** | 394,696 | 85 | 147,084 | 5,885 | 547,750 | 124,696 | 14,263 | 152,010 | 10,899 | 301,868 |
| **Insurance revenue** | (765,707) | - | - | - | (765,707) | (512,526) | - | - | - | (512,526) |
| Incurred claims and other expenses | - | - | 673,210 | 5,998 | 679,208 | - | - | 435,801 | 4,212 | 440,013 |
| Losses/(loss reversals) on onerous contracts | - | 26,744 | - | - | 26,744 | - | (14,178) | - | - | (14,178) |
| Changes to liabilities for incurred claims | - | - | (23,976) | (4,366) | (28,342) | - | - | 8,048 | (9,226) | (1,178) |
| Insurance acquisition costs | 122,732 | - | - | - | 122,732 | 100,815 | - | - | - | 100,815 |
| Surplus distribution for the year | - | - | - | - | - | - | - | 1,325 | - | 1,325 |
| **Insurance service expenses** | 122,732 | 26,744 | 649,234 | 1,632 | 800,342 | 100,815 | (14,178) | 445,174 | (5,014) | 526,797 |
| **Insurance service result before reinsurance contracts held** | (642,975) | 26,744 | 649,234 | 1,632 | 34,635 | (411,711) | (14,178) | 445,174 | (5,014) | 14,271 |
| **Finance expenses from insurance contracts issued** | - | - | 2,019 | - | 2,019 | - | - | 730 | - | 730 |
| **Total changes in the statement of income** | (642,975) | 26,744 | 651,253 | 1,632 | 36,654 | (411,711) | (14,178) | 445,904 | (5,014) | 15,001 |
| Premium received | 671,373 | - | - | - | 671,373 | 800,230 | - | - | - | 800,230 |
| Claims and directly attributable expenses paid | - | - | (607,941) | - | (607,941) | - | - | (450,830) | - | (450,830) |
| Insurance acquisition expenses paid | (107,101) | - | - | - | (107,101) | (118,519) | - | - | - | (118,519) |
| **Net cash flows for insurance contracts** | 564,272 | - | (607,941) | - | (43,669) | 681,711 | - | (450,830) | - | 230,881 |
| **Net closing insurance contract liabilities** | 315,993 | 26,829 | 190,396 | 7,517 | 540,735 | 394,696 | 85 | 147,084 | 5,885 | 547,750 |
| Closing insurance contract liabilities | 315,993 | 26,829 | 190,396 | 7,517 | 540,735 | 394,696 | 85 | 147,084 | 5,885 | 547,750 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| **4.1.1 Insurance contracts - PAA - Property** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **LFRC** | | **LIC** | | | LFRC | | LIC | | |
| | **excluding LC** | **LC** | **excluding RA** | **RA** | **Total** | excluding LC | LC | excluding RA | RA | Total |
| | **SAR "000"** | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | **61,093** | **-** | **156,077** | **2,694** | **219,864** | (83,475) | - | 367,565 | 6,978 | 291,068 |
| Opening insurance contract (assets) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net opening insurance contract liabilities** | **61,093** | **-** | **156,077** | **2,694** | **219,864** | (83,475) | - | 367,565 | 6,978 | 291,068 |
| **Insurance revenue** | **(479,462)** | **-** | **-** | **-** | **(479,462)** | (223,437) | - | - | - | (223,437) |
| Incurred claims and other expenses | **-** | **-** | **173,204** | **4,396** | **177,600** | - | - | 77,652 | 1,143 | 78,795 |
| Losses/(loss reversals) on onerous contracts | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| Changes to liabilities for incurred claims | **-** | **-** | **(61,167)** | **(1,518)** | **(62,685)** | - | - | (49,757) | (5,427) | (55,184) |
| Insurance acquisition costs | **25,052** | **-** | **-** | **-** | **25,052** | 14,896 | - | - | - | 14,896 |
| Surplus distribution for the year | **-** | **-** | **-** | **-** | **-** | - | - | 101 | - | 101 |
| **Insurance service expenses** | **25,052** | **-** | **112,037** | **2,878** | **139,967** | 14,896 | - | 27,996 | (4,284) | 38,608 |
| **Insurance service result before reinsurance contracts held** | **(454,410)** | **-** | **112,037** | **2,878** | **(339,495)** | (208,541) | - | 27,996 | (4,284) | (184,829) |
| **Finance expenses from insurance contracts issued** | **-** | **-** | **3,650** | **-** | **3,650** | - | - | 533 | - | 533 |
| **Total changes in the statement of income** | **(454,410)** | **-** | **115,687** | **2,878** | **(335,845)** | (208,541) | - | 28,529 | (4,284) | (184,296) |
| Premium received | **520,948** | **-** | **-** | **-** | **520,948** | 369,687 | - | - | - | 369,687 |
| Claims and directly attributable expenses paid | **-** | **-** | **(64,609)** | **-** | **(64,609)** | - | - | (240,017) | - | (240,017) |
| Insurance acquisition expenses paid | **(30,145)** | **-** | **-** | **-** | **(30,145)** | (16,578) | - | - | - | (16,578) |
| **Net cash flows for insurance contracts** | **490,803** | **-** | **(64,609)** | **-** | **426,194** | 353,109 | - | (240,017) | - | 113,092 |
| **Net closing insurance contract liabilities** | **97,486** | **-** | **207,155** | **5,572** | **310,213** | 61,093 | - | 156,077 | 2,694 | 219,864 |
| Closing insurance contract liabilities | **97,486** | **-** | **207,155** | **5,572** | **310,213** | 61,093 | - | 156,077 | 2,694 | 219,864 |
| Closing insurance contract (assets) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.1.1 Insurance contracts - PAA - Energy | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | 143,539 | - | 91,289 | 4,560 | 239,388 | 197,014 | - | 75,428 | 3,770 | 276,212 |
| Opening insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |
| **Net opening insurance contract liabilities** | 143,539 | - | 91,289 | 4,560 | 239,388 | 197,014 | - | 75,428 | 3,770 | 276,212 |
| **Insurance revenue** | (589,366) | - | - | - | (589,366) | (634,409) | - | - | - | (634,409) |
| Incurred claims and other expenses | - | - | 109,040 | 2,960 | 112,000 | - | - | 104,747 | 4,560 | 109,307 |
| Losses/(loss reversals) on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Changes to liabilities for incurred claims | - | - | (66,998) | (4,245) | (71,243) | - | - | (75,419) | (3,770) | (79,189) |
| Insurance acquisition costs | 5,273 | - | - | - | 5,273 | 4,160 | - | - | - | 4,160 |
| Surplus distribution for the year | - | - | - | - | - | - | - | - | - | - |
| **Insurance service expenses** | 5,273 | - | 42,042 | (1,285) | 46,030 | 4,160 | - | 29,328 | 790 | 34,278 |
| **Insurance service result before reinsurance contracts held** | (584,093) | - | 42,042 | (1,285) | (543,336) | (630,249) | - | 29,328 | 790 | (600,131) |
| **Finance expenses from insurance contracts issued** | - | - | 1,123 | - | 1,123 | - | - | - | - | - |
| **Total changes in the statement of income** | (584,093) | - | 43,165 | (1,285) | (542,213) | (630,249) | - | 29,328 | 790 | (600,131) |
| Premium received | 560,881 | - | - | - | 560,881 | 583,957 | - | - | - | 583,957 |
| Claims and directly attributable expenses paid | - | - | (14,772) | - | (14,772) | - | - | (13,467) | - | (13,467) |
| Insurance acquisition expenses paid | (2,266) | - | - | - | (2,266) | (7,183) | - | - | - | (7,183) |
| **Net cash flows for insurance contracts** | 558,615 | - | (14,772) | - | 543,843 | 576,774 | - | (13,467) | - | 563,307 |
| **Net closing insurance contract liabilities** | 118,061 | - | 119,682 | 3,275 | 241,018 | 143,539 | - | 91,289 | 4,560 | 239,388 |
| Closing insurance contract liabilities | 118,061 | - | 119,682 | 3,275 | 241,018 | 143,539 | - | 91,289 | 4,560 | 239,388 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| **4.1.1 Insurance contracts - PAA - Engineering** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **LFRC** | | **LIC** | | | LFRC | | LIC | | |
| | **excluding LC** | **LC** | **excluding RA** | **RA** | **Total** | excluding LC | LC | excluding RA | RA | Total |
| | **SAR "000"** | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | **150,431** | **-** | **95,813** | **5,076** | **251,320** | 8,249 | - | 69,658 | 2,419 | 80,326 |
| Opening insurance contract (assets) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net opening insurance contract liabilities** | **150,431** | **-** | **95,813** | **5,076** | **251,320** | 8,249 | - | 69,658 | 2,419 | 80,326 |
| **Insurance revenue** | **(242,903)** | **-** | **-** | **-** | **(242,903)** | (177,669) | - | - | - | (177,669) |
| Incurred claims and other expenses | **-** | **-** | **60,294** | **2,159** | **62,453** | - | - | 70,539 | 3,857 | 74,396 |
| Losses/(loss reversals) on onerous contracts | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| Changes to liabilities for incurred claims | **-** | **-** | **(46,663)** | **(3,569)** | **(50,232)** | - | - | (26,801) | (1,200) | (28,001) |
| Insurance acquisition costs | **23,260** | **-** | **-** | **-** | **23,260** | 14,975 | - | - | - | 14,975 |
| Surplus distribution for the year | **-** | **-** | **-** | **-** | **-** | - | - | 107 | - | 107 |
| **Insurance service expenses** | **23,260** | **-** | **13,631** | **(1,410)** | **35,481** | 14,975 | - | 43,845 | 2,657 | 61,477 |
| **Insurance service result before reinsurance contracts held** | **(219,643)** | **-** | **13,631** | **(1,410)** | **(207,422)** | (162,694) | - | 43,845 | 2,657 | (116,192) |
| **Finance expenses from insurance contracts issued** | **-** | **-** | **2,365** | **-** | **2,365** | - | - | 271 | - | 271 |
| **Total changes in the statement of income** | **(219,643)** | **-** | **15,996** | **(1,410)** | **(205,057)** | (162,694) | - | 44,116 | 2,657 | (115,921) |
| Premium received | **316,239** | **-** | **-** | **-** | **316,239** | 322,022 | - | - | - | 322,022 |
| Claims and directly attributable expenses paid | **-** | **-** | **(22,742)** | **-** | **(22,742)** | - | - | (17,961) | - | (17,961) |
| Insurance acquisition expenses paid | **(31,075)** | **-** | **-** | **-** | **(31,075)** | (17,146) | - | - | - | (17,146) |
| **Net cash flows for insurance contracts** | **285,164** | **-** | **(22,742)** | **-** | **262,422** | 304,876 | - | (17,961) | - | 286,915 |
| **Net closing insurance contract liabilities** | **215,952** | **-** | **89,067** | **3,666** | **308,685** | 150,431 | - | 95,813 | 5,076 | 251,320 |
| Closing insurance contract liabilities | **215,952** | **-** | **89,067** | **3,666** | **308,685** | 150,431 | - | 95,813 | 5,076 | 251,320 |
| Closing insurance contract (assets) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.1.1 Insurance contracts - PAA - Protection and Savings (P&S) - non-linked | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | (54,464) | - | 144,669 | 6,450 | 96,655 | (45,456) | 800 | 182,999 | 5,585 | 143,928 |
| Opening insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |
| **Net opening insurance contract liabilities** | (54,464) | - | 144,669 | 6,450 | 96,655 | (45,456) | 800 | 182,999 | 5,585 | 143,928 |
| **Insurance revenue** | (202,480) | - | - | - | (202,480) | (212,463) | - | - | - | (212,463) |
| Incurred claims and other expenses | - | - | 189,925 | 5,340 | 195,265 | - | - | 203,315 | 4,045 | 207,360 |
| Losses/(loss reversals) on onerous contracts | - | - | - | - | - | - | (800) | - | - | (800) |
| Changes to liabilities for incurred claims | - | - | (15,639) | (4,682) | (20,321) | - | - | (53,710) | (3,180) | (56,890) |
| Insurance acquisition costs | 9,450 | - | - | - | 9,450 | 6,490 | - | - | - | 6,490 |
| Surplus distribution for the year | - | - | - | - | - | - | - | 6,809 | - | 6,809 |
| **Insurance service expenses** | 9,450 | - | 174,286 | 658 | 184,394 | 6,490 | (800) | 156,414 | 865 | 162,969 |
| **Insurance service result before reinsurance contracts held** | (193,030) | - | 174,286 | 658 | (18,086) | (205,973) | (800) | 156,414 | 865 | (49,494) |
| **Finance expenses from insurance contracts issued** | - | - | 3,158 | - | 3,158 | - | - | 2,790 | - | 2,790 |
| **Total changes in the statement of income** | (193,030) | - | 177,444 | 658 | (14,928) | (205,973) | (800) | 159,204 | 865 | (46,704) |
| Premium received | 162,973 | - | - | - | 162,973 | 203,761 | - | - | - | 203,761 |
| Claims and directly attributable expenses paid | - | - | (132,661) | - | (132,661) | - | - | (197,534) | - | (197,534) |
| Insurance acquisition expenses paid | (10,063) | - | - | - | (10,063) | (6,796) | - | - | - | (6,796) |
| **Net cash flows for insurance contracts** | 152,910 | - | (132,661) | - | 20,249 | 196,965 | - | (197,534) | - | (569) |
| **Net closing insurance contract liabilities** | (94,584) | - | 189,452 | 7,108 | 101,976 | (54,464) | - | 144,669 | 6,450 | 96,655 |
| Closing insurance contract liabilities | (94,584) | - | 189,452 | 7,108 | 101,976 | (54,464) | - | 144,669 | 6,450 | 96,655 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.1.1 Insurance contracts - PAA - Property and Casualty (P&C) - others | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | 138,757 | - | 161,043 | 6,217 | 306,017 | 75,331 | - | 153,062 | 3,497 | 231,890 |
| Opening insurance contract (assets) | - | - | - | - | - | (2,645) | - | - | - | (2,645) |
| **Net opening insurance contract liabilities** | 138,757 | - | 161,043 | 6,217 | 306,017 | 72,686 | - | 153,062 | 3,497 | 229,245 |
| **Insurance revenue** | (433,808) | - | - | - | (433,808) | (444,006) | - | - | - | (444,006) |
| Incurred claims and other expenses | - | - | 106,944 | 3,004 | 109,948 | - | - | 99,803 | 2,863 | 102,666 |
| Losses/(loss reversals) on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Changes to liabilities for incurred claims | - | - | (45,471) | (2,155) | (47,626) | - | - | (27,022) | (930) | (27,952) |
| Insurance acquisition costs | 33,548 | - | - | - | 33,548 | 48,102 | - | - | - | 48,102 |
| Surplus distribution for the year | - | - | - | - | - | - | - | 355 | - | 355 |
| **Insurance service expenses** | 33,548 | - | 61,473 | 849 | 95,870 | 48,102 | - | 73,136 | 1,933 | 123,171 |
| **Insurance service result before reinsurance contracts held** | (400,260) | - | 61,473 | 849 | (337,938) | (395,904) | - | 73,136 | 1,933 | (320,835) |
| **Finance expenses from insurance contracts issued** | - | - | 4,174 | 4 | 4,178 | 186 | - | 992 | 8 | 1,186 |
| **Total changes in the statement of income** | (400,260) | - | 65,647 | 853 | (333,760) | (395,718) | - | 74,128 | 1,941 | (319,649) |
| **Insurance pool portfolio transition impact** | - | - | - | - | - | 51,247 | - | 3,656 | 779 | 55,682 |
| Premium received | 473,332 | - | - | - | 473,332 | 475,818 | - | - | - | 475,818 |
| Claims and directly attributable expenses paid | - | - | (32,873) | - | (32,873) | - | - | (69,803) | - | (69,803) |
| Insurance acquisition expenses paid | (41,221) | - | - | - | (41,221) | (65,276) | - | - | - | (65,276) |
| **Net cash flows for insurance contracts** | 432,111 | - | (32,873) | - | 399,238 | 410,542 | - | (69,803) | - | 340,739 |
| **Net closing insurance contract liabilities** | 170,608 | - | 193,817 | 7,070 | 371,495 | 138,757 | - | 161,043 | 6,217 | 306,017 |
| Closing insurance contract liabilities | 170,608 | - | 193,817 | 7,070 | 371,495 | 138,757 | - | 161,043 | 6,217 | 306,017 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| **4.1.2 Insurance contracts - GMM/VFA - Total** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **LFRC** | | **LIC** | | | LFRC | | LIC | | |
| | **excluding LC** | **LC** | **excluding RA** | **RA** | **Total** | excluding LC | LC | excluding RA | RA | Total |
| | | | **SAR "000"** | | | | | SAR "000" | | |
| Opening insurance contract liabilities | **579,549** | **2,898** | **4,137** | **240** | **586,824** | 486,958 | 1,389 | 2,021 | 158 | 490,526 |
| Opening insurance contract (assets) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net opening insurance contract liabilities** | **579,549** | **2,898** | **4,137** | **240** | **586,824** | 486,958 | 1,389 | 2,021 | 158 | 490,526 |
| Expected claims expenses | **(1,784)** | **-** | **-** | **-** | **(1,784)** | (994) | - | - | - | (994) |
| Expected directly attributable expenses | **(5,030)** | **-** | **-** | **-** | **(5,030)** | (6,703) | - | - | - | (6,703) |
| Loss component run off | **(3,351)** | **-** | **-** | **-** | **(3,351)** | (3,836) | - | - | - | (3,836) |
| Expected other insurance service expenses | **(131)** | **-** | **-** | **-** | **(131)** | 322 | - | - | - | 322 |
| Change in risk adjustment for non-financial risk | **(25)** | **-** | **-** | **-** | **(25)** | (87) | - | - | - | (87) |
| CSM recognized during the period | **(2,309)** | **-** | **-** | **-** | **(2,309)** | (2,616) | - | - | - | (2,616) |
| Recovery of insurance acquisition cash flows | **(1,212)** | **-** | **-** | **-** | **(1,212)** | (1,219) | - | - | - | (1,219) |
| **Insurance revenue** | **(13,842)** | **-** | **-** | **-** | **(13,842)** | (15,133) | - | - | - | (15,133) |
| Incurred claims and other expenses | **-** | **-** | **4,752** | **237** | **4,989** | - | - | 3,995 | 128 | 4,123 |
| Losses/(loss reversals) on onerous contracts | **-** | **(1,826)** | **-** | **-** | **(1,826)** | - | 1,512 | - | - | 1,512 |
| Changes to liabilities for incurred claims | **-** | **-** | **(1,638)** | **(192)** | **(1,830)** | - | - | (1,236) | (58) | (1,294) |
| Insurance acquisition costs | **1,211** | **-** | **-** | **-** | **1,211** | 1,219 | - | - | - | 1,219 |
| Surrenders and maturities | **(119,031)** | **-** | **119,031** | **-** | **-** | (112,669) | - | 112,669 | - | - |
| **Insurance service expenses** | **(117,820)** | **(1,826)** | **122,145** | **45** | **2,544** | (111,450) | 1,512 | 115,428 | 70 | 5,560 |
| **Insurance service result before reinsurance contracts held** | **(131,662)** | **(1,826)** | **122,145** | **45** | **(11,298)** | (126,583) | 1,512 | 115,428 | 70 | (9,573) |
| **Finance expenses from insurance contracts issued** | **2,555** | **(121)** | **(381)** | **25** | **2,078** | 41 | (3) | 117 | 12 | 167 |
| **Total changes in the statement of income** | **(129,107)** | **(1,947)** | **121,764** | **70** | **(9,220)** | (126,542) | 1,509 | 115,545 | 82 | (9,406) |
| **Changes in fair value of unit-linked investments** | **50,832** | **-** | **-** | **-** | **50,832** | 103,336 | - | - | - | 103,336 |
| **Insurance pool portfolio transition impact** | **(106)** | **-** | **-** | **-** | **(106)** | 14,570 | - | 64 | - | 14,634 |
| Premium received | **92,294** | **-** | **-** | **-** | **92,294** | 102,822 | - | - | - | 102,822 |
| Claims and directly attributable expenses paid | **-** | **-** | **(120,387)** | **-** | **(120,387)** | - | - | (113,493) | - | (113,493) |
| Insurance acquisition expenses paid | **(604)** | **-** | **-** | **-** | **(604)** | (1,595) | - | - | - | (1,595) |
| **Net cash flows for insurance contracts** | **91,690** | **-** | **(120,387)** | **-** | **(28,697)** | 101,227 | - | (113,493) | - | (12,266) |
| **Net closing insurance contract liabilities** | **592,858** | **951** | **5,514** | **310** | **599,633** | 579,549 | 2,898 | 4,137 | 240 | 586,824 |
| Closing insurance contract liabilities | **592,858** | **951** | **5,514** | **310** | **599,633** | 579,549 | 2,898 | 4,137 | 240 | 586,824 |
| Closing insurance contract (assets) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

### 4.1.2 Insurance contracts - GMM - Property and Casualty (P&C) - others

| | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | 33,011 | - | 994 | - | 34,005 | - | - | - | - | - |
| Opening insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |
| **Net opening insurance contract liabilities** | 33,011 | - | 994 | - | 34,005 | - | - | - | - | - |
| Expected claims expenses | (1,700) | - | - | - | (1,700) | (924) | - | - | - | (924) |
| Expected directly attributable expenses | - | - | - | - | - | - | - | - | - | - |
| Loss component run off | - | - | - | - | - | - | - | - | - | - |
| Expected other insurance service expenses | (492) | - | - | - | (492) | - | - | - | - | - |
| Change in risk adjustment for non-financial risk | (11) | - | - | - | (11) | - | - | - | - | - |
| CSM recognized during the period | (210) | - | - | - | (210) | (2) | - | - | - | (2) |
| Recovery of insurance acquisition cash flows | - | - | - | - | - | - | - | - | - | - |
| **Insurance revenue** | (2,413) | - | - | - | (2,413) | (926) | - | - | - | (926) |
| Incurred claims and other expenses | - | - | 1,843 | 24 | 1,867 | - | - | 1,259 | - | 1,259 |
| Losses/(loss reversals) on onerous contracts | - | - | - | - | - | - | - | - | - | - |
| Changes to liabilities for incurred claims | - | - | - | - | - | - | - | - | - | - |
| Insurance acquisition costs | - | - | - | - | - | - | - | - | - | - |
| Surrenders and maturities | - | - | - | - | - | - | - | - | - | - |
| **Insurance service expenses** | - | - | 1,843 | 24 | 1,867 | - | - | 1,259 | - | 1,259 |
| **Insurance service result before reinsurance contracts held** | (2,413) | - | 1,843 | 24 | (546) | (926) | - | 1,259 | - | 333 |
| **Finance expenses from insurance contracts issued** | 2,549 | - | (574) | 10 | 1,985 | 41 | - | - | - | 41 |
| **Total changes in the statement of income** | 136 | - | 1,269 | 34 | 1,439 | (885) | - | 1,259 | - | 374 |
| **Insurance pool portfolio transition impact** | (106) | - | - | - | (106) | 14,570 | - | 64 | - | 14,634 |
| Premium received | 19,883 | - | - | - | 19,883 | 19,326 | - | - | - | 19,326 |
| Claims and directly attributable expenses paid | - | - | (197) | - | (197) | - | - | (329) | - | (329) |
| Insurance acquisition expenses paid | - | - | - | - | - | - | - | - | - | - |
| **Net cash flows for insurance contracts** | 19,883 | - | (197) | - | 19,686 | 19,326 | - | (329) | - | 18,997 |
| **Net closing insurance contract liabilities** | 52,924 | - | 2,066 | 34 | 55,024 | 33,011 | - | 994 | - | 34,005 |
| Closing insurance contract liabilities | 52,924 | - | 2,066 | 34 | 55,024 | 33,011 | - | 994 | - | 34,005 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.1.2 Insurance contracts - GMM - Protection and Savings (P&S) - non-linked | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | 495 | 3 | 69 | 5 | 572 | 209 | 1 | 47 | 4 | 261 |
| Opening insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |
| **Net opening insurance contract liabilities** | 495 | 3 | 69 | 5 | 572 | 209 | 1 | 47 | 4 | 261 |
| Expected claims expenses | (84) | - | - | - | (84) | (70) | - | - | - | (70) |
| Expected directly attributable expenses | (17) | - | - | - | (17) | (8) | - | - | - | (8) |
| Loss component run off | - | - | - | - | - | - | - | - | - | - |
| Expected other insurance service expenses | - | - | - | - | - | - | - | - | - | - |
| Change in risk adjustment for non-financial risk | - | - | - | - | - | - | - | - | - | - |
| CSM recognized during the period | (116) | - | - | - | (116) | (196) | - | - | - | (196) |
| Recovery of insurance acquisition cash flows | (1) | - | - | - | (1) | (2) | - | - | - | (2) |
| **Insurance revenue** | (218) | - | - | - | (218) | (276) | - | - | - | (276) |
| Incurred claims and other expenses | - | - | - | - | - | - | - | - | - | - |
| Losses/(loss reversals) on onerous contracts | - | - | - | - | - | - | 2 | - | - | 2 |
| Changes to liabilities for incurred claims | - | - | 20 | 2 | 22 | - | - | 19 | 1 | 20 |
| Insurance acquisition costs | - | - | - | - | - | 2 | - | - | - | 2 |
| Surrenders and maturities | - | - | - | - | - | - | - | - | - | - |
| **Insurance service expenses** | - | - | 20 | 2 | 22 | 2 | 2 | 19 | 1 | 24 |
| **Insurance service result before reinsurance contracts held** | (218) | - | 20 | 2 | (196) | (274) | 2 | 19 | 1 | (252) |
| **Finance expenses from insurance contracts issued** | 6 | - | 5 | - | 11 | - | - | 3 | - | 3 |
| **Total changes in the statement of income** | (212) | - | 25 | 2 | (185) | (274) | 2 | 22 | 1 | (249) |
| Premium received | 264 | - | - | - | 264 | 560 | - | - | - | 560 |
| Claims and directly attributable expenses paid | - | - | - | - | - | - | - | - | - | - |
| Insurance acquisition expenses paid | (1) | - | - | - | (1) | - | - | - | - | - |
| **Net cash flows for insurance contracts** | 263 | - | - | - | 263 | 560 | - | - | - | 560 |
| **Net closing insurance contract liabilities** | 546 | 3 | 94 | 7 | 650 | 495 | 3 | 69 | 5 | 572 |
| Closing insurance contract liabilities | 546 | 3 | 94 | 7 | 650 | 495 | 3 | 69 | 5 | 572 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

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

**4.1.2 Insurance contracts - VFA - Protection and Savings (P&S) - linked**

| | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | LFRC | | LIC | | | LFRC | | LIC | | |
| | excluding LC | LC | excluding RA | RA | Total | excluding LC | LC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening insurance contract liabilities | 546,043 | 2,895 | 3,074 | 235 | 552,247 | 486,749 | 1,388 | 1,974 | 154 | 490,265 |
| Opening insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |
| **Net opening insurance contract liabilities** | 546,043 | 2,895 | 3,074 | 235 | 552,247 | 486,749 | 1,388 | 1,974 | 154 | 490,265 |
| Expected claims expenses | - | - | - | - | - | - | - | - | - | - |
| Expected directly attributable expenses | (5,013) | - | - | - | (5,013) | (6,695) | - | - | - | (6,695) |
| Loss component run off | (3,351) | - | - | - | (3,351) | (3,836) | - | - | - | (3,836) |
| Expected other insurance service expenses | 361 | - | - | - | 361 | 322 | - | - | - | 322 |
| Change in risk adjustment for non-financial risk | (14) | - | - | - | (14) | (87) | - | - | - | (87) |
| CSM recognized during the period | (1,983) | - | - | - | (1,983) | (2,418) | - | - | - | (2,418) |
| Recovery of insurance acquisition cash flows | (1,211) | - | - | - | (1,211) | (1,217) | - | - | - | (1,217) |
| **Insurance revenue** | (11,211) | - | - | - | (11,211) | (13,931) | - | - | - | (13,931) |
| Incurred claims and other expenses | - | - | 2,909 | 213 | 3,122 | - | - | 2,736 | 128 | 2,864 |
| Losses/(loss reversals) on onerous contracts | - | (1,826) | - | - | (1,826) | - | 1,510 | - | - | 1,510 |
| Changes to liabilities for incurred claims | - | - | (1,658) | (194) | (1,852) | - | - | (1,255) | (59) | (1,314) |
| Insurance acquisition costs | 1,211 | - | - | - | 1,211 | 1,217 | - | - | - | 1,217 |
| Surrenders and maturities | (119,031) | - | 119,031 | - | - | (112,669) | - | 112,669 | - | - |
| **Insurance service expenses** | (117,820) | (1,826) | 120,282 | 19 | 655 | (111,452) | 1,510 | 114,150 | 69 | 4,277 |
| **Insurance service result before reinsurance contracts held** | (129,031) | (1,826) | 120,282 | 19 | (10,556) | (125,383) | 1,510 | 114,150 | 69 | (9,654) |
| **Finance expenses from insurance contracts issued** | - | (121) | 188 | 15 | 82 | - | (3) | 114 | 12 | 123 |
| **Total changes in the statement of income** | (129,031) | (1,947) | 120,470 | 34 | (10,474) | (125,383) | 1,507 | 114,264 | 81 | (9,531) |
| **Changes in fair value of unit-linked investments** | 50,832 | - | - | - | 50,832 | 103,336 | - | - | - | 103,336 |
| Premium received | 72,147 | - | - | - | 72,147 | 82,936 | - | - | - | 82,936 |
| Claims and directly attributable expenses paid | - | - | (120,190) | - | (120,190) | - | - | (113,164) | - | (113,164) |
| Insurance acquisition expenses paid | (603) | - | - | - | (603) | (1,595) | - | - | - | (1,595) |
| **Net cash flows for insurance contracts** | 71,544 | - | (120,190) | - | (48,646) | 81,341 | - | (113,164) | - | (31,823) |
| **Net closing insurance contract liabilities** | 539,388 | 948 | 3,354 | 269 | 543,959 | 546,043 | 2,895 | 3,074 | 235 | 552,247 |
| Closing insurance contract liabilities | 539,388 | 948 | 3,354 | 269 | 543,959 | 546,043 | 2,895 | 3,074 | 235 | 552,247 |
| Closing insurance contract (assets) | - | - | - | - | - | - | - | - | - | - |

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

An analysis of reinsurance contracts assets / liabilities by 'Assets for Remaining Coverage' (AFRC) & 'Assets for Amounts Recoverable on Incurred Claims' (AIC) along with the breakup of 'Loss Recovery Component' (LRC) and 'Risk Adjustment' (RA) has been included in the below tables:

| **4.2.1 Reinsurance contracts - PAA - Total** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **AFRC** | | **AIC** | | | AFRC | | AIC | | |
| | **excluding LRC** | **LRC** | **excluding RA** | **RA** | **Total** | excluding LRC | LRC | excluding RA | RA | Total |
| | | | **SAR "000"** | | | | | SAR "000" | | |
| Opening reinsurance contract assets | **111,067** | **-** | **632,922** | **23,235** | **767,224** | 3,091 | - | 778,837 | 19,459 | 801,387 |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | (3,931) | - | 1,111 | 131 | (2,689) |
| **Net opening reinsurance contract assets** | **111,067** | **-** | **632,922** | **23,235** | **767,224** | (840) | - | 779,948 | 19,590 | 798,698 |
| **Allocation of reinsurance premiums** | **(1,574,874)** | **-** | **-** | **-** | **(1,574,874)** | (1,321,410) | - | - | - | (1,321,410) |
| Incurred claims and other expenses | **-** | **-** | **408,278** | **12,291** | **420,569** | - | - | 331,997 | 13,333 | 345,330 |
| Changes to AIC for past services | **-** | **-** | **(227,491)** | **(13,840)** | **(241,331)** | - | - | (205,485) | (9,741) | (215,226) |
| Change in profit commission/ sliding scale commission | **-** | **-** | **2,664** | **-** | **2,664** | - | - | 10,153 | - | 10,153 |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **-** | **183,451** | **(1,549)** | **181,902** | - | - | 136,665 | 3,592 | 140,257 |
| **Net (expenses) / income from reinsurance contracts held** | **(1,574,874)** | **-** | **183,451** | **(1,549)** | **(1,392,972)** | (1,321,410) | - | 136,665 | 3,592 | (1,181,153) |
| **Finance income from reinsurance contracts held** | **-** | **-** | **11,470** | **1** | **11,471** | (29) | - | 2,166 | 1 | 2,138 |
| **Total changes in the statement of income** | **(1,574,874)** | **-** | **194,921** | **(1,548)** | **(1,381,501)** | (1,321,439) | - | 138,831 | 3,593 | (1,179,015) |
| **Insurance pool portfolio transition impact** | **-** | **-** | **-** | **-** | **-** | 533 | - | 260 | 52 | 845 |
| Premium paid | **1,554,048** | **-** | **-** | **-** | **1,554,048** | 1,452,853 | - | - | - | 1,452,853 |
| Claims recovered | **-** | **-** | **(132,288)** | **-** | **(132,288)** | - | - | (280,569) | - | (280,569) |
| Fixed commission received | **(108,576)** | **-** | **-** | **-** | **(108,576)** | (20,040) | - | - | - | (20,040) |
| Profit commission / sliding scale commission received | **-** | **-** | **-** | **-** | **-** | - | - | (5,548) | - | (5,548) |
| **Net cash flows for reinsurance contracts** | **1,445,472** | **-** | **(132,288)** | **-** | **1,313,184** | 1,432,813 | - | (286,117) | - | 1,146,696 |
| **Net closing reinsurance contract assets** | **(18,335)** | **-** | **695,555** | **21,687** | **698,907** | 111,067 | - | 632,922 | 23,235 | 767,224 |
| Closing reinsurance contract assets | **(7,443)** | **-** | **688,294** | **21,358** | **702,209** | 111,067 | - | 632,922 | 23,235 | 767,224 |
| Closing reinsurance contract (liabilities) | **(10,892)** | **-** | **7,261** | **329** | **(3,302)** | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| **4.2.1 Reinsurance contracts - PAA - Medical** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **AFRC** | | **AIC** | | | AFRC | | AIC | | |
| | **excluding LRC** | **LRC** | **excluding RA** | **RA** | **Total** | excluding LRC | LRC | excluding RA | RA | Total |
| | | | **SAR "000"** | | | | | SAR "000" | | |
| Opening reinsurance contract assets | **(8,472)** | **-** | **8,490** | **374** | **392** | 11 | - | - | - | 11 |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | (3,614) | - | 1,111 | 131 | (2,372) |
| **Net opening reinsurance contract assets** | **(8,472)** | **-** | **8,490** | **374** | **392** | (3,603) | - | 1,111 | 131 | (2,361) |
| **Allocation of reinsurance premiums** | **(2,447)** | **-** | **-** | **-** | **(2,447)** | (3,229) | - | - | - | (3,229) |
| Incurred claims and other expenses | **-** | **-** | **3,732** | **176** | **3,908** | - | - | 3,590 | 143 | 3,733 |
| Changes to AIC for past services | **-** | **-** | **(711)** | **(221)** | **(932)** | - | - | (33) | 100 | 67 |
| Change in profit commission/ sliding scale commission | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **-** | **3,021** | **(45)** | **2,976** | - | - | 3,557 | 243 | 3,800 |
| **Net (expenses) / income from reinsurance contracts held** | **(2,447)** | **-** | **3,021** | **(45)** | **529** | (3,229) | - | 3,557 | 243 | 571 |
| **Finance income from reinsurance contracts held** | **-** | **-** | **67** | **-** | **67** | - | - | - | - | - |
| **Total changes in the statement of income** | **(2,447)** | **-** | **3,088** | **(45)** | **596** | (3,229) | - | 3,557 | 243 | 571 |
| Premium paid | **40** | **-** | **-** | **-** | **40** | (494) | - | - | - | (494) |
| Claims recovered | **-** | **-** | **(4,317)** | **-** | **(4,317)** | - | - | 3,822 | - | 3,822 |
| Fixed commission received | **(13)** | **-** | **-** | **-** | **(13)** | (1,146) | - | - | - | (1,146) |
| Profit commission / sliding scale commission received | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net cash flows for reinsurance contracts** | **27** | **-** | **(4,317)** | **-** | **(4,290)** | (1,640) | - | 3,822 | - | 2,182 |
| **Net closing reinsurance contract assets** | **(10,892)** | **-** | **7,261** | **329** | **(3,302)** | (8,472) | - | 8,490 | 374 | 392 |
| Closing reinsurance contract assets | **-** | **-** | **-** | **-** | **-** | (8,472) | - | 8,490 | 374 | 392 |
| Closing reinsurance contract (liabilities) | **(10,892)** | **-** | **7,261** | **329** | **(3,302)** | - | - | - | - | - |

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

| 4.2.1 Reinsurance contracts - PAA - Motor | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AFRC | | AIC | | | AFRC | | AIC | | |
| | excluding LRC | LRC | excluding RA | RA | Total | excluding LRC | LRC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening reinsurance contract assets | **(107)** | **-** | **7,910** | **308** | **8,111** | - | - | - | - | - |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | (314) | - | - | - | (314) |
| **Net opening reinsurance contract assets** | **(107)** | **-** | **7,910** | **308** | **8,111** | (314) | - | - | - | (314) |
| **Allocation of reinsurance premiums** | **(1,237)** | **-** | **-** | **-** | **(1,237)** | (2,028) | - | - | - | (2,028) |
| Incurred claims and other expenses | **-** | **-** | **1,925** | **21** | **1,946** | - | - | 7,400 | 288 | 7,688 |
| Changes to AIC for past services | **-** | **-** | **(4,031)** | **(132)** | **(4,163)** | - | - | (4) | 20 | 16 |
| Change in profit commission/ sliding scale commission | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **-** | **(2,106)** | **(111)** | **(2,217)** | - | - | 7,396 | 308 | 7,704 |
| **Net (expenses) / income from reinsurance contracts held** | **(1,237)** | **-** | **(2,106)** | **(111)** | **(3,454)** | (2,028) | - | 7,396 | 308 | 5,676 |
| **Finance income from reinsurance contracts held** | **-** | **-** | **62** | **-** | **62** | - | - | - | - | - |
| **Total changes in the statement of income** | **(1,237)** | **-** | **(2,044)** | **(111)** | **(3,392)** | (2,028) | - | 7,396 | 308 | 5,676 |
| Premium paid | **87** | **-** | **-** | **-** | **87** | 2,009 | - | - | - | 2,009 |
| Claims recovered | **-** | **-** | **(1,538)** | **-** | **(1,538)** | - | - | 514 | - | 514 |
| Fixed commission received | **(15)** | **-** | **-** | **-** | **(15)** | 226 | - | - | - | 226 |
| Profit commission / sliding scale commission received | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net cash flows for reinsurance contracts** | **72** | **-** | **(1,538)** | **-** | **(1,466)** | 2,235 | - | 514 | - | 2,749 |
| **Net closing reinsurance contract assets** | **(1,272)** | **-** | **4,328** | **197** | **3,253** | (107) | - | 7,910 | 308 | 8,111 |
| Closing reinsurance contract assets | **(1,272)** | **-** | **4,328** | **197** | **3,253** | (107) | - | 7,910 | 308 | 8,111 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.2.1 Reinsurance contracts - PAA - Property | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AFRC | | AIC | | | AFRC | | AIC | | |
| | excluding LRC | LRC | excluding RA | RA | Total | excluding LRC | LRC | excluding RA | RA | Total |
| | | | SAR "000" | | | | | SAR "000" | | |
| Opening reinsurance contract assets | (33,805) | - | 172,701 | 2,826 | 141,722 | (56,735) | - | 375,688 | 6,978 | 325,931 |
| Opening reinsurance contract (liabilities) | - | - | - | - | - | - | - | - | - | - |
| **Net opening reinsurance contract assets** | (33,805) | - | 172,701 | 2,826 | 141,722 | (56,735) | - | 375,688 | 6,978 | 325,931 |
| **Allocation of reinsurance premiums** | (430,632) | - | - | - | (430,632) | (184,482) | - | - | - | (184,482) |
| Incurred claims and other expenses | - | - | 156,157 | 4,296 | 160,453 | - | - | 61,416 | 1,060 | 62,476 |
| Changes to AIC for past services | - | - | (56,670) | (1,011) | (57,681) | - | - | (62,255) | (5,212) | (67,467) |
| Change in profit commission/ sliding scale commission | - | - | 1,946 | - | 1,946 | - | - | 4,199 | - | 4,199 |
| **Amounts recoverable from reinsurance for incurred claims** | - | - | 101,433 | 3,285 | 104,718 | - | - | 3,360 | (4,152) | (792) |
| **Net (expenses) / income from reinsurance contracts held** | (430,632) | - | 101,433 | 3,285 | (325,914) | (184,482) | - | 3,360 | (4,152) | (185,274) |
| **Finance income from reinsurance contracts held** | - | - | 3,473 | - | 3,473 | - | - | 444 | - | 444 |
| **Total changes in the statement of income** | (430,632) | - | 104,906 | 3,285 | (322,441) | (184,482) | - | 3,804 | (4,152) | (184,830) |
| Premium paid | 333,957 | - | - | - | 333,957 | 197,799 | - | - | - | 197,799 |
| Claims recovered | - | - | (41,264) | - | (41,264) | - | - | (205,420) | - | (205,420) |
| Fixed commission received | (41,952) | - | - | - | (41,952) | 9,613 | - | - | - | 9,613 |
| Profit commission / sliding scale commission received | - | - | - | - | - | - | - | (1,371) | - | (1,371) |
| **Net cash flows for reinsurance contracts** | 292,005 | - | (41,264) | - | 250,741 | 207,412 | - | (206,791) | - | 621 |
| **Net closing reinsurance contract assets** | (172,432) | - | 236,343 | 6,111 | 70,022 | (33,805) | - | 172,701 | 2,826 | 141,722 |
| Closing reinsurance contract assets | (172,432) | - | 236,343 | 6,111 | 70,022 | (33,805) | - | 172,701 | 2,826 | 141,722 |
| Closing reinsurance contract (liabilities) | - | - | - | - | - | - | - | - | - | - |

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

| **4.2.1 Reinsurance contracts - PAA - Energy** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **AFRC** | | **AIC** | | | AFRC | | AIC | | |
| | **excluding LRC** | **LRC** | **excluding RA** | **RA** | **Total** | excluding LRC | LRC | excluding RA | RA | Total |
| | | | **SAR "000"** | | | | | SAR "000" | | |
| Opening reinsurance contract assets | **131,648** | **-** | **92,206** | **4,610** | **228,464** | 90,715 | - | 75,267 | 3,763 | 169,745 |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net opening reinsurance contract assets** | **131,648** | **-** | **92,206** | **4,610** | **228,464** | 90,715 | - | 75,267 | 3,763 | 169,745 |
| **Allocation of reinsurance premiums** | **(582,568)** | **-** | **-** | **-** | **(582,568)** | (623,472) | - | - | - | (623,472) |
| Incurred claims and other expenses | **-** | **-** | **107,986** | **2,973** | **110,959** | - | - | 92,198 | 4,610 | 96,808 |
| Changes to AIC for past services | **-** | **-** | **(67,688)** | **(4,297)** | **(71,985)** | - | - | (75,259) | (3,763) | (79,022) |
| Change in profit commission/ sliding scale commission | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **-** | **40,298** | **(1,324)** | **38,974** | - | - | 16,939 | 847 | 17,786 |
| **Net (expenses) / income from reinsurance contracts held** | **(582,568)** | **-** | **40,298** | **(1,324)** | **(543,594)** | (623,472) | - | 16,939 | 847 | (605,686) |
| **Finance income from reinsurance contracts held** | **-** | **-** | **1,124** | **-** | **1,124** | - | - | - | - | - |
| **Total changes in the statement of income** | **(582,568)** | **-** | **41,422** | **(1,324)** | **(542,470)** | (623,472) | - | 16,939 | 847 | (605,686) |
| Premium paid | **558,968** | **-** | **-** | **-** | **558,968** | 671,047 | - | - | - | 671,047 |
| Claims recovered | **-** | **-** | **(13,634)** | **-** | **(13,634)** | - | - | - | - | - |
| Fixed commission received | **(2,519)** | **-** | **-** | **-** | **(2,519)** | (6,642) | - | - | - | (6,642) |
| Profit commission / sliding scale commission received | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net cash flows for reinsurance contracts** | **556,449** | **-** | **(13,634)** | **-** | **542,815** | 664,405 | - | - | - | 664,405 |
| **Net closing reinsurance contract assets** | **105,529** | **-** | **119,994** | **3,286** | **228,809** | 131,648 | - | 92,206 | 4,610 | 228,464 |
| Closing reinsurance contract assets | **105,529** | **-** | **119,994** | **3,286** | **228,809** | 131,648 | - | 92,206 | 4,610 | 228,464 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

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

| **4.2.1 Reinsurance contracts - PAA - Engineering** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **AFRC** | | **AIC** | | | AFRC | | AIC | | |
| | **excluding LRC** | **LRC** | **excluding RA** | **RA** | **Total** | excluding LRC | LRC | excluding RA | RA | Total |
| | | | **SAR "000"** | | | | | SAR "000" | | |
| Opening reinsurance contract assets | **58,149** | **-** | **104,336** | **4,911** | **167,396** | (3,272) | - | 79,528 | 2,375 | 78,631 |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net opening reinsurance contract assets** | **58,149** | **-** | **104,336** | **4,911** | **167,396** | (3,272) | - | 79,528 | 2,375 | 78,631 |
| **Allocation of reinsurance premiums** | **(205,588)** | **-** | **-** | **-** | **(205,588)** | (136,437) | - | - | - | (136,437) |
| Incurred claims and other expenses | **-** | **-** | **48,759** | **2,054** | **50,813** | - | - | 55,555 | 2,986 | 58,541 |
| Changes to AIC for past services | **-** | **-** | **(44,754)** | **(3,303)** | **(48,057)** | - | - | (25,875) | (450) | (26,325) |
| Change in profit commission/ sliding scale commission | **-** | **-** | **718** | **-** | **718** | - | - | 5,954 | - | 5,954 |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **-** | **4,723** | **(1,249)** | **3,474** | - | - | 35,634 | 2,536 | 38,170 |
| **Net (expenses) / income from reinsurance contracts held** | **(205,588)** | **-** | **4,723** | **(1,249)** | **(202,114)** | (136,437) | - | 35,634 | 2,536 | (98,267) |
| **Finance income from reinsurance contracts held** | **-** | **-** | **2,144** | **-** | **2,144** | - | - | 208 | - | 208 |
| **Total changes in the statement of income** | **(205,588)** | **-** | **6,867** | **(1,249)** | **(199,970)** | (136,437) | - | 35,842 | 2,536 | (98,059) |
| Premium paid | **324,803** | **-** | **-** | **-** | **324,803** | 202,039 | - | - | - | 202,039 |
| Claims recovered | **-** | **-** | **(10,139)** | **-** | **(10,139)** | - | - | (6,857) | - | (6,857) |
| Fixed commission received | **(43,520)** | **-** | **-** | **-** | **(43,520)** | (4,181) | - | - | - | (4,181) |
| Profit commission / sliding scale commission received | **-** | **-** | **-** | **-** | **-** | - | - | (4,177) | - | (4,177) |
| **Net cash flows for reinsurance contracts** | **281,283** | **-** | **(10,139)** | **-** | **271,144** | 197,858 | - | (11,034) | - | 186,824 |
| **Net closing reinsurance contract assets** | **133,844** | **-** | **101,064** | **3,662** | **238,570** | 58,149 | - | 104,336 | 4,911 | 167,396 |
| Closing reinsurance contract assets | **133,844** | **-** | **101,064** | **3,662** | **238,570** | 58,149 | - | 104,336 | 4,911 | 167,396 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.2.1 Reinsurance contracts - PAA - Protection and Savings (P&S) - non-linked | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AFRC | | AIC | | | AFRC | | AIC | | |
| | excluding LRC | LRC | excluding RA | RA | Total | excluding LRC | LRC | excluding RA | RA | Total |
| | | | SAR "000" | | | | | SAR "000" | | |
| Opening reinsurance contract assets | (49,820) | - | 108,391 | 5,025 | 63,596 | (67,859) | - | 139,837 | 4,293 | 76,271 |
| Opening reinsurance contract (liabilities) | - | - | - | - | - | - | - | - | - | - |
| **Net opening reinsurance contract assets** | (49,820) | - | 108,391 | 5,025 | 63,596 | (67,859) | - | 139,837 | 4,293 | 76,271 |
| **Allocation of reinsurance premiums** | (26,719) | - | - | - | (26,719) | (63,292) | - | - | - | (63,292) |
| Incurred claims and other expenses | - | - | 23,349 | 699 | 24,048 | - | - | 61,717 | 2,433 | 64,150 |
| Changes to AIC for past services | - | - | (17,927) | (3,646) | (21,573) | - | - | (32,277) | (1,701) | (33,978) |
| Change in profit commission/ sliding scale commission | - | - | - | - | - | - | - | - | - | - |
| **Amounts recoverable from reinsurance for incurred claims** | - | - | 5,422 | (2,947) | 2,475 | - | - | 29,440 | 732 | 30,172 |
| **Net (expenses) / income from reinsurance contracts held** | (26,719) | - | 5,422 | (2,947) | (24,244) | (63,292) | - | 29,440 | 732 | (33,120) |
| **Finance income from reinsurance contracts held** | - | - | 1,449 | - | 1,449 | - | - | 1,031 | - | 1,031 |
| **Total changes in the statement of income** | (26,719) | - | 6,871 | (2,947) | (22,795) | (63,292) | - | 30,471 | 732 | (32,089) |
| Premium paid | 44,558 | - | - | - | 44,558 | 81,345 | - | - | - | 81,345 |
| Claims recovered | - | - | (56,025) | - | (56,025) | - | - | (61,917) | - | (61,917) |
| Fixed commission received | (685) | - | - | - | (685) | (14) | - | - | - | (14) |
| Profit commission / sliding scale commission received | - | - | - | - | - | - | - | - | - | - |
| **Net cash flows for reinsurance contracts** | 43,873 | - | (56,025) | - | (12,152) | 81,331 | - | (61,917) | - | 19,414 |
| **Net closing reinsurance contract assets** | (32,666) | - | 59,237 | 2,078 | 28,649 | (49,820) | - | 108,391 | 5,025 | 63,596 |
| Closing reinsurance contract assets | (32,666) | - | 59,237 | 2,078 | 28,649 | (49,820) | - | 108,391 | 5,025 | 63,596 |
| Closing reinsurance contract (liabilities) | - | - | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.2.1 Reinsurance contracts - PAA - Property and Casualty (P&C) - others | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AFRC | | AIC | | | AFRC | | AIC | | |
| | excluding LRC | LRC | excluding RA | RA | Total | excluding LRC | LRC | excluding RA | RA | Total |
| | | | SAR "000" | | | | | SAR "000" | | |
| Opening reinsurance contract assets | **13,474** | **-** | **138,888** | **5,181** | **157,543** | 40,231 | - | 108,517 | 2,050 | 150,798 |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | (3) | - | - | - | (3) |
| **Net opening reinsurance contract assets** | **13,474** | **-** | **138,888** | **5,181** | **157,543** | 40,228 | - | 108,517 | 2,050 | 150,795 |
| **Allocation of reinsurance premiums** | **(325,683)** | **-** | **-** | **-** | **(325,683)** | (308,470) | - | - | - | (308,470) |
| Incurred claims and other expenses | **-** | **-** | **66,370** | **2,072** | **68,442** | - | - | 50,121 | 1,813 | 51,934 |
| Changes to AIC for past services | **-** | **-** | **(35,710)** | **(1,230)** | **(36,940)** | - | - | (9,782) | 1,265 | (8,517) |
| Change in profit commission/ sliding scale commission | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **-** | **30,660** | **842** | **31,502** | - | - | 40,339 | 3,078 | 43,417 |
| **Net (expenses) / income from reinsurance contracts held** | **(325,683)** | **-** | **30,660** | **842** | **(294,181)** | (308,470) | - | 40,339 | 3,078 | (265,053) |
| **Finance income from reinsurance contracts held** | **-** | **-** | **3,151** | **1** | **3,152** | (29) | - | 483 | 1 | 455 |
| **Total changes in the statement of income** | **(325,683)** | **-** | **33,811** | **843** | **(291,029)** | (308,499) | - | 40,822 | 3,079 | (264,598) |
| **Insurance pool portfolio transition impact** | **-** | **-** | **-** | **-** | **-** | 533 | - | 260 | 52 | 845 |
| Premium paid | **291,635** | **-** | **-** | **-** | **291,635** | 299,108 | - | - | - | 299,108 |
| Claims recovered | **-** | **-** | **(5,371)** | **-** | **(5,371)** | - | - | (10,711) | - | (10,711) |
| Fixed commission received | **(19,872)** | **-** | **-** | **-** | **(19,872)** | (17,896) | - | - | - | (17,896) |
| Profit commission / sliding scale commission received | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net cash flows for reinsurance contracts** | **271,763** | **-** | **(5,371)** | **-** | **266,392** | 281,212 | - | (10,711) | - | 270,501 |
| **Net closing reinsurance contract assets** | **(40,446)** | **-** | **167,328** | **6,024** | **132,906** | 13,474 | - | 138,888 | 5,181 | 157,543 |
| Closing reinsurance contract assets | **(40,446)** | **-** | **167,328** | **6,024** | **132,906** | 13,474 | - | 138,888 | 5,181 | 157,543 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

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

| **4.2.2 Reinsurance contracts - GMM - Total** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **AFRC** | | **AIC** | | | AFRC | | AIC | | |
| | **excluding LRC** | **LRC** | **excluding RA** | **RA** | **Total** | excluding LRC | LRC | excluding RA | RA | Total |
| | | | **SAR "000"** | | | | | SAR "000" | | |
| Opening reinsurance contract assets | **21,259** | **392** | **961** | **42** | **22,654** | - | - | - | - | - |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | (1,048) | - | 444 | 35 | (569) |
| **Net opening reinsurance contract assets** | **21,259** | **392** | **961** | **42** | **22,654** | (1,048) | - | 444 | 35 | (569) |
| Expected claims recoverable | **(485)** | **-** | **-** | **-** | **(485)** | (404) | - | - | - | (404) |
| Change in risk adjustment for non-financial risk | **(2)** | **-** | **-** | **-** | **(2)** | - | - | - | - | - |
| Experience adjustments | **1,109** | **-** | **-** | **-** | **1,109** | - | - | - | - | - |
| CSM recognized during the period | **(17)** | **-** | **-** | **-** | **(17)** | 201 | - | - | - | 201 |
| **Allocation of reinsurance premiums** | **605** | **-** | **-** | **-** | **605** | (203) | - | - | - | (203) |
| Incurred claims and other expenses | **-** | **-** | **815** | **-** | **815** | - | - | 648 | 16 | 664 |
| Loss recovery component for onerous contracts | **-** | **(402)** | **-** | **-** | **(402)** | - | 392 | - | - | 392 |
| Changes to AIC for past services | **-** | **-** | **96** | **1** | **97** | - | - | (4) | (11) | (15) |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **(402)** | **911** | **1** | **510** | - | 392 | 644 | 5 | 1,041 |
| **Net (expenses) / income from reinsurance contracts held** | **605** | **(402)** | **911** | **1** | **1,115** | (203) | 392 | 644 | 5 | 838 |
| **Finance income from reinsurance contracts held** | **1,387** | **12** | **121** | **3** | **1,523** | (229) | - | 21 | 2 | (206) |
| **Total changes in the statement of income** | **1,992** | **(390)** | **1,032** | **4** | **2,638** | (432) | 392 | 665 | 7 | 632 |
| **Insurance pool portfolio transition impact** | **-** | **-** | **-** | **-** | **-** | 4,135 | - | - | - | 4,135 |
| Premium paid | **16,368** | **-** | **-** | **-** | **16,368** | 22,154 | - | - | - | 22,154 |
| Claims recovered | **-** | **-** | **(88)** | **-** | **(88)** | - | - | (148) | - | (148) |
| Fixed commission received | **(2,488)** | **-** | **-** | **-** | **(2,488)** | (3,550) | - | - | - | (3,550) |
| **Net cash flows for reinsurance contracts** | **13,880** | **-** | **(88)** | **-** | **13,792** | 18,604 | - | (148) | - | 18,456 |
| **Net closing reinsurance contract assets** | **37,131** | **2** | **1,905** | **46** | **39,084** | 21,259 | 392 | 961 | 42 | 22,654 |
| Closing reinsurance contract assets | **37,131** | **2** | **1,905** | **46** | **39,084** | 21,259 | 392 | 961 | 42 | 22,654 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

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

| **4.2.2 Reinsurance contracts - GMM - Property and Casualty (P&C) - others** | **For the year ended December 31, 2024** | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **AFRC** | | **AIC** | | | AFRC | | AIC | | |
| | **excluding LRC** | **LRC** | **excluding RA** | **RA** | **Total** | excluding LRC | LRC | excluding RA | RA | Total |
| | | | **SAR "000"** | | | | | SAR "000" | | |
| Opening reinsurance contract assets | **22,117** | **-** | **426** | **-** | **22,543** | - | - | - | - | - |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Net opening reinsurance contract assets** | **22,117** | **-** | **426** | **-** | **22,543** | - | - | - | - | - |
| Expected claims recoverable | **61** | **-** | **-** | **-** | **61** | 196 | - | - | - | 196 |
| Change in risk adjustment for non-financial risk | **(2)** | **-** | **-** | **-** | **(2)** | - | - | - | - | - |
| Experience adjustments | **1,109** | **-** | **-** | **-** | **1,109** | - | - | - | - | - |
| CSM recognized during the period | **(106)** | **-** | **-** | **-** | **(106)** | (3) | - | - | - | (3) |
| **Allocation of reinsurance premiums** | **1,062** | **-** | **-** | **-** | **1,062** | 193 | - | - | - | 193 |
| Incurred claims and other expenses | **-** | **-** | **815** | **-** | **815** | - | - | 426 | - | 426 |
| Loss recovery component for onerous contracts | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| Changes to AIC for past services | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |
| **Amounts recoverable from reinsurance for incurred claims** | **-** | **-** | **815** | **-** | **815** | - | - | 426 | - | 426 |
| **Net (expenses) / income from reinsurance contracts held** | **1,062** | **-** | **815** | **-** | **1,877** | 193 | - | 426 | - | 619 |
| **Finance income from reinsurance contracts held** | **1,413** | **-** | **86** | **-** | **1,499** | (188) | - | - | - | (188) |
| **Total changes in the statement of income** | **2,475** | **-** | **901** | **-** | **3,376** | 5 | - | 426 | - | 431 |
| **Insurance pool portfolio transition impact** | **-** | **-** | **-** | **-** | **-** | 4,135 | - | - | - | 4,135 |
| Premium paid | **15,502** | **-** | **-** | **-** | **15,502** | 21,527 | - | - | - | 21,527 |
| Claims recovered | **-** | **-** | **(13)** | **-** | **(13)** | - | - | - | - | - |
| Fixed commission received | **(2,488)** | **-** | **-** | **-** | **(2,488)** | (3,550) | - | - | - | (3,550) |
| **Net cash flows for reinsurance contracts** | **13,014** | **-** | **(13)** | **-** | **13,001** | 17,977 | - | - | - | 17,977 |
| **Net closing reinsurance contract assets** | **37,606** | **-** | **1,314** | **-** | **38,920** | 22,117 | - | 426 | - | 22,543 |
| Closing reinsurance contract assets | **37,606** | **-** | **1,314** | **-** | **38,920** | 22,117 | - | 426 | - | 22,543 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | **-** | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

### 4.2.2 Reinsurance contracts - GMM - Protection and Savings (P&S) - linked

| | For the year ended December 31, 2024 | | | | | For the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AFRC | | AIC | | | AFRC | | AIC | | |
| | excluding LRC | LRC | excluding RA | RA | Total | excluding LRC | LRC | excluding RA | RA | Total |
| | SAR "000" | | | | | SAR "000" | | | | |
| Opening reinsurance contract assets | **(858)** | **392** | **535** | **42** | **111** | - | - | - | - | - |
| Opening reinsurance contract (liabilities) | - | - | - | - | - | (1,048) | - | 444 | 35 | (569) |
| **Net opening reinsurance contract assets** | **(858)** | **392** | **535** | **42** | **111** | (1,048) | - | 444 | 35 | (569) |
| Expected claims recoverable | **(546)** | - | - | - | **(546)** | (600) | - | - | - | (600) |
| Change in risk adjustment for non-financial risk | - | - | - | - | - | - | - | - | - | - |
| Experience adjustments | - | - | - | - | - | - | - | - | - | - |
| CSM recognized during the period | **89** | - | - | - | **89** | 204 | - | - | - | 204 |
| **Allocation of reinsurance premiums** | **(457)** | - | - | - | **(457)** | (396) | - | - | - | (396) |
| Incurred claims and other expenses | - | - | - | - | - | - | - | 222 | 16 | 238 |
| Loss recovery component for onerous contracts | - | **(402)** | - | - | **(402)** | - | 392 | - | - | 392 |
| Changes to AIC for past services | - | - | **96** | **1** | **97** | - | - | (4) | (11) | (15) |
| **Amounts recoverable from reinsurance for incurred claims** | - | **(402)** | **96** | **1** | **(305)** | - | 392 | 218 | 5 | 615 |
| **Net (expenses) / income from reinsurance contracts held** | **(457)** | **(402)** | **96** | **1** | **(762)** | (396) | 392 | 218 | 5 | 219 |
| **Finance income from reinsurance contracts held** | **(26)** | **12** | **35** | **3** | **24** | (41) | - | 21 | 2 | (18) |
| **Total changes in the statement of income** | **(483)** | **(390)** | **131** | **4** | **(738)** | (437) | 392 | 239 | 7 | 201 |
| Premium paid | **866** | - | - | - | **866** | 627 | - | - | - | 627 |
| Claims recovered | - | - | **(75)** | - | **(75)** | - | - | (148) | - | (148) |
| Fixed commission received | - | - | - | - | - | - | - | - | - | - |
| **Net cash flows for reinsurance contracts** | **866** | - | **(75)** | - | **791** | 627 | - | (148) | - | 479 |
| **Net closing reinsurance contract assets** | **(475)** | **2** | **591** | **46** | **164** | (858) | 392 | 535 | 42 | 111 |
| Closing reinsurance contract assets | **(475)** | **2** | **591** | **46** | **164** | (858) | 392 | 535 | 42 | 111 |
| Closing reinsurance contract (liabilities) | - | - | - | - | - | - | - | - | - | - |

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

4.3 An analysis of measurement components of insurance and reinsurance contract assets and liabilities i.e. 'Estimates of Present Value of Future Cash Flows' (PVFCF), 'Risk Adjustment' (RA) and 'Contractual Service Margin' (CSM) for the contracts measured under the GMM - VFA has been included in the below tables:

| **4.3.1 Insurance contracts - GMM/VFA Total** | **For the year ended December 31, 2024** | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Estimates of PVFCF** | **Risk Adjustment (RA)** | **Contractual Service Margin (CSM)** | **Total** | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total |
| | **SAR "000"** | | | | SAR "000" | | | |
| Opening insurance contract liabilities | **532,510** | **1,664** | **52,650** | **586,824** | 452,951 | 919 | 36,656 | 490,526 |
| Opening insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net opening insurance contract liabilities** | **532,510** | **1,664** | **52,650** | **586,824** | 452,951 | 919 | 36,656 | 490,526 |
| Changes that relate to current services | **(4,149)** | **211** | **(1,760)** | **(5,698)** | (7,542) | 41 | (2,614) | (10,115) |
| Changes that relate to future services | **(49,016)** | **1,237** | **43,986** | **(3,793)** | 2,720 | 113 | (997) | 1,836 |
| Changes that relate to past services | **(1,639)** | **(168)** | **-** | **(1,807)** | (1,236) | (58) | - | (1,294) |
| **Insurance service result before reinsurance contracts held** | **(54,804)** | **1,280** | **42,226** | **(11,298)** | (6,058) | 96 | (3,611) | (9,573) |
| **Finance expenses from insurance contracts** | **(599)** | **147** | **2,530** | **2,078** | (1,621) | 44 | 1,744 | 167 |
| **Total changes in the statement of income** | **(55,403)** | **1,427** | **44,756** | **(9,220)** | (7,679) | 140 | (1,867) | (9,406) |
| **Changes in fair value of unit-linked investments** | **50,832** | **-** | **-** | **50,832** | 103,336 | - | - | 103,336 |
| **Insurance pool portfolio transition impact** | **(106)** | **-** | **-** | **(106)** | (3,832) | 605 | 17,861 | 14,634 |
| Premium received | **92,294** | **-** | **-** | **92,294** | 102,822 | - | - | 102,822 |
| Claims and directly attributable expenses paid | **(120,387)** | **-** | **-** | **(120,387)** | (113,493) | - | - | (113,493) |
| Insurance acquisition expenses paid | **(604)** | **-** | **-** | **(604)** | (1,595) | - | - | (1,595) |
| **Net cash flows for insurance contracts** | **(28,697)** | **-** | **-** | **(28,697)** | (12,266) | - | - | (12,266) |
| **Net closing insurance contract liabilities** | **499,136** | **3,091** | **97,406** | **599,633** | 532,510 | 1,664 | 52,650 | 586,824 |
| Closing insurance contract liabilities | **499,136** | **3,091** | **97,406** | **599,633** | 532,510 | 1,664 | 52,650 | 586,824 |
| Closing insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |

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

| **4.3.1 Insurance contracts - GMM - P&C - others** | **For the year ended December 31, 2024** | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Estimates of PVFCF** | **Risk Adjustment (RA)** | **Contractual Service Margin (CSM)** | **Total** | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total |
| | **SAR "000"** | | | | SAR "000" | | | |
| Opening insurance contract liabilities | **(2,735)** | **1,332** | **35,408** | **34,005** | - | - | - | - |
| Opening insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net opening insurance contract liabilities** | **(2,735)** | **1,332** | **35,408** | **34,005** | - | - | - | - |
| Changes that relate to current services | **1,409** | **12** | **339** | **1,760** | 333 | - | - | 333 |
| Changes that relate to future services | **(20,608)** | **946** | **17,332** | **(2,330)** | (18,011) | 727 | 17,284 | - |
| Changes that relate to past services | **-** | **24** | **-** | **24** | - | - | - | - |
| **Insurance service result before reinsurance contracts held** | **(19,199)** | **982** | **17,671** | **(546)** | (17,678) | 727 | 17,284 | 333 |
| **Finance expenses from insurance contracts** | **(315)** | **128** | **2,172** | **1,985** | (222) | - | 263 | 41 |
| **Total changes in the statement of income** | **(19,514)** | **1,110** | **19,843** | **1,439** | (17,900) | 727 | 17,547 | 374 |
| **Insurance pool portfolio transition impact** | **(106)** | **-** | **-** | **(106)** | (3,832) | 605 | 17,861 | 14,634 |
| Premium received | **19,883** | **-** | **-** | **19,883** | 19,326 | - | - | 19,326 |
| Claims and directly attributable expenses paid | **(197)** | **-** | **-** | **(197)** | (329) | - | - | (329) |
| Insurance acquisition expenses paid | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net cash flows for insurance contracts** | **19,686** | **-** | **-** | **19,686** | 18,997 | - | - | 18,997 |
| **Net closing insurance contract liabilities** | **(2,669)** | **2,442** | **55,251** | **55,024** | (2,735) | 1,332 | 35,408 | 34,005 |
| Closing insurance contract liabilities | **(2,669)** | **2,442** | **55,251** | **55,024** | (2,735) | 1,332 | 35,408 | 34,005 |
| Closing insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |

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

| **4.3.1 Insurance contracts - GMM - P&S - non-linked** | **For the year ended December 31, 2024** | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Estimates of PVFCF** | **Risk Adjustment (RA)** | **Contractual Service Margin (CSM)** | **Total** | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total |
| | **SAR "000"** | | | | SAR "000" | | | |
| Opening insurance contract liabilities | **86** | **5** | **481** | **572** | 32 | 4 | 225 | 261 |
| Opening insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net opening insurance contract liabilities** | **86** | **5** | **481** | **572** | 32 | 4 | 225 | 261 |
| Changes that relate to current services | **(102)** | **-** | **(116)** | **(218)** | (79) | - | (196) | (275) |
| Changes that relate to future services | **(242)** | **2** | **241** | **1** | (441) | - | 444 | 3 |
| Changes that relate to past services | **19** | **2** | **-** | **21** | 19 | 1 | - | 20 |
| **Insurance service result before reinsurance contracts held** | **(325)** | **4** | **125** | **(196)** | (501) | 1 | 248 | (252) |
| **Finance expenses from insurance contracts** | **(1)** | **-** | **12** | **11** | (5) | - | 8 | 3 |
| **Total changes in the statement of income** | **(326)** | **4** | **137** | **(185)** | (506) | 1 | 256 | (249) |
| Premium received | **264** | **-** | **-** | **264** | 560 | - | - | 560 |
| Claims and directly attributable expenses paid | **-** | **-** | **-** | **-** | - | - | - | - |
| Insurance acquisition expenses paid | **(1)** | **-** | **-** | **(1)** | - | - | - | - |
| **Net cash flows for insurance contracts** | **263** | **-** | **-** | **263** | 560 | - | - | 560 |
| **Net closing insurance contract liabilities** | **23** | **9** | **618** | **650** | 86 | 5 | 481 | 572 |
| Closing insurance contract liabilities | **23** | **9** | **618** | **650** | 86 | 5 | 481 | 572 |
| Closing insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.3.1 Insurance contracts - VFA - P&S - linked | For the year ended December 31, 2024 | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total |
| | SAR "000" | | | | SAR "000" | | | |
| Opening insurance contract liabilities | **535,159** | **327** | **16,761** | **552,247** | 452,919 | 915 | 36,431 | 490,265 |
| Opening insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net opening insurance contract liabilities** | **535,159** | **327** | **16,761** | **552,247** | 452,919 | 915 | 36,431 | 490,265 |
| Changes that relate to current services | **(5,456)** | **199** | **(1,983)** | **(7,240)** | (7,796) | 41 | (2,418) | (10,173) |
| Changes that relate to future services | **(28,166)** | **289** | **26,413** | **(1,464)** | 21,172 | (614) | (18,725) | 1,833 |
| Changes that relate to past services | **(1,658)** | **(194)** | **-** | **(1,852)** | (1,255) | (59) | - | (1,314) |
| **Insurance service result before reinsurance contracts held** | **(35,280)** | **294** | **24,430** | **(10,556)** | 12,121 | (632) | (21,143) | (9,654) |
| **Finance expenses from insurance contracts** | **(283)** | **19** | **346** | **82** | (1,394) | 44 | 1,473 | 123 |
| **Total changes in the statement of income** | **(35,563)** | **313** | **24,776** | **(10,474)** | 10,727 | (588) | (19,670) | (9,531) |
| **Changes in fair value of unit-linked investments** | **50,832** | **-** | **-** | **50,832** | 103,336 | - | - | 103,336 |
| Premium received | **72,147** | **-** | **-** | **72,147** | 82,936 | - | - | 82,936 |
| Claims and directly attributable expenses paid | **(120,190)** | **-** | **-** | **(120,190)** | (113,164) | - | - | (113,164) |
| Insurance acquisition expenses paid | **(603)** | **-** | **-** | **(603)** | (1,595) | - | - | (1,595) |
| **Net cash flows for insurance contracts** | **(48,646)** | **-** | **-** | **(48,646)** | (31,823) | - | - | (31,823) |
| **Net closing insurance contract liabilities** | **501,782** | **640** | **41,537** | **543,959** | 535,159 | 327 | 16,761 | 552,247 |
| Closing insurance contract liabilities | **501,782** | **640** | **41,537** | **543,959** | 535,159 | 327 | 16,761 | 552,247 |
| Closing insurance contract (assets) | **-** | **-** | **-** | **-** | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| 4.3.2 Reinsurance contracts - GMM - Total | For the year ended December 31, 2024 | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total |
| | SAR "000" | | | | SAR "000" | | | |
| Opening reinsurance contract assets | (4,072) | (1,169) | 27,895 | 22,654 | - | - | - | - |
| Opening reinsurance contract (liabilities) | - | - | - | - | 444 | 35 | (1,048) | (569) |
| **Net opening reinsurance contract assets** | (4,072) | (1,169) | 27,895 | 22,654 | 444 | 35 | (1,048) | (569) |
| Changes that relate to current services | 37,393 | 1,814 | (2,687) | 36,520 | 253 | 7 | 201 | 461 |
| Changes that relate to future services | (39,485) | 1,252 | 2,731 | (35,502) | (13,240) | (649) | 14,280 | 391 |
| Changes that relate to past services | 96 | 1 | - | 97 | (12) | (2) | - | (14) |
| **Net (expenses) / income from reinsurance contracts held** | (1,996) | 3,067 | 44 | 1,115 | (12,999) | (644) | 14,481 | 838 |
| **Finance income from reinsurance contracts held** | (130) | 64 | 1,589 | 1,523 | (377) | 2 | 169 | (206) |
| **Total changes in the statement of income** | (2,126) | 3,131 | 1,633 | 2,638 | (13,376) | (642) | 14,650 | 632 |
| **Insurance pool portfolio transition impact** | - | - | - | - | (9,596) | (562) | 14,293 | 4,135 |
| Premium paid | 16,368 | - | - | 16,368 | 22,154 | - | - | 22,154 |
| Claims recovered | (88) | - | - | (88) | (148) | - | - | (148) |
| Fixed commission received | (2,488) | - | - | (2,488) | (3,550) | - | - | (3,550) |
| **Net cash flows for reinsurance contracts** | 13,792 | - | - | 13,792 | 18,456 | - | - | 18,456 |
| **Net closing reinsurance contract assets** | 7,594 | 1,962 | 29,528 | 39,084 | (4,072) | (1,169) | 27,895 | 22,654 |
| Closing reinsurance contract assets | 7,594 | 1,962 | 29,528 | 39,084 | (4,072) | (1,169) | 27,895 | 22,654 |
| Closing reinsurance contract (liabilities) | - | - | - | - | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| **4.3.2 Reinsurance contracts - GMM - P&C - others** | **For the year ended December 31, 2024** | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Estimates of PVFCF** | **Risk Adjustment (RA)** | **Contractual Service Margin (CSM)** | **Total** | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total |
| | **SAR "000"** | | | | SAR "000" | | | |
| Opening reinsurance contract assets | **(4,608)** | **(1,211)** | **28,362** | **22,543** | - | - | - | - |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net opening reinsurance contract assets** | **(4,608)** | **(1,211)** | **28,362** | **22,543** | - | - | - | - |
| Changes that relate to current services | **37,939** | **1,814** | **(2,776)** | **36,977** | 622 | - | (3) | 619 |
| Changes that relate to future services | **(39,165)** | **1,252** | **2,813** | **(35,100)** | (13,213) | (649) | 13,862 | - |
| Changes that relate to past services | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net (expenses) / income from reinsurance contracts held** | **(1,226)** | **3,066** | **37** | **1,877** | (12,591) | (649) | 13,859 | 619 |
| **Finance income from reinsurance contracts held** | **(165)** | **61** | **1,603** | **1,499** | (398) | - | 210 | (188) |
| **Total changes in the statement of income** | **(1,391)** | **3,127** | **1,640** | **3,376** | (12,989) | (649) | 14,069 | 431 |
| **Insurance pool portfolio transition impact** | **-** | **-** | **-** | **-** | (9,596) | (562) | 14,293 | 4,135 |
| Premium paid | **15,502** | **-** | **-** | **15,502** | 21,527 | - | - | 21,527 |
| Claims recovered | **(13)** | **-** | **-** | **(13)** | - | - | - | - |
| Fixed commission received | **(2,488)** | **-** | **-** | **(2,488)** | (3,550) | - | - | (3,550) |
| **Net cash flows for reinsurance contracts** | **13,001** | **-** | **-** | **13,001** | 17,977 | - | - | 17,977 |
| **Net closing reinsurance contract assets** | **7,002** | **1,916** | **30,002** | **38,920** | (4,608) | (1,211) | 28,362 | 22,543 |
| Closing reinsurance contract assets | **7,002** | **1,916** | **30,002** | **38,920** | (4,608) | (1,211) | 28,362 | 22,543 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | - | - | - | - |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

| **4.3.2 Reinsurance contracts - GMM - P&S - linked** | **For the year ended December 31, 2024** | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Estimates of PVFCF** | **Risk Adjustment (RA)** | **Contractual Service Margin (CSM)** | **Total** | Estimates of PVFCF | Risk Adjustment (RA) | Contractual Service Margin (CSM) | Total |
| | **SAR "000"** | | | | SAR "000" | | | |
| Opening reinsurance contract assets | **536** | **42** | **(467)** | **111** | - | - | - | - |
| Opening reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | 444 | 35 | (1,048) | (569) |
| **Net opening reinsurance contract assets** | **536** | **42** | **(467)** | **111** | 444 | 35 | (1,048) | (569) |
| Changes that relate to current services | **(546)** | **-** | **89** | **(457)** | (369) | 7 | 204 | (158) |
| Changes that relate to future services | **(320)** | **-** | **(82)** | **(402)** | (27) | - | 418 | 391 |
| Changes that relate to past services | **96** | **1** | **-** | **97** | (12) | (2) | - | (14) |
| **Net (expenses) / income from reinsurance contracts held** | **(770)** | **1** | **7** | **(762)** | (408) | 5 | 622 | 219 |
| **Finance income from reinsurance contracts held** | **35** | **3** | **(14)** | **24** | 21 | 2 | (41) | (18) |
| **Total changes in the statement of income** | **(735)** | **4** | **(7)** | **(738)** | (387) | 7 | 581 | 201 |
| Premium paid | **866** | **-** | **-** | **866** | 627 | - | - | 627 |
| Claims recovered | **(75)** | **-** | **-** | **(75)** | (148) | - | - | (148) |
| Fixed commission received | **-** | **-** | **-** | **-** | - | - | - | - |
| **Net cash flows for reinsurance contracts** | **791** | **-** | **-** | **791** | 479 | - | - | 479 |
| **Net closing reinsurance contract assets** | **592** | **46** | **(474)** | **164** | 536 | 42 | (467) | 111 |
| Closing reinsurance contract assets | **592** | **46** | **(474)** | **164** | 536 | 42 | (467) | 111 |
| Closing reinsurance contract (liabilities) | **-** | **-** | **-** | **-** | - | - | - | - |

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

4.4 Impact of new contracts issued during the year for the contracts measured under the GMM/VFA valuation approaches:

| | **For the year ended December 31, 2024** | | | For the year ended December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Non-onerous contracts** | **Onerous contracts** | **Total** | Non-onerous contracts | Onerous contracts | Total |
| | **SAR "000"** | | | SAR "000" | | |
| Insurance acquisition cash flows | **69,654** | **157** | **69,811** | 52,385 | 385 | 52,770 |
| Claims and other directly attributable expenses | **9,073** | **113** | **9,186** | 7,930 | 436 | 8,366 |
| Estimates of the present value of future cash outflows | **78,727** | **270** | **78,997** | 60,315 | 821 | 61,136 |
| Estimates of the present value of future cash inflows | **(97,448)** | **(31)** | **(97,479)** | (79,786) | (573) | (80,359) |
| Risk adjustment for non-financial risk | **895** | **1** | **896** | 757 | 9 | 766 |
| Contractual service margin (CSM) | **17,826** | **(195)** | **17,631** | 18,714 | (88) | 18,626 |
| **Increase in insurance contract liabilities from the new contracts issued** | **-** | **45** | **45** | - | 169 | 169 |

4.5 For contracts measured under the GMM/VFA valuation approaches, insurance revenue and the 'Contractual Service Margin' (CSM) movement by transition methods is as below:

a) New contracts issued and contracts measured under the full retrospective approach at transition (Full retrospective)
b) Contracts measured under the modified retrospective approach at transition (Modified retrospective)
c) Contracts measured under the fair value approach at transition (Fair value)

| | **For the year ended December 31, 2024** | | | | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Full retrospective** | **Modified retrospective** | **Fair value** | **Total** | Full retrospective | Modified retrospective | Fair value | Total |
| | **SAR "000"** | | | | SAR "000" | | | |
| **Insurance revenue** | **9,453** | **1,141** | **3,248** | **13,842** | 8,710 | 4,767 | 1,656 | 15,133 |
| **CSM at the beginning of the year** | **51,213** | **1,131** | **306** | **52,650** | 17,731 | 13,484 | 5,441 | 36,656 |
| CSM recognized during the year for services provided | **(1,236)** | **(234)** | **(290)** | **(1,760)** | (1,510) | (739) | (365) | (2,614) |
| Changes in estimates that adjust the CSM | **12,509** | **4,504** | **9,342** | **26,355** | (2,287) | (13,349) | (3,987) | (19,623) |
| Contracts initially recognized during the year | **17,631** | **-** | **-** | **17,631** | 18,626 | - | - | 18,626 |
| Finance expenses from insurance contracts | **2,459** | **4** | **67** | **2,530** | 792 | 910 | 42 | 1,744 |
| Transition impact - insurance pool portfolio | **-** | **-** | **-** | **-** | 17,861 | - | - | 17,861 |
| **Total amount recognized in the statement of income** | **31,363** | **4,274** | **9,119** | **44,756** | 33,482 | (13,178) | (4,310) | 15,994 |
| **CSM at the end of the year** | **82,576** | **5,405** | **9,425** | **97,406** | 51,213 | 306 | 1,131 | 52,650 |

## 4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.6 Expected recognition of the CSM for the contracts measured under GMM/VFA is as below:

| **December 31, 2024** | **Insurance contracts issued** | | | | **Reinsurance contracts held** | | |
|---|---|---|---|---|---|---|---|
| Number of years until expected to be recognized: | **P&C - others** | **P&S - non unit-linked** | **P&S - unit-linked** | **Total** | **P&C - others** | **P&S - unit-linked** | **Total** |
| | **SAR "000"** | | | | **SAR "000"** | | |
| 1 year | **(1,228)** | **63** | **3,555** | **2,390** | **(655)** | **(49)** | **(704)** |
| 2 years | **3,827** | **69** | **3,518** | **7,414** | **2,055** | **(48)** | **2,007** |
| 3 years | **15,493** | **65** | **3,388** | **18,946** | **8,385** | **(44)** | **8,341** |
| 4 years | **23,803** | **59** | **3,290** | **27,152** | **12,943** | **(43)** | **12,900** |
| 5 years | **6,080** | **59** | **3,184** | **9,323** | **3,331** | **(40)** | **3,291** |
| 6 to 10 years | **7,191** | **203** | **12,849** | **20,243** | **3,896** | **(138)** | **3,758** |
| More than 10 years | **85** | **100** | **11,753** | **11,938** | **47** | **(112)** | **(65)** |
| **Total** | **55,251** | **618** | **41,537** | **97,406** | **30,002** | **(474)** | **29,528** |

| **December 31, 2023** | **Insurance contracts issued** | | | | **Reinsurance contracts held** | | |
|---|---|---|---|---|---|---|---|
| Number of years until expected to be recognized: | **P&C - others** | **P&S - non unit-linked** | **P&S - unit-linked** | **Total** | **P&C - others** | **P&S - unit-linked** | **Total** |
| | **SAR "000"** | | | | **SAR "000"** | | |
| 1 year | 2 | 98 | 1,355 | 1,455 | 2 | (45) | (43) |
| 2 years | 187 | 42 | 1,356 | 1,585 | 146 | (44) | 102 |
| 3 years | 1,852 | 41 | 1,329 | 3,222 | 1,453 | (43) | 1,410 |
| 4 years | 7,267 | 41 | 1,260 | 8,568 | 5,966 | (39) | 5,927 |
| 5 years | 13,769 | 41 | 1,233 | 15,043 | 10,916 | (39) | 10,877 |
| 6 to 10 years | 12,056 | 155 | 5,402 | 17,613 | 9,661 | (146) | 9,515 |
| More than 10 years | 275 | 63 | 4,826 | 5,164 | 218 | (111) | 107 |
| **Total** | 35,408 | 481 | 16,761 | 52,650 | 28,362 | (467) | 27,895 |

| 5. INSURANCE SERVICE RESULT | 2024 | 2023 |
|---|---|---|
| | SAR "000" | |
| **5.1 Insurance revenue** | | |
| ***Contracts measured under GMM/VFA:*** | | |
| Expected claims expenses | **1,784** | 994 |
| Expected directly attributable expenses | **5,030** | 6,703 |
| Loss component run off | **3,351** | 3,836 |
| Expected other insurance service expenses | **131** | (322) |
| Change in risk adjustment for non-financial risk | **25** | 87 |
| CSM recognized during the period | **2,309** | 2,616 |
| Recovery of insurance acquisition cash flows | **1,212** | 1,219 |
| **Insurance revenue from contracts measured under GMM/VFA** | **13,842** | 15,133 |
| ***Contracts measured under PAA:*** | | |
| Premiums earned | **3,337,738** | 2,859,315 |
| Expected credit losses - movement for the year | **(7,000)** | 13,194 |
| **Insurance revenue from contracts measured under PAA** | **3,330,738** | 2,872,509 |
| **Total insurance revenue** | **3,344,580** | 2,887,642 |
| **5.2 Insurance service expenses** | | |
| Incurred claims and other expenses | **(1,881,313)** | (1,630,567) |
| Losses on onerous contracts | **(14,126)** | (4,254) |
| Changes to liabilities for incurred claims for past services | **234,852** | 257,501 |
| Insurance acquisition costs | **(328,217)** | (291,463) |
| Surplus distribution for the year | **-** | (10,423) |
| **Total Insurance Service Expenses** | **(1,988,804)** | (1,679,206) |
| **Insurance service results before reinsurance contracts held** | **1,355,776** | 1,208,436 |
| **5.3 Allocation of reinsurance (RI) premiums** | | |
| ***Contracts measured under GMM/VFA:*** | | |
| Expected claims recoverable | **(485)** | (404) |
| Change in risk adjustment for non-financial risk | **(2)** | - |
| Experience adjustments | **1,109** | - |
| CSM recognized during the period | **(17)** | 201 |
| **Allocation of RI premiums from contracts measured under GMM/VFA** | **605** | (203) |
| ***Contracts measured under PAA:*** | | |
| Reinsurance premiums expense | **(1,652,226)** | (1,400,240) |
| Reinsurance commissions earned | **77,352** | 78,830 |
| **Allocation of RI premiums from contracts measured under PAA** | **(1,574,874)** | (1,321,410) |
| **Total allocation of reinsurance premiums** | **(1,574,269)** | (1,321,613) |
| **5.4 Amounts recoverable from reinsurers for incurred claims** | | |
| Incurred claims and other expenses | **421,384** | 345,994 |
| Losses recovered on onerous contracts | **(402)** | 392 |
| Changes in recoverables from incurred claims for past services | **(241,234)** | (215,241) |
| Change in profit commission/ sliding scale commission | **2,664** | 10,153 |
| **Total amounts recoverable from reinsurers for incurred claims** | **182,412** | 141,298 |
| **Net expenses from reinsurance contracts held** | **(1,391,857)** | (1,180,315) |
| **Insurance service results** | **(36,081)** | 28,121 |

## 6. NET INSURANCE FINANCE EXPENSES

An analysis of finance income / (expenses) from insurance contracts issued and reinsurance contracts held along with the corresponding investment income recognized in statement of income and statement of other comprehensive income for the year ended December 31, 2024 and December 31, 2023 respectively is presented below:

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| **Investment income pertaining to insurance operations** | | |
| Recognized in statement of income | **51,332** | 40,195 |
| Recognized in other comprehensive income | **-** | - |
| **Total investment income** | **51,332** | 40,195 |
| **6.1 Finance expense from insurance contracts issued** | | |
| Interest accreted using locked in interest rates | **(2,530)** | (1,744) |
| Effects of changes in interest rates and other financial assumptions | **(19,037)** | (4,541) |
| Finance expense offset for Investment component | **(50,832)** | (103,336) |
| Fair value gain on investment for unit-linked contracts* | **50,832** | 103,336 |
| **Finance expense from insurance contracts issued** | **(21,567)** | (6,285) |
| **6.2 Finance income from reinsurance contracts held** | | |
| Interest accreted using locked in interest rates | **1,589** | 169 |
| Effects of changes in interest rates and other financial assumptions | **11,405** | 1,763 |
| **Finance income from reinsurance contracts held** | **12,994** | 1,932 |
| **Net insurance finance expense** | | |
| Recognized in statement of income | **(8,573)** | (4,353) |
| Recognized in other comprehensive income | **-** | - |
| **Net insurance finance expense** | **(8,573)** | (4,353) |

*Since there is an obligation to pass on the entire fair value gain / (loss) on the unit-linked investment funds to the investors, the Company has presented the fair value gain on financial assets for unit-linked contracts as insurance finance income / (expenses) instead of net investment income.

## 7. GROSS WRITTEN PREMIUM

Analysis of gross written premium (GWP) during the year is as follows:

| | **For the year ended December 31, 2024** | | | | | |
|---|---|---|---|---|---|---|
| | **Corporate** | | | | **Retail** | |
| | **Micro** | **Small** | **Medium** | **Large** | **Individual** | **Total** |
| | **SAR "000"** | | | | | |
| Medical | **67,726** | **32,966** | **88,471** | **235,556** | **90,636** | **515,355** |
| Motor | **6,665** | **18,035** | **49,226** | **83,625** | **526,866** | **684,417** |
| Property | **7,641** | **47,942** | **69,538** | **530,386** | **8** | **655,515** |
| Energy | **-** | **2,729** | **10,452** | **578,624** | **-** | **591,805** |
| Engineering | **7,666** | **17,211** | **69,248** | **220,187** | **-** | **314,312** |
| P&S - non-linked | **9,394** | **2,573** | **31,413** | **161,638** | **156** | **205,174** |
| P&S - linked | **-** | **-** | **-** | **-** | **72,119** | **72,119** |
| P&C - others | **5,856** | **32,886** | **77,396** | **329,746** | **19,931** | **465,815** |
| Total | **104,948** | **154,342** | **395,744** | **2,139,762** | **709,716** | **3,504,512** |

| | For the year ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Corporate | | | | Retail | |
| | Micro | Small | Medium | Large | Individual | Total |
| | SAR "000" | | | | | |
| Medical | 67,269 | 57,662 | 82,460 | 352,320 | 120,409 | 680,120 |
| Motor | 18,111 | 21,877 | 21,217 | 64,094 | 669,916 | 795,215 |
| Property | 41,131 | 32,085 | 44,052 | 181,538 | - | 298,806 |
| Energy | 10,538 | 473 | 18,497 | 548,243 | - | 577,751 |
| Engineering | 11,178 | 16,494 | 54,141 | 163,087 | - | 244,900 |
| P&S - non-linked | 55,907 | 1,898 | 6,820 | 142,036 | 385 | 207,046 |
| P&S - linked | - | - | - | - | 76,839 | 76,839 |
| P&C - others | 32,726 | 63,022 | 64,168 | 242,976 | 62,592 | 465,484 |
| Total | 236,860 | 193,511 | 291,355 | 1,694,294 | 930,141 | 3,346,161 |

## 8. EXPENSE ALLOCATION ANALYSIS

(a) Following is the breakdown of expenses incurred during the year by category:

| | 2024 | 2023 |
|---|---|---|
| **Common general and administrative expenses** | SAR "000" | |
| Salaries and Staff Cost | **137,202** | 121,099 |
| Depreciation and amortization | **33,255** | 23,818 |
| Information Technology Cost | **14,980** | 17,161 |
| Communication | **14,307** | 10,816 |
| Occupancy Cost (Rent, Lease Of Office Space) | **4,786** | 6,299 |
| Travel expenses | **2,440** | 2,181 |
| Marketing, Advertising And Promotion | **2,188** | 1,251 |
| Other Expenses* | **48,246** | 48,499 |
| **Total** | **257,404** | 231,124 |

| | 2024 | 2023 |
|---|---|---|
| **Allocation of common general and administrative expenses is as below:** | | |
| Reported as a part of insurance service expenses as other directly attributable expenses allocated to insurance operations | **222,126** | 194,085 |
| Other operating expenses | **35,278** | 37,039 |
| **Total** | **257,404** | 231,124 |

(b) Breakdown of the other attributable expenses allocated to insurance operations as reported as a part of insurance service expenses by major product line of business is presented below:

| | **For the year ended December 31, 2024** | | | For the year ended December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Insurance acquisition costs** | **Attributable non-acquisition expenses** | **Total** | Insurance acquisition costs | Attributable non-acquisition expenses | Total |
| | **SAR "000"** | | | SAR "000" | | |
| Medical | **13,863** | **41,950** | **55,813** | 6,368 | 42,837 | 49,205 |
| Motor | **18,522** | **58,142** | **76,664** | 5,921 | 63,500 | 69,421 |
| Property | **13,323** | **9,517** | **22,840** | 2,863 | 10,276 | 13,139 |
| Engineering | **10,325** | **6,999** | **17,324** | 2,419 | 8,226 | 10,645 |
| Energy | **677** | **859** | **1,536** | 3,165 | 11,006 | 14,171 |
| Protection and savings - non-linked | **3,772** | **13,883** | **17,655** | 1,586 | 13,922 | 15,508 |
| Others | **15,848** | **14,446** | **30,294** | 3,878 | 18,118 | 21,996 |
| Total | **76,330** | **145,796** | **222,126** | 26,200 | 167,885 | 194,085 |

*The amount includes auditors' remuneration for statutory audit of Company's financial statements for 2024 amounting to SAR 0.94 million (2023: SAR 0.92 million). Auditor's remuneration for review of Company's financial information during the year 2024 amounts to SAR 0.51 million (2023: SAR 0.43 million). Fees for other statutory and related services provided by Auditors amounts to SAR 0.17 million (2023: SAR 0.07 million)

## 9. CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

### (a) Cash and cash equivalents:

Cash and cash equivalents comprise the following:

| | Insurance operations | | Shareholders' operations | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | | | SAR "000" | | | |
| Cash and bank balances | **650,622** | 428,908 | **309,179** | 8,506 | **959,801** | 437,414 |
| Deposits maturing within 3 months from acquisition date | **2,479** | 75,000 | **-** | - | **2,479** | 75,000 |
| ECL on cash and cash equivalents | **(10)** | (3) | **(2)** | - | **(12)** | (3) |
| **Total** | **653,091** | 503,905 | **309,177** | 8,506 | **962,268** | 512,411 |

### (b) Short term deposits:

Short term deposits are placed with counterparties that have credit ratings equivalent to A+ to A- as accredited by renowned credit rating agencies. Short term deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia for a period greater than three months and less than or equal to 1 year from the date of original acquisition. The Commission Income is earned at competitive rates prevailing in the market. The carrying amounts of these short-term deposits are reasonably approximate to the fair value at the statement of financial position date.

## 10. INVESTMENTS

Investments are classified as follows:

| | | Insurance operations | | Shareholders' operations | | Total | |
|---|---|---|---|---|---|---|---|
| | **Note** | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | | | | SAR "000" | | | |
| Investments measured at FVTPL | 10.1 | **-** | - | **538,563** | 484,537 | **538,563** | 484,537 |
| Investments measured at FVOCI | 10.2 | **-** | - | **127,872** | 86,925 | **127,872** | 86,925 |
| Investments measured at amortized cost | 10.3 | **141,564** | 141,378 | **568,123** | 403,662 | **709,687** | 545,040 |
| Investment in joint venture | 10.4 | **-** | - | **12,600** | - | **12,600** | - |
| **Total** | | **141,564** | 141,378 | **1,247,158** | 975,124 | **1,388,722** | 1,116,502 |

## 10. INVESTMENTS (CONTINUED)

### 10.1 Investments measured at fair value through statement of income (FVTPL)

**(a) Breakdown of financial assets measured at FVTPL is as follows:**

| | Domestic | | International | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | | | SAR "000" | | | |
| Listed equities | **294,827** | 267,334 | **4,858** | - | **299,685** | 267,334 |
| Listed Funds | **-** | - | **37,470** | 37,014 | **37,470** | 37,014 |
| Unlisted Funds | **190,158** | 176,439 | **11,250** | 3,750 | **201,408** | 180,189 |
| **Total** | **484,985** | 443,773 | **53,578** | 40,764 | **538,563** | 484,537 |

**(b) The movement in investments measured at FVTPL is as follows:**

| | Insurance operations | | Shareholders' operations | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | | | SAR "000" | | | |
| Opening balance | **-** | - | **484,537** | 366,187 | **484,537** | 366,187 |
| Purchases | **-** | - | **245,558** | 279,477 | **245,558** | 279,477 |
| Disposals | **-** | - | **(240,076)** | (251,025) | **(240,076)** | (251,025) |
| Realized gain on disposals | **-** | - | **43,892** | 9,202 | **43,892** | 9,202 |
| Changes in fair value of financial assets, net | **-** | - | **4,652** | 80,696 | **4,652** | 80,696 |
| **Closing balance** | **-** | - | **538,563** | 484,537 | **538,563** | 484,537 |

## 10. INVESTMENTS (CONTINUED)

### 10.2 Investments measured at fair value through statement of comprehensive income (FVOCI)

**(a) Breakdown of financial assets measured at FVOCI is as follows:**

| | Domestic | | International | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | SAR "000" | | | | | |
| Non-listed equities: | | | | | | |
| - Najm | **122,247** | 86,925 | **-** | - | **122,247** | 86,925 |
| - Others | **-** | - | **5,625** | - | **5,625** | - |
| **Total** | **122,247** | 86,925 | **5,625** | - | **127,872** | 86,925 |

**(b) The movement in investments measured at FVOCI is as follows:**

| | Insurance operations | | Shareholders' operations | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | SAR "000" | | | | | |
| Opening balance | **-** | - | **86,925** | 79,406 | **86,925** | 79,406 |
| Purchases | **-** | - | **5,625** | - | **5,625** | - |
| Changes in fair value of financial assets, net | **-** | - | **35,322** | 7,519 | **35,322** | 7,519 |
| **Closing balance** | **-** | - | **127,872** | 86,925 | **127,872** | 86,925 |

## 10. INVESTMENTS (CONTINUED)

### 10.3 Investments measured at amortized cost

**(a)** The breakdown of investments measured at amortized cost after considering accrued commission income and ECL adjustments is as follows:

| | Domestic | | International | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | SAR "000" | | | | | |
| Sukuks | **709,687** | 545,040 | **-** | - | **709,687** | 545,040 |
| **Total** | **709,687** | 545,040 | **-** | - | **709,687** | 545,040 |

**(b) The movement in investments measured at amortized cost is as follows:**

| | Insurance operations | | Shareholders' operations | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | SAR "000" | | | | | |
| Opening balance | **141,378** | 214,072 | **403,662** | 304,458 | **545,040** | 518,530 |
| Purchases | **-** | 26,899 | **170,738** | 141,722 | **170,738** | 168,621 |
| Maturity / Disposals | **-** | (100,000) | **(10,032)** | (38,860) | **(10,032)** | (138,860) |
| Commission income for the year | **4,881** | 5,974 | **18,091** | 10,631 | **22,972** | 16,605 |
| Commissions collected during the year | **(5,258)** | (6,100) | **(14,707)** | (15,078) | **(19,965)** | (21,178) |
| Amortization of discount / (premium), net | **561** | 538 | **370** | 800 | **931** | 1,338 |
| Expected credit loss adjustments | **2** | (5) | **1** | (11) | **3** | (16) |
| **Closing balance** | **141,564** | 141,378 | **568,123** | 403,662 | **709,687** | 545,040 |

### 10.4 Investment in Joint Venture

During the year, the Company invested SAR 12.6 million for a 42% interest in a joint venture to support its business operations. The joint venture has not yet started its operations during the year 2024.

## 11. PREPAID EXPENSES AND OTHER ASSETS

| | 2024 | 2023 |
|---|---|---|
| | SAR "000" | |
| Prepaid Rent | **1,310** | 1,445 |
| Prepaid expenses, subscription and fees | **51,376** | 26,315 |
| Prepaid staff expenses | **9,108** | 4,594 |
| Other receivables | **24,717** | 20,429 |
| Expected credit losses (ECL) on other receivables | **(51)** | (19) |
| **Total** | **86,460** | 52,764 |

## 12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for buildings used in its operations. Leases of these buildings generally have lease terms between 1 and 5 years. The Company is restricted from assigning and subleasing the leased assets.

Following are the details of right-of-use assets recognised and the movements during the year:

| | 2024 | 2023 |
|---|---|---|
| **Cost:** | SAR "000" | |
| January 1 | **14,549** | 12,976 |
| Additions | **26,449** | 1,573 |
| Disposals | **(10,079)** | - |
| December 31 | **30,919** | 14,549 |
| **Accumulated depreciation** | | |
| January 1 | **10,319** | 6,621 |
| Charge for the year | **7,496** | 3,698 |
| Disposals | **(10,079)** | - |
| December 31 | **7,736** | 10,319 |
| **Net book value of right of use assets** | | |
| December 31 | **23,183** | 4,230 |

| | 2024 | 2023 |
|---|---|---|
| | SAR "000" | |
| Lease liabilities due within 1 year | **6,709** | 1,664 |
| Lease liabilities due after 1 year | **14,825** | 1,090 |
| **Total Lease liabilities** | **21,534** | 2,754 |

The Company had total cash outflows for leases of SAR 8.581 million in 2024 (SAR 4.153 million in 2023).

## 13. PROPERTY AND EQUIPMENT, NET

Breakdown of costs, accumulated depreciation and net book value of property and equipment is as follows:

| | Land | Furniture and fixtures | Computer equipment | Vehicles | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|
| | SAR "000" | | | | | |
| **Cost:** | | | | | | |
| January 1 | **16,400** | **25,917** | **30,503** | **633** | **73,453** | 63,836 |
| Additions | **35,463** | **2,976** | **3,270** | **-** | **41,709** | 10,181 |
| Cost price of disposals* | **(16,400)** | **(3,499)** | **(419)** | **-** | **(20,318)** | (564) |
| December 31 | **35,463** | **25,394** | **33,354** | **633** | **94,844** | 73,453 |
| **Accumulated depreciation** | | | | | | |
| January 1 | **-** | **19,536** | **22,084** | **579** | **42,199** | 38,130 |
| Depreciation | **-** | **2,203** | **3,378** | **22** | **5,603** | 4,601 |
| Disposals | **-** | **(3,499)** | **(419)** | **-** | **(3,918)** | (532) |
| December 31 | **-** | **18,240** | **25,043** | **601** | **43,884** | 42,199 |
| **Net book value** | | | | | | |
| 2024 | **35,463** | **7,154** | **8,311** | **32** | **50,960** | **-** |
| 2023 | 16,400 | 6,381 | 8,419 | 54 | - | 31,254 |

*During the year, the Company realized a gain amounting to SAR 20.378 million on disposal of property and equipment which is classified under 'Other Income' in the statement of income. This mainly includes gain on disposal of land amounting to SAR 20.308 million.

## 14. INTANGIBLES

Breakdown of costs, accumulated amortization and net book value of intangibles is as follows:

| | Software | Customer Contract (Metlife ALICO) | Customer Relations (ANB) | Product Licenses | Individual life | General Takaful | Total 2024 | Total 2023 |
|---|---|---|---|---|---|---|---|---|
| | SAR "000" | | | | | | | |
| **Cost:** | | | | | | | | |
| January 1 | **74,966** | **5,454** | **2,832** | **24,847** | **52,670** | **4,831** | **165,600** | 124,890 |
| Additions | **15,050** | **-** | **-** | **-** | **-** | **-** | **15,050** | 40,710 |
| December 31 | **90,016** | **5,454** | **2,832** | **24,847** | **52,670** | **4,831** | **180,650** | 165,600 |
| **Accumulated amortization** | | | | | | | | |
| January 1 | **36,667** | **198** | **1,418** | **-** | **5,302** | **449** | **44,034** | 27,915 |
| Charge for the year | **13,867** | **67** | **472** | | **5,232** | **518** | **20,156** | 16,119 |
| December 31 | **50,534** | **265** | **1,890** | **-** | **10,534** | **967** | **64,190** | 44,034 |
| **Net book value** | | | | | | | | |
| 2024 | **39,482** | **5,189** | **942** | **24,847** | **42,136** | **3,864** | **116,460** | - |
| 2023 | 38,299 | 5,256 | 1,414 | 24,847 | 47,368 | 4,382 | - | 121,566 |

## 14. INTANGIBLES (CONTINUED)

### (1) Customer Contract ('ALICO')

The Company exercised purchase price allocation to identify intangibles after the acquisition of MetLife AIG ANB (MAA) and resultant to that exercise, Customer contract (ALICO) was identified as an intangible. As a result of acquisition of MAA, the Company acquired Saudi run-off portfolio of American Life Insurance Company "ALICO" which was transferred initially to MAA on April 1st, 2015 as per the portfolio transfer agreement entered between MetLife ALICO and MAA and was 100% reinsured back to MetLife under a quota-share reinsurance agreement. This portfolio includes long term life protection, savings insurance products and personal accident policies. As per the terms of the portfolio transfer agreement and the quota-share reinsurance agreement, the Company is entitled to a reinsurance commission at an agreed rate and reimbursement of all expenses related to administration of the portfolio. The management has employed "Multi Period Excess Earning Method" for valuing the contractual customer relationship and is considered to have a useful life of 83 years based on the run-off of the customer portfolio.

### (2) Customer Relationship

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

### (3) Product Licenses (Protection & Savings)

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

**Impairment assessment of product licenses**

The product license with indefinite life acquired through business combinations as mentioned above is reviewed annually, and assessed the recoverable amount of the cash generating unit (or a group of cash generating units) to which the intangible asset with indefinite life is related.

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

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

**14. INTANGIBLES (CONTINUED)**

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

- Future cash flows available from operations;
- Weighted average cost of capital at 17.40% (2023: 16.79%)
- Terminal growth rate at 1.55% (2023: 2%)

Based on the current impairment assessment, product license is not impaired as at 31 December 2024.

For life product license intangible, the recoverable value is amounting to SAR 463 million (2023: SAR 206 million) which is greater than carrying value of product license amounting to SAR 24.8 million (2023: SAR 24.8 million).

**(4) Individual Life**

Individual life intangible was recognized based on the purchase price allocation exercise after the acquisition of SABB Takaful Insurance Company. As a result of acquisition of SABB Takaful, the Company acquired the Individual Life insurance segment which comprises of Unit Linked Insurance Policies “ULIP” (Regular Saving, Simple Saving, Education, Retirement and Single Premium). SABB Bank in the past has consistently generated revenues for SABB Takaful. The relationship has been spanning for more than 10 years, hence considered as a customer relationship with an estimated useful life of 10 years.

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

**(5) General Takaful**

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

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

Customer relationship intangible is valued using the “Multi-Period Excess Earning Method”. Contributory Asset charges which include Working Capital charge and Assembled Workforce have been adjusted with the underwriting income to arrive at the Excess Earnings. Since the working capital and capex are minimal, the CAC do not have a material impact on the cash flows. A discount factor of 16.6% (WACC+1%) has been used to discount the Excess Earnings to arrive at the value of the customer relationship intangible.

## 15. GOODWILL

The Company has recognized goodwill amounting to SAR 24.415 million after the merger with Metlife AIG ANB Cooperative Insurance Company (MAA). During the year ended December 31, 2020, the shareholders in the EGM held on January 27, 2020 corresponding to 2 Jumada II 1441H approved the proposed merger of the Company and MAA to be effected by way of a merger pursuant to Articles 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G), through the issuance of 0.657761444444444 new shares in the Company for each share in MAA subject to the terms and conditions of the Merger Agreement. The purchase consideration was determined to be SAR 191.566 million which consisted of the issuance of 11,839,706 new shares to the shareholders of MAA.

**Impairment assessment and key assumptions used in impairment assessment**

The Company undertook a comprehensive purchase price allocation after the acquisition as required and has recognized the goodwill as a result thereof. The goodwill with indefinite life is reviewed annually and assessed the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related.

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

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

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

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

- Future cash flows available from operations;
- Weighted average cost of capital at 17.40% (2023: 16.79%)
- Terminal growth rate at 1.49% (2023: 2%)

Based on the current impairment assessment, goodwill and intangible assets are not impaired as at 31 December 2024.

This assessment was carried out by an independent consultant appointed by the Company. This includes a forecast of cash flows discounted using the WACC (Weighted Average Cost of Capital) in the jurisdiction where the Company operates. The recoverable values of the CGUs for Goodwill is SAR 2,315 million (2023: SAR 1,613 million) which is higher than value in use amounting to SAR 1,731 million (2023: SAR 1,476 million).

## 16. ACCRUED EXPENSES AND OTHER LIABILITIES

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Accrued expenses | **25,719** | 31,623 |
| Uncleared cheques | **11,370** | 11,393 |
| VAT payable to ZATCA, net | **20,412** | 14,471 |
| Contributions payable to GOSI | **944** | 804 |
| Payables to suppliers and service providers | **72,983** | 96,278 |
| Other liabilities | **28,885** | 12,972 |
| **Total** | **160,313** | 167,541 |

## 17. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Letters of Guarantee | **18,214** | 16,399 |

(a) The Company has submitted these bank guarantees to various parties which are fully covered by margin deposits amounting to SAR 18.2 million (2023: SAR 17.7 million).

(b) The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Company's income or financial condition.

## 18. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

**Determination of fair value and fair value hierarchy**

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

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

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

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

**Carrying amounts and fair value**

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value. The Company used 'Discounted Cash Flow' method to identify fair value of level 3 unquoted investments, which implies some judgement related to the future income and the applicable discount rates.

| | **Carrying** | **Fair value** | | | |
|---|---|---|---|---|---|
| **December 31, 2024** | **value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| | **SAR "000"** | | | | |
| **Financial assets measured at fair value** | | | | | |
| Investments measured at FVTPL | **538,563** | **337,155** | **54,268** | **147,140** | **538,563** |
| Investment measured at FVOCI | **127,872** | **-** | **-** | **127,872** | **127,872** |
| **Total** | **666,435** | **337,155** | **54,268** | **275,012** | **666,435** |

| | Carrying | Fair value | | | |
|---|---|---|---|---|---|
| **December 31, 2023** | value | Level 1 | Level 2 | Level 3 | Total |
| | SAR "000" | | | | |
| **Financial assets measured at fair value** | | | | | |
| Investments measured at FVTPL | 484,537 | 304,348 | 48,807 | 131,382 | 484,537 |
| Investment measured at FVOCI | 86,925 | - | - | 86,925 | 86,925 |
| **Total** | 571,462 | 304,348 | 48,807 | 218,307 | 571,462 |

**Transfer between the levels**

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

## 19. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's chief executive officer in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the chief executive officer is measured in a manner consistent with that in the income statement. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, short term deposits, prepaid expenses and other assets, due from shareholders' operations, investments, long term deposits, property and equipment, right of use assets and intangible assets. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued expenses and other liabilities, lease liabilities, due to shareholder's operations and provision for end-of-service benefits (EOSB). Accordingly, these are included in unallocated liabilities.

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

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

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities as at December 31, 2024 and December 31, 2023, its total revenues, expenses, and net income for the years, are as follows:

**19. OPERATING SEGMENTS (CONTINUED)**

**Segmental statement of financial position**

| | Medical | Motor | Property | Energy | Engineering | Protection and Savings (P&S) - Non-Linked | P&S - Linked | Property and Casualty (P&C) - Others | Total insurance operations | Shareholders' operations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | SAR "000" | | | | | | | | | | |
| **As at December 31, 2024** | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | |
| Reinsurance contract assets for non unit-linked business | - | 3,253 | 70,022 | 228,809 | 238,570 | 28,649 | - | 171,826 | 741,129 | - | 741,129 |
| Reinsurance contract assets for unit-linked business | - | - | - | - | - | - | 164 | - | 164 | - | 164 |
| Financial assets for unit-linked insurance contracts | - | - | - | - | - | - | 536,185 | - | 536,185 | - | 536,185 |
| Unallocated assets | - | - | - | - | - | - | - | - | 1,611,187 | 1,877,248 | 3,488,435 |
| **Total assets** | - | 3,253 | 70,022 | 228,809 | 238,570 | 28,649 | 536,349 | 171,826 | 2,888,665 | 1,877,248 | 4,765,913 |
| **Liabilities and equity** | | | | | | | | | | | |
| Insurance contract liabilities for non unit-linked business | 200,054 | 540,735 | 310,213 | 241,018 | 308,685 | 102,626 | - | 426,519 | 2,129,850 | - | 2,129,850 |
| Insurance contract liabilities for unit-linked business | - | - | - | - | - | - | 543,959 | - | 543,959 | - | 543,959 |
| Reinsurance contract liabilities for non unit-linked business | 3,302 | - | - | - | - | - | - | - | 3,302 | - | 3,302 |
| Unallocated liabilities and shareholders' equity | - | - | - | - | - | - | - | - | 211,554 | 1,877,248 | 2,088,802 |
| **Total liabilities and shareholders' equity** | 203,356 | 540,735 | 310,213 | 241,018 | 308,685 | 102,626 | 543,959 | 426,519 | 2,888,665 | 1,877,248 | 4,765,913 |

## 19. OPERATING SEGMENTS (CONTINUED)

**Segmental statement of financial position (Continued)**

| | Medical | Motor | Property | Energy | Engineering | Protection and Savings (P&S) - Non-Linked | P&S - Linked | Property and Casualty (P&C) - Others | Total insurance operations | Shareholders' operations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | SAR "000" | | | | | | | | | | |
| **As at December 31, 2023** | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | |
| Reinsurance contract assets for non unit-linked business | 392 | 8,111 | 141,722 | 228,464 | 167,396 | 63,596 | - | 180,086 | 789,767 | - | 789,767 |
| Reinsurance contract assets for unit-linked business | - | - | - | - | - | - | 111 | - | 111 | - | 111 |
| Financial assets for unit-linked insurance contracts | - | - | - | - | - | - | 543,235 | - | 543,235 | - | 543,235 |
| Unallocated assets | - | - | - | - | - | - | - | - | 1,419,430 | 1,354,706 | 2,774,136 |
| **Total assets** | 392 | 8,111 | 141,722 | 228,464 | 167,396 | 63,596 | 543,346 | 180,086 | 2,752,543 | 1,354,706 | 4,107,249 |
| **Liabilities and equity** | | | | | | | | | | | |
| Insurance contract liabilities for non unit-linked business | 306,853 | 547,750 | 219,864 | 239,388 | 251,320 | 97,227 | - | 340,022 | 2,002,424 | - | 2,002,424 |
| Insurance contract liabilities for unit-linked business | - | - | - | - | - | - | 552,247 | - | 552,247 | - | 552,247 |
| Unallocated liabilities and shareholders' equity | - | - | - | - | - | - | - | - | 197,872 | 1,354,706 | 1,552,578 |
| **Total liabilities and shareholders' equity** | 306,853 | 547,750 | 219,864 | 239,388 | 251,320 | 97,227 | 552,247 | 340,022 | 2,752,543 | 1,354,706 | 4,107,249 |

## 19. OPERATING SEGMENTS (CONTINUED)

### Segmental statement of income (Continued)

| For the year ended December 31, 2024 | Medical | Motor | Property | Energy | Engineering | P&S - Non-Linked | P&S - Linked | P&C- Others | Unallocated | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | SAR "000" | | | | |
| Insurance revenue | 617,012 | 765,707 | 479,462 | 589,366 | 242,903 | 202,698 | 11,211 | 436,221 | - | 3,344,580 |
| Insurance service expenses | (684,176) | (800,342) | (139,967) | (46,030) | (35,481) | (184,416) | (655) | (97,737) | - | (1,988,804) |
| **Insurance service results before reinsurance contracts held** | (67,164) | (34,635) | 339,495 | 543,336 | 207,422 | 18,282 | 10,556 | 338,484 | - | 1,355,776 |
| Allocation of reinsurance premiums | (2,447) | (1,237) | (430,632) | (582,568) | (205,588) | (26,719) | (457) | (324,621) | - | (1,574,269) |
| Amounts recoverable from reinsurers for incurred claims | 2,976 | (2,217) | 104,718 | 38,974 | 3,474 | 2,475 | (305) | 32,317 | - | 182,412 |
| **Net expenses from reinsurance contracts held** | 529 | (3,454) | (325,914) | (543,594) | (202,114) | (24,244) | (762) | (292,304) | - | (1,391,857) |
| **Insurance service results** | (66,635) | (38,089) | 13,581 | (258) | 5,308 | (5,962) | 9,794 | 46,180 | - | (36,081) |
| Commission income on investments and deposits | - | - | - | - | - | - | - | - | 74,216 | 74,216 |
| Dividends on investments | - | - | - | - | - | - | - | - | 16,983 | 16,983 |
| Realized gain on investments measured at fair value | - | - | - | - | - | - | - | - | 43,892 | 43,892 |
| Unrealized gain on investments measured at fair value | - | - | - | - | - | - | - | - | 4,652 | 4,652 |
| Change in ECL on financial assets | - | - | - | - | - | - | - | - | (18) | (18) |
| **Net investment income** | - | - | - | - | - | - | - | - | 139,725 | 139,725 |
| Finance expense from insurance contracts issued | (2,996) | (2,019) | (3,650) | (1,123) | (2,365) | (3,169) | (82) | (6,163) | - | (21,567) |
| Finance income from reinsurance contracts held | 67 | 62 | 3,473 | 1,124 | 2,144 | 1,449 | 24 | 4,651 | - | 12,994 |
| **Net insurance finance expenses** | (2,929) | (1,957) | (177) | 1 | (221) | (1,720) | (58) | (1,512) | - | (8,573) |
| **Net insurance and investment results** | (69,564) | (40,046) | 13,404 | (257) | 5,087 | (7,682) | 9,736 | 44,668 | 139,725 | 95,071 |
| Other income | | | | | | | | | | 23,260 |
| Other operating expenses | | | | | | | | | | (35,278) |
| **Net income for the year before zakat & tax, attributable to the shareholders** | | | | | | | | | | 83,053 |
| Provision for Zakat | | | | | | | | | | (16,350) |
| Provision for Income Tax | | | | | | | | | | (2,400) |
| **Net income for the year after zakat & tax, attributable to the shareholders** | | | | | | | | | | 64,303 |

## 19. OPERATING SEGMENTS (CONTINUED)

### Segmental statement of income (Continued)

| For the year ended December 31, 2023 | Medical | Motor | Property | Energy | Engineering | P&S - Non-Linked | P&S - Linked | P&C- Others | Unallocated | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | SAR "000" | | | | | |
| Insurance revenue | 667,999 | 512,526 | 223,437 | 634,409 | 177,669 | 212,739 | 13,931 | 444,932 | - | 2,887,642 |
| Insurance service expenses | (726,346) | (526,797) | (38,608) | (34,278) | (61,477) | (162,993) | (4,277) | (124,430) | - | (1,679,206) |
| **Insurance service results before reinsurance contracts held** | (58,347) | (14,271) | 184,829 | 600,131 | 116,192 | 49,746 | 9,654 | 320,502 | - | 1,208,436 |
| Allocation of reinsurance premiums | (3,229) | (2,028) | (184,482) | (623,472) | (136,437) | (63,292) | (396) | (308,277) | - | (1,321,613) |
| Amounts recoverable from reinsurers for incurred claims | 3,800 | 7,704 | (792) | 17,786 | 38,170 | 30,172 | 615 | 43,843 | - | 141,298 |
| **Net expenses from reinsurance contracts held** | 571 | 5,676 | (185,274) | (605,686) | (98,267) | (33,120) | 219 | (264,434) | - | (1,180,315) |
| **Insurance service results** | (57,776) | (8,595) | (445) | (5,555) | 17,925 | 16,626 | 9,873 | 56,068 | - | 28,121 |
| Commission income on investments and deposits | - | - | - | - | - | - | - | - | 58,399 | 58,399 |
| Dividends on investments | - | - | - | - | - | - | - | - | 16,791 | 16,791 |
| Realized gain on investments measured at fair value | - | - | - | - | - | - | - | - | 9,202 | 9,202 |
| Unrealized gain on investments measured at fair value | - | - | - | - | - | - | - | - | 80,696 | 80,696 |
| Change in ECL on financial assets | - | - | - | - | - | - | - | - | (105) | (105) |
| **Net investment income** | - | - | - | - | - | - | - | - | 164,983 | 164,983 |
| Finance expense from insurance contracts issued | (608) | (730) | (533) | - | (271) | (2,793) | (123) | (1,227) | - | (6,285) |
| Finance income from reinsurance contracts held | - | - | 444 | - | 208 | 1,031 | (18) | 267 | - | 1,932 |
| **Net insurance finance expenses** | (608) | (730) | (89) | - | (63) | (1,762) | (141) | (960) | - | (4,353) |
| **Net insurance and investment results** | (58,384) | (9,325) | (534) | (5,555) | 17,862 | 14,864 | 9,732 | 55,108 | 164,983 | 188,751 |
| Other income | | | | | | | | | | 11,265 |
| Other operating expenses | | | | | | | | | | (37,039) |
| **Net income for the year before zakat & tax, attributable to the shareholders** | | | | | | | | | | 162,977 |
| Provision for Zakat | | | | | | | | | | (12,430) |
| Provision for Income Tax | | | | | | | | | | (2,570) |
| **Net income for the year after zakat & tax, attributable to the shareholders** | | | | | | | | | | 147,977 |

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

| | **Transactions for the year ended December 31,** | | **Net balance receivable / (payable) as at December 31,** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **SAR "000"** | | **SAR "000"** | |
| Insurance premium written / receivable from: | | | | |
| -Board of directors and related parties | **41,733** | 98,667 | **8,533** | 3,310 |
| -Key management personnel | **29** | 34 | **-** | - |
| -Major shareholders and related parties | **7,766** | 20,676 | **715** | 1,971 |
| Claims paid and payable to: | | | | |
| -Board of directors and related parties | **10,420** | 61,693 | **(10,577)** | (16,835) |
| -Key management personnel | **5** | - | **-** | - |
| -Major shareholders and related parties | **7,013** | 35,895 | **(25,042)** | (33,936) |
| Other business with board of directors and related parties | **1,412** | 4,158 | **(396)** | (3,830) |
| Policy acquisition costs with major shareholders and related parties | **3,452** | 5,793 | **(5,708)** | (3,820) |
| Rebate income from major shareholders and related parties | **1,863** | 4,480 | **1,374** | - |

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

The following table shows the annual salaries, remuneration and allowances obtained by the Board members and 5 top executives for the year ended 2024 and 2023:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **BOD members (non-executive)** | **Top Executives including the CEO and CFO** | BOD members (non-executive) | Top Executives including the CEO and CFO |
| | **SAR "000"** | | SAR "000" | |
| Salaries, allowances and other benefits | **-** | **9,814** | - | 10,150 |
| Annual remuneration and other charges | **3,953** | **-** | 4,029 | - |
| End of service provision for the year | **-** | **1,060** | - | 957 |
| Other service benefits paid to BOD | **-** | **-** | 500 | - |
| Total | **3,953** | **10,874** | 4,529 | 11,107 |

## 21. ZAKAT, INCOME TAX AND VAT

### Zakat

Zakat calculations for the years ended December 31, 2024 and 2023 are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Share capital | **1,275,583** | 850,583 |
| Share premium | **228,280** | 193,119 |
| Reserves, provisions and other adjustments | **673,563** | 176,855 |
| Book value of long-term assets | **(1,469,237)** | (844,970) |
| | **708,189** | 375,587 |
| Adjusted income for the year | **-** | 164,305 |
| Zakat base | **708,189** | 539,892 |
| Saudi shareholder's share of Zakat base @ 89.32% (2023: 89.32%) | **632,554** | 482,231 |
| Zakat due at 2.5847% (2023: 2.5776%) | **16,350** | 12,430 |

The movement in the zakat provision for the year was as follows:

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Balance, January 1 | **43,358** | 44,417 |
| Zakat provision created for the year | **16,350** | 12,430 |
| Payments during the year | **(17,641)** | (13,274) |
| Other adjustment | **(1,749)** | (215) |
| Balance, December 31 | **40,318** | 43,358 |

**Income tax:**

Income tax calculations for the years ended December 31, 2024 and 2023 are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Net profit for the year before zakat and income tax | **83,053** | 146,109 |
| Provisions charged during the year for end of service benefits | **10,312** | 5,147 |
| Provision charged during the year for expected credit losses | **6,429** | 9,973 |
| Others | **-** | 3,076 |
| | **99,794** | 164,305 |
| (a) Foreign shareholders' share of tax base @ 10.68% | **10,658** | 17,548 |
| Payment of end of service benefits | **(5,619)** | (2,250) |
| Others | **18,185** | (1,661) |
| | **12,566** | (3,911) |
| (b) Foreign shareholders' share of tax payments @ 10.68% | **1,342** | (418) |
| Total foreign shareholder's share | **12,000** | 17,130 |
| Less: Brought forward losses | **-** | (4,282) |
| Tax base | **12,000** | 12,848 |
| Income tax charge at 20% | **2,400** | 2,570 |

The movement in the tax provision for the year was as follows:

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Balance, January 1 | **2,925** | 814 |
| Provided during the year | **2,400** | 2,570 |
| Payments during the year | **(2,680)** | (459) |
| Balance, December 31 | **2,645** | 2,925 |

## 21. ZAKAT, INCOME TAX AND VAT (CONTINUED)

The Company has filed its zakat and income tax return with Zakat, Tax, and Customs Authority (ZATCA) up to the year ended December 31, 2023, and obtained the required certificate from ZATCA that is valid up to April 30, 2025.

### (a) Status of assessments

**Zakat and income tax:**

In 2020, the Company received zakat and tax assessments for the year 2014 and for the years 2015, 2017 and 2018 claiming an additional zakat and tax liability amounting to SAR 5.9 million and SAR 9.3 million respectively. The Company appealed against these assessments to General Secretariat of Tax Committees (GSTC). However, during 2023, the internal settlement committee offered an amount of SAR 9.2 million for years 2014, 2017 and 2018 to close the appeal. The Company accepted the offer and paid the settlement amount in 2024 as a full and final settlement.

For 2015 appeal, the GSTC issued a decision rejecting the Company's appeal in full and requested the Company to pay the initial assessment amount of SAR 2.59 million. The Company submitted a reconsideration request which got rejected, thus, the Company paid the amount of SAR 2.59 million in 2024, and the case is closed.

During the year 2022, the Company received zakat and tax assessments for the years 2019 and 2020 claiming an additional zakat and tax liability amounting to SAR 8.8 million. The Company appealed against these assessments and in order for the objection to be accepted, the Company had partially paid ten percent (10%) of assessed amount. During the year 2023, the internal settlement committee offered an amount of SAR 5.59 million to close the appeal. The Company accepted the offer and paid the settlement amount in 2023 as a full and final settlement.

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

During June 2024, the Company received zakat and income tax audit request from ZATCA for year 2023 in which the company submitted the documents required and is awaiting ZATCA's response.

Also, during June 2024, the Company received withholding tax audit request from ZATCA for tax period of December 2023. The Company submitted the required documents and is awaiting ZATCA's response.

**Indirect tax (VAT):**

In addition to above, the Company has received VAT assessments for the years from 2018 to 2020 claiming an additional liability amounting to SAR 27 million. During the year 2023, the Company settled the VAT liability amounting to SAR 9.7 million to get benefit from amnesty of the delay fines. In November 2023, ZATCA re-studied the case which resulted in a credit balance in favour of the Company amounting to SAR 0.23 million, and the case is closed.

During the year 2023, the Company submitted documents required by ZATCA for the years 2021 and 2022, for which the company received in September 2024 the assessment order amounting to SAR 24.3 million. In November 2024, the company accepted an amount of SAR 8.3 million and filed an objection for SAR 16 million, which is related to reinsurance commissions for non-residents, and is currently awaiting the outcome of the objection. In the meantime, the total amount, including the disputed amount, was paid to benefit from the penalty waiver initiative, and all penalties associated with the assessment results have been successfully cancelled.

During September 2024, the Company received VAT audit request from ZATCA for year 2023 for which the Company submitted the required documents and is awaiting ZATCA's response.

**21. ZAKAT, INCOME TAX AND VAT (CONTINUED)**

**(a) Status of assessments (Continued)**

**Status of assessments for SABB Takaful:**
(merged in 2022, refer note 22)

**Zakat and income tax:**
During the year 2018, ZATCA issued zakat and tax assessments for years from 2011 to 2014. The Company filed an objection against the ZATCA assessments. Since ZATCA rejected the objection, the Company filed an appeal to GSTC. During the year 2023, the case reached to the final level of appeal, and the decision was in the Company's favour and the Company paid SAR 0.77 million. In March 2024, ZATCA re-studied the GSTC ruling which resulted in a credit balances in favour of the Company amounting to SAR 1.39 million, and the case is closed.

During the year 2021, ZATCA issued zakat and tax assessments for years 2019 and 2020 claiming an additional zakat and tax liability amounting to SAR 0.4 million for which the Company submitted an objection to ZATCA. Objection result was not in favour of the Company and as a result, the Company paid the amount of SAR 0.4 million in 2023, and the case is closed.

During the year 2024, the ZATCA finalized zakat and tax assessments for the years 2021 and 2022 (short period till the date of merger) with no differences on the Company, and the case is closed.

**Indirect tax (VAT):**
During the year 2024, the Company submitted documents required by ZATCA for the years 2021 and 2022, for which the results came during June 2024 claiming additional differences amounting to SAR 0.01 million which is settled against the credit balance of the Company.

**Status of assessments for MetLife:**
(merged in 2020, refer note 22)

**Zakat and income tax:**
The Company has submitted documents required by ZATCA for the years 2018 and 2019 for which results came with no differences for year 2018 and minor differences for year 2019 amounted to SAR 0.02 million. which was settled in August 2024, and the case is closed.

**Indirect tax (VAT):**
During 2021, the Company has received VAT assessment for the year 2020 and requirements were submitted to ZATCA. After receiving the initial assessment, the company paid SAR 0.1 million in November 2023, and the case was closed.

## 21. ZAKAT, INCOME TAX AND VAT (CONTINUED)

### (b) Provision for zakat and income tax

Provision for zakat has been made at 2.5847% of the higher of approximate zakat base or adjusted net income and 2.5% on adjusted net income attributable to the Saudi shareholders of the Company. Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

### (c) Shareholding subject to zakat and income tax

The following is the shareholding percentage for computation as at the end of the year. Actual percentage might vary at the time of computation and submission of zakat and tax return.

| | **2024** | 2023 |
|---|---|---|
| | **(in %)** | |
| Shareholding subject to zakat | **89.32** | 89.32 |
| Shareholding subject to income tax | **10.68** | 10.68 |

## 22. SHARE CAPITAL

The authorized, issued and paid-up capital of the Company as at December 31, 2024 amounted to SAR 1,275.6 million comprising of 127.56 million shares of SAR 10 each (December 31, 2023: SAR 850.6 million comprising of 85.06 million shares of SAR 10 each).

In the year 2015, the Company had increased its share capital from SAR 200 million to SAR 400 million, by issuing 20 million right shares to its existing shareholders, which were offered at an exercise price of SAR 12 per share. This resulted in a share premium less issuance cost amounting to SAR 30.1 million.

The Company’s Board of Directors in their meeting held on October 29, 2017 corresponding to 9 Safar 1439H recommended to Extraordinary General Assembly Meeting to increase share capital of the Company by issuing 4 million bonus shares which was approved by Extraordinary General Assembly on May 29, 2018 corresponding to 14 Ramadan 1439H. This resulted increase in share capital from SAR 400 million to SAR 440 million.

The Company’s Board of Directors in their meeting held on April 8, 2019 (corresponding to 3 Sha'ban 1440H) recommended to the Extraordinary General Assembly to increase share capital of the Company. The Extraordinary General Assembly approved to increase share capital of the Company from SAR 440 million to SAR 528 million by issuing one bonus share for every five existing shares owned by the shareholder. The increase in share capital is through capitalization of retained earnings of SAR 88 million. The increase in share capital was approved by the shareholders in their meeting held on May 21, 2019 (Corresponding to 16 Ramadan 1440H).

The Board of Directors in their meeting held on September 29, 2019 (corresponding to 30 Muharram 1441H) resolved to increase the share capital from SAR 528 million to SAR 646.40 million by issuing 11,839,706 ordinary shares to merge MetLife AIG ANB Cooperative Insurance Company (MAA) into the Company and transferring all of MAA’s assets and liabilities to the Company through a securities exchange offer. The merger was successfully completed and shares issued accordingly during 2020. The fair value of 11,839,706 shares of the Company was determined on the basis of closing market price of the Company’s ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium amounting to SAR 118.40 million and SAR 73.17 million, respectively.

## 22. SHARE CAPITAL (CONTINUED)

The shareholders in the EGM held on September 15, 2022 (corresponding to 19 Safar 1444H) approved the merger of SABB Takaful Company into the Company in accordance with the provisions of Articles 191, 192 and 193 of the Companies Law by issuing 0.6005476176470590 new shares in the Company against each share in SABB Takaful Company (SABB Takaful) ("Merger Transaction"), in accordance with the terms and conditions of the merger agreement.

The purchase consideration was determined to be SAR 294.028 million which was settled by issuing 20,418,619 new shares of the Company to the shareholders of SABB Takaful at the Company's market price of SAR 14.4 per share at the effective date of merger.

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

During the year, the Board of Directors after discussing the Rights Issue with the financial advisor, decided on February 25, 2024 (corresponding to 15/8/1445H) to amend its recommendation to the Extraordinary General Assembly regarding the increase of the Company's capital by offering of Rights Issue and change the offering amount to SAR 467.5 million instead of SAR 425 million, through offering a total of 42.5 million ordinary shares of a nominal value of SAR 10 per share, with an offer price of SAR 11 per share. Capital Market Authority (CMA) approved the application of the proposed Rights Issue on August 5, 2024 (corresponding 1 Safar 1446H).

The Extra Ordinary General Assembly of the shareholders approved the right issue in the meeting held on November 26, 2024 (corresponding to 24 Jumada Al Awwal 1446H).

Shareholding structure of the Company is as below:

| | **December 31, 2024** | | |
|---|---|---|---|
| | **Authorized and issued** | | **Paid up** |
| | **No. of Shares** | **SAR "000"** | |
| Saudi British Bank | **19,903,597** | **199,036** | **199,036** |
| Others | **107,654,728** | **1,076,547** | **1,076,547** |
| Total | **127,558,325** | **1,275,583** | **1,275,583** |

| | December 31, 2023 | | |
|---|---|---|---|
| | Authorized and issued | | Paid up |
| | No. of Shares | SAR "000" | |
| Saudi British Bank | 13,272,100 | 132,721 | 132,721 |
| Others | 71,786,225 | 717,862 | 717,862 |
| Total | 85,058,325 | 850,583 | 850,583 |

## 23. EMPLOYEES' END OF SERVICE BENEFITS

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

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

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Present value of defined benefit obligation | **38,015** | 33,322 |

**(b) Movement of defined benefit obligation**

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Opening balance | **33,322** | 26,948 |
| Charge to statement of income | **6,089** | 5,147 |
| Charge to statement of other comprehensive income | **4,223** | 3,477 |
| Payment of benefits during the year | **(5,619)** | (2,250) |
| Closing balance | **38,015** | 33,322 |

**(c) Reconciliation of present value of defined benefit obligation**

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Present value of defined benefit obligation as of January 1 | **33,322** | 26,948 |
| Current service costs | **4,587** | 3,934 |
| Financial costs | **1,502** | 1,213 |
| Actuarial gain from experience adjustments | **4,223** | 3,477 |
| Benefits paid during the year | **(5,619)** | (2,250) |
| Present value of defined benefit obligation as of December 31 | **38,015** | 33,322 |

**(d) Principal actuarial assumptions**

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

| | **2024** | 2023 |
|---|---|---|
| Valuation discount rate | **4.50%** | 4.50% |
| Expected long term rate of increase in salary level across different age bands | **3.50%** | 3.50% |

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

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Valuation discount rate | | |
| - Increase by 100bps | **35,603** | 31,073 |
| - Decrease by 100bps | **40,826** | 39,281 |
| Expected long term rate of increase in salary level across different age bands | | |
| - Increase by 100bps | **39,402** | 34,726 |
| - Decrease by 100bps | **34,395** | 29,886 |

The average duration of the defined benefits plan obligation at the end of reporting period is 6.9 years (2023: 8.8 years).

## 24. STATUTORY RESERVE

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

## 25. STATUTORY DEPOSIT

In accordance with Article 58 of the Insurance Implementing Regulations of Insurance Authority (IA), the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of IA. Accrued income on this deposit is payable to IA and is amounting to SAR 19 thousand (December 31, 2023: SAR 4.34 million). As requested by IA, the Company has released the accrued income on statutory deposit to IA up to December 29, 2024 amounting to SAR 9.4 million.

## 26. CAPITAL MANAGEMENT

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by Insurance Authority (IA) previously known as "SAMA" in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per the Implementing Regulations:
- Minimum Capital Requirement of SAR 300 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company's net admissible assets as at December 31, 2024 are 209% (2023: 172%) of the required minimum margin for solvency. Further, the Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at December 31, 2024 consists of paid-up share capital of SAR 1,275.6 million, share premium of SAR 228.3 million, statutory reserves of SAR 92.8 million and retained earnings of SAR 117.8 million (December 31, 2023: paid-up share capital of SAR 850.6 million, share premium of SAR 193.1 million, statutory reserves of SAR 79.9 million and retained earnings of SAR 66.4 million) in the statement of financial position.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

## 27. RISK MANAGEMENT

Risk management covers mainly (a) Insurance and reinsurance risks and (b) Financial risks.

### (a) Insurance and reinsurance risk

**Insurance risk**

For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters and manmade accidents. For longer tail claims that take some years to settle, there is also inflation risk.

For life insurance contracts, the main risks that the Company is exposed to are mortality risk, morbidity risk, expense risk, lapse and surrender risk. For the life insurance and life reinsurance contracts, for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Company-wide reinsurance limit of SAR 4 million on any single life insured is in place.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Furthermore, 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, 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.

**Reinsurance risk**

The Company purchases reinsurance as part of its risk mitigation program. Reinsurance held (outward reinsurance) 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. Retention limits for non-proportional excess–of–loss reinsurance vary by product line.

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 recognized rating agencies (not lower than BBB or equivalent)
- Reputation of particular reinsurance companies
- Existing or past business relationship with the reinsurer

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.

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 exchange of reinsurance business.

There is no single counterparty exposure that exceeds 33.13% of total premiums ceded to the reinsurers for the year.

**27. RISK MANAGEMENT (CONTINUED)**

**(a) Insurance and reinsurance risk (continued)**

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

| | **December 31, 2024** | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Insurance Contract Liabilities** | **Reinsurance Contract Assets** | **Net** | Insurance Contract Liabilities | Reinsurance Contract Assets | Net |
| | **SAR "000"** | | | | | |
| Medical | **200,054** | **(3,302)** | **203,356** | 306,853 | 392 | 306,461 |
| Motor | **540,735** | **3,253** | **537,482** | 547,750 | 8,111 | 539,639 |
| Property | **310,213** | **70,022** | **240,191** | 219,864 | 141,722 | 78,142 |
| Energy | **241,018** | **228,809** | **12,209** | 239,388 | 228,464 | 10,924 |
| Engineering | **308,685** | **238,570** | **70,115** | 251,320 | 167,396 | 83,924 |
| P&S - Non-Linked | **102,626** | **28,649** | **73,977** | 97,227 | 63,596 | 33,631 |
| P&S - Linked | **543,959** | **164** | **543,795** | 552,247 | 111 | 552,136 |
| Others | **426,519** | **171,826** | **254,693** | 340,022 | 180,086 | 159,936 |
| | **2,673,809** | **737,991** | **1,935,818** | 2,554,671 | 789,878 | 1,764,793 |

**Sensitivities on major assumptions considered while applying IFRS 17**

The following sensitivity analysis shows the impact on gross and net insurance liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions in notes 2 and 3 held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that actual movements in these assumptions are non–linear.

The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

Following are the sensitivities derived before and after risk mitigation by reinsurance contracts held:

**(i) Sensitivities before risk mitigation by reinsurance contracts held:**

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Total insurance contract liabilities | **2,673,809** | 2,554,671 |
| Expenses increase by 10% | **(21,612)** | (20,265) |
| Expenses decrease by 10% | **19,649** | 20,232 |
| Yield curve shift up by 1% | **5,154** | 3,718 |
| Yield curve shift down by 1% | **(5,280)** | (3,798) |
| Loss reserve increase by 3% | **(33,565)** | (30,103) |
| Loss reserve decrease by 3% | **33,565** | 30,103 |
| Lapse/surrenders increase by 5% | **169** | 183 |
| Lapse/surrenders decrease by 5% | **(234)** | (215) |
| Mortality increase by 10% | **(39)** | (247) |
| Mortality decrease by 10% | **45** | 270 |

**27. RISK MANAGEMENT (CONTINUED)**

**(a) Insurance and reinsurance risks (continued)**

**(ii) Sensitivities after risk mitigation by reinsurance contracts held:**

| | **2024** | 2023 |
|---|---|---|
| | **SAR "000"** | |
| Total insurance contract liabilities | **2,673,809** | 2,554,671 |
| Total reinsurance contract assets | **(737,991)** | (789,878) |
| **Net insurance contract liabilities** | **1,935,818** | 1,764,793 |
| Expenses increase by 10% | **(21,612)** | (20,265) |
| Expenses decrease by 10% | **19,649** | 20,232 |
| Yield curve shift up by 1% | **2,394** | 1,780 |
| Yield curve shift down by 1% | **(2,463)** | (1,825) |
| Loss reserve increase by 3% | **(12,834)** | (10,401) |
| Loss reserve decrease by 3% | **12,834** | 10,401 |
| Lapse/surrenders increase by 5% | **169** | 173 |
| Lapse/surrenders decrease by 5% | **(234)** | (205) |
| Mortality increase by 10% | **208** | (209) |
| Mortality decrease by 10% | **(205)** | 230 |

**Claim development table**

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

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

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

## 27. RISK MANAGEMENT (CONTINUED)

### (a) Insurance and reinsurance risk (continued)

### (i) Claim development table for values gross of reinsurance:

| 2024<br>Accident year | 2019 &<br>earlier | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
|---|---|---|---|---|---|---|---|
| | | | | SAR "000" | | | |
| **Undiscounted liabilities for incurred claims:** | | | | | | | |
| At end of accident year | 2,785,479 | 581,246 | 1,170,882 | 1,121,671 | 1,041,156 | 1,874,263 | 8,574,697 |
| 1 year later | 386,543 | 96,584 | 160,872 | 151,231 | 172,232 | - | 967,462 |
| 2 years later | 51,255 | 22,196 | 13,403 | 95,349 | - | - | 182,203 |
| 3 years later | 17,555 | 3,416 | 7,517 | - | - | - | 28,488 |
| 4 years later | 26,377 | 2,341 | - | - | - | - | 28,718 |
| 5 years later | 11,152 | - | - | - | - | - | 11,152 |
| **Gross estimates of the undiscounted amount of claims** | 3,278,361 | 705,783 | 1,352,674 | 1,368,251 | 1,213,388 | 1,874,263 | 9,792,720 |
| Cumulative gross claims and other directly attributable expenses paid | (3,218,014) | (701,878) | (1,324,082) | (1,292,563) | (1,095,994) | (1,009,265) | (8,641,796) |
| **Gross undiscounted liabilities for incurred claims** | 60,347 | 3,905 | 28,592 | 75,688 | 117,394 | 864,998 | 1,150,924 |
| Effect of discounting | | | | | | | (31,322) |
| **Gross discounted liabilities for incurred claims before risk adjustment** | | | | | | | 1,119,602 |
| Effect of the risk adjustment margin for non-financial risk | | | | | | | 40,078 |
| **Gross liabilities for incurred claims** | | | | | | | 1,159,680 |

## 27. RISK MANAGEMENT (CONTINUED)

### (a) Insurance and reinsurance risk (continued)

| **2023**<br>**Accident year** | **2018 & earlier** | **2019** | **2020** | **2021** | **2022** | **2023** | **Total** |
|---|---|---|---|---|---|---|---|
| | | | | **SAR "000"** | | | |
| **Undiscounted liabilities for incurred claims:** | | | | | | | |
| At end of accident year | 2,197,230 | 592,757 | 581,050 | 1,174,074 | 1,126,989 | 1,499,661 | 7,171,761 |
| 1 year later | 319,556 | 68,224 | 97,109 | 162,513 | 216,918 | - | 864,320 |
| 2 years later | 40,173 | 25,466 | 26,175 | 25,480 | - | - | 117,294 |
| 3 years later | 12,693 | 3,566 | 14,050 | - | - | - | 30,309 |
| 4 years later | 11,169 | 13,194 | - | - | - | - | 24,363 |
| 5 years later | 13,006 | - | - | - | - | - | 13,006 |
| **Gross estimates of the undiscounted amount of claims** | 2,593,827 | 703,207 | 718,384 | 1,362,067 | 1,343,907 | 1,499,661 | 8,221,053 |
| Cumulative gross claims and other directly attributable expenses paid | (2,564,250) | (649,533) | (688,478) | (1,316,257) | (1,173,915) | (837,721) | (7,230,154) |
| **Gross undiscounted liabilities for incurred claims** | 29,577 | 53,674 | 29,906 | 45,810 | 169,992 | 661,940 | 990,899 |
| Effect of discounting | | | | | | | (24,931) |
| **Gross discounted liabilities for incurred claims before risk adjustment** | | | | | | | 965,968 |
| Effect of the risk adjustment margin for non-financial risk | | | | | | | 38,487 |
| **Gross liabilities for incurred claims** | | | | | | | 1,004,455 |

**27. RISK MANAGEMENT (CONTINUED)**

**(a) Insurance and reinsurance risk (continued)**

**(ii) Claim development table for values net of reinsurance:**

| **2024**<br>**Accident year** | **2019 & earlier** | **2020** | **2021** | **2022** | **2023** | **2024** | **Total** |
|---|---|---|---|---|---|---|---|
| | | | | **SAR "000"** | | | |
| **Undiscounted liabilities for incurred claims, net:** | | | | | | | |
| At end of accident year | 2,254,866 | 519,585 | 857,102 | 943,602 | 893,550 | 1,328,134 | 6,796,839 |
| 1 year later | 277,949 | 66,875 | 137,412 | 134,391 | 162,164 | - | 778,791 |
| 2 years later | 39,732 | 8,374 | 9,354 | 90,157 | - | - | 147,617 |
| 3 years later | 12,271 | 3,032 | 6,862 | - | - | - | 22,165 |
| 4 years later | 10,676 | 1,870 | - | - | - | - | 12,546 |
| 5 years later | 9,589 | - | - | - | - | - | 9,589 |
| **Net estimates of the undiscounted amount of claims** | 2,605,083 | 599,736 | 1,010,730 | 1,168,150 | 1,055,714 | 1,328,134 | 7,767,547 |
| Cumulative net claims and other attributable expenses paid | (2,600,716) | (597,687) | (997,765) | (1,137,041) | (1,000,088) | (997,471) | (7,330,768) |
| **Net undiscounted liabilities for incurred claims** | 4,367 | 2,049 | 12,965 | 31,109 | 55,626 | 330,663 | 436,779 |
| Effect of discounting | | | | | | | (14,637) |
| **Net discounted liabilities for incurred claims before risk adjustment** | | | | | | | 422,142 |
| Effect of the risk adjustment margin for non-financial risk | | | | | | | 18,345 |
| **Net liabilities for incurred claims** | | | | | | | 440,487 |

## 27. RISK MANAGEMENT (CONTINUED)

### (a) Insurance and reinsurance risk (continued)

| **2023**<br>**Accident year** | **2018 & earlier** | **2019** | **2020** | **2021** | **2022** | **2023** | **Total** |
|---|---|---|---|---|---|---|---|
| | | | | **SAR "000"** | | | |
| **Undiscounted liabilities for incurred claims, net:** | | | | | | | |
| At end of accident year | 1,739,137 | 517,238 | 518,661 | 858,395 | 945,137 | 1,066,260 | 5,644,828 |
| 1 year later | 230,320 | 47,712 | 66,927 | 137,641 | 157,068 | - | 639,668 |
| 2 years later | 30,884 | 9,962 | 8,257 | 3,302 | - | - | 52,405 |
| 3 years later | 9,181 | 2,948 | 6,383 | - | - | - | 18,512 |
| 4 years later | 9,469 | 3,336 | - | - | - | - | 12,805 |
| 5 years later | 7,062 | - | - | - | - | - | 7,062 |
| **Net estimates of the undiscounted amount of claims** | 2,026,053 | 581,196 | 600,228 | 999,338 | 1,102,205 | 1,066,260 | 6,375,280 |
| Cumulative net claims and other attributable expenses paid | (2,023,303) | (575,655) | (595,291) | (990,928) | (1,055,268) | (790,399) | (6,030,844) |
| **Net undiscounted liabilities for incurred claims** | 2,750 | 5,541 | 4,937 | 8,410 | 46,937 | 275,861 | 344,436 |
| Effect of discounting | | | | | | | (12,351) |
| **Net discounted liabilities for incurred claims before risk adjustment** | | | | | | | 332,085 |
| Effect of the risk adjustment margin for non-financial risk | | | | | | | 15,210 |
| **Net liabilities for incurred claims** | | | | | | | 347,295 |

**27. RISK MANAGEMENT (CONTINUED)**

**(b) Finance risk**

Finance risk comprises of the following: (i) Liquidity Risk; (ii) Market Risk; (iii) Operational Risk and (iv) Credit Risk

**(i) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

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

- The Company's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

**Maturity profiles**

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on remaining contractual obligations. For insurance and reinsurance contract liabilities maturity profiles are determined based on the estimated timing of net cash outflows from the recognized insurance and reinsurance liabilities and assets respectively.

| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
|---|---|---|---|---|---|---|
| | **Less than 12 months** | | **More than 12 months** | | **Total** | |
| | | | **SAR "000"** | | | |
| **Financial assets and (liabilities):** | | | | | | |
| **Insurance Operations** | | | | | | |
| Cash and cash equivalents | **653,091** | 503,905 | **-** | - | **653,091** | 503,905 |
| Short term Deposits | **246,710** | 371,757 | **-** | - | **246,710** | 371,757 |
| Prepayments and other assets | **79,979** | 52,764 | **-** | - | **79,979** | 52,764 |
| Total reinsurance contract assets | **(152,179)** | 52,918 | **890,170** | 736,960 | **737,991** | 789,878 |
| Financial assets for unit-linked contracts | **-** | - | **536,185** | 543,235 | **536,185** | 543,235 |
| Investments | **9,907** | - | **131,657** | 141,378 | **141,564** | 141,378 |
| Long term Deposits | **51,909** | - | **357,832** | 262,367 | **409,741** | 262,367 |
| Total insurance contract liabilities | **(704,368)** | (2,002,424) | **(1,969,441)** | (552,247) | **(2,673,809)** | (2,554,671) |
| Accrued expenses and other liabilities | **(160,071)** | (165,639) | **-** | - | **(160,071)** | (165,639) |
| Lease liabilities | **(14,825)** | (1,090) | **(6,709)** | (1,664) | **(21,534)** | (2,754) |
| | **10,153** | (1,187,809) | **(60,306)** | 1,130,029 | **(50,153)** | (57,780) |
| **Shareholders' Operations** | | | | | | |
| Cash and cash equivalents | **309,177** | 8,506 | **-** | - | **309,177** | 8,506 |
| Short term Deposits | **49,999** | 61,650 | **-** | - | **49,999** | 61,650 |
| Prepayments and other assets | **6,481** | - | **-** | - | **6,481** | - |
| Statutory deposit | **-** | - | **127,558** | 85,058 | **127,558** | 85,058 |
| Investments | **694,701** | 494,569 | **552,457** | 480,555 | **1,247,158** | 975,124 |
| Long term Deposits | **-** | - | **-** | 95,939 | **-** | 95,939 |
| Accrued expenses and other liabilities | **(242)** | (1,902) | **-** | - | **(242)** | (1,902) |
| | **1,060,116** | 562,823 | **680,015** | 661,552 | **1,740,131** | 1,224,375 |
| **Total** | **1,070,269** | (624,986) | **619,709** | 1,791,581 | **1,689,978** | 1,166,595 |

## 27. RISK MANAGEMENT (CONTINUED)

### (b) Finance risk (Continued)

#### (ii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- Currency risk (foreign exchange rates);
- Commission rate risk (market interest rates); and
- Price risk (market prices).

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.

The Company stipulates diversification benchmarks by type of instrument and geographical area.

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

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

**Currency risk**

The Company's exposure to foreign currency risk is mainly limited to United States Dollars which is pegged against Saudi Riyals. Management believes that the currency risk to the Company is not significant.

**Commission rate risk (Interest rate risk)**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

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

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

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

**27. RISK MANAGEMENT (CONTINUED)**

**(b) Finance risk (Continued)**

The Company's exposure to interest rate risk sensitive deposits and debt instruments are as follows:

| | 2024 | 2023 |
|---|---|---|
| | SAR "000" | |
| Cash and cash equivalents | **962,268** | 512,411 |
| Short term deposits | **296,709** | 433,407 |
| Investments | **878,496** | 705,936 |
| Long term deposits | **409,741** | 358,306 |
| | **2,547,214** | 2,010,060 |

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

| | 2024 | 2023 |
|---|---|---|
| | SAR "000" | |
| Impact on commission income, net profit and equity is as below: | | |
| - Interest rate increase by 1 % | **2,882** | 589 |
| - Interest rate decrease by 1 % | **(2,570)** | (644) |

**Price risk**

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market. The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

For insurance contract liability, only the portfolio for unit linked contracts with participating feature is exposed to price risk. However, this risk is offset by the underlying financial assets for unit linked contracts.

The Company has an unquoted equity investment carried at FVOCI and certain investments carried at FVTPL under level 3 fair valuation approach which are not susceptible to market price risk.

The Company's FVTPL level 1 investments are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets. The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on individual and total equity instruments.

The Company has no significant concentration of price risk.

The impact of a hypothetical change of a 10% increase and 10% decrease in the market prices of investments on the Company's profits and equity would be as follows:

| | 2024 | 2023 |
|---|---|---|
| | SAR "000" | |
| Carrying value of investments exposed to price risk | **168,346** | 143,452 |
| Impact on carrying value of investment, net profit and equity is as below: | | |
| - Market price increase by 10 % | **16,835** | 14,345 |
| - Market price decrease by 10 % | **(16,835)** | (14,345) |

**27. RISK MANAGEMENT (CONTINUED)**

**(b) Finance risk (Continued)**

**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all the Company's activities.

The operations of the Company are subject to regulatory requirements in Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. In management's opinion, the Company has substantially complied with such regulatory requirements.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors.

This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation policies and procedures

**Credit risk**

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The Company only enters into insurance and reinsurance contracts with recognized and creditworthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an on-going basis in order to reduce the Company's exposure to bad debts. The Company limits its credit risk with regard to time deposits by dealing with reputable banks only.

The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables. Maximum credit exposure to top five customers is 35.99%.

The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investment grade credit ratings are all the investments with credit rating of BBB or higher. All investments of the Company are made in instruments with investment grade credit rating.

**27. RISK MANAGEMENT (CONTINUED)**

**(b) Finance risk (Continued)**

**Credit exposure**

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties:

| | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Investment grade** | **Unrated/ Non-Investment grade** | **Total** | Investment grade | Unrated/ Non-Investment grade | Total |
| | **SAR "000"** | | | SAR "000" | | |
| **Insurance operations** | | | | | | |
| Cash and cash equivalents | **653,091** | **-** | **653,091** | 503,905 | - | 503,905 |
| Short term deposits | **246,710** | **-** | **246,710** | 371,757 | - | 371,757 |
| Prepaid expenses and other assets | **-** | **79,979** | **79,979** | - | 52,764 | 52,764 |
| Financial assets for unit-linked insurance contracts | **536,185** | **-** | **536,185** | 543,235 | - | 543,235 |
| Investments measured at amortized costs | **141,564** | **-** | **141,564** | 141,378 | - | 141,378 |
| Long term deposits | **409,741** | **-** | **409,741** | 262,367 | - | 262,367 |
| | **1,987,291** | **79,979** | **2,067,270** | 1,822,642 | 52,764 | 1,875,406 |
| **Shareholders' operations** | | | | | | |
| Cash and cash equivalents | **309,177** | **-** | **309,177** | 8,506 | - | 8,506 |
| Short term deposits | **49,999** | **-** | **49,999** | 61,650 | - | 61,650 |
| Prepaid expenses and other assets | **-** | **6,481** | **6,481** | - | - | - |
| Statutory deposit | **127,558** | **-** | **127,558** | 85,058 | - | 85,058 |
| Investments measured at amortized costs | **568,123** | **-** | **568,123** | 403,662 | - | 403,662 |
| Long term deposits | **-** | **-** | **-** | 95,939 | - | 95,939 |
| | **1,054,857** | **6,481** | **1,061,338** | 654,815 | - | 654,815 |
| **Total** | **3,042,148** | **86,460** | **3,128,608** | 2,477,457 | 52,764 | 2,530,221 |

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentrations of credit risk.

- The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document.
- Claims payable can be netted off against amounts receivable from them to reduce the risk of default.

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

**Impairment assessment**

The Company's ECL assessment and measurement method is set out below:

**Significant increase in credit risk, default, and cure**

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

**27. RISK MANAGEMENT (CONTINUED)**

**(b) Finance risk (Continued)**

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees.
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection.
- Counterparty's listed debt or equity suspended at the primary exchange because of rumors or facts about financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and, therefore, re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default on financial assets during the year.

**Expected credit loss (ECL)**

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 60%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

**Impairment losses on financial investments subject to impairment assessment**

Following are the financial assets measured at amortized cost along with the ECL (12-month ECL) impact:

| | **2024** | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Investment Value** | **ECL** | **Carrying Value** | Investment Value | ECL | Carrying Value |
| | **SAR "000"** | | | SAR "000" | | |
| **Insurance operations** | | | | | | |
| Cash and cash equivalents | **653,101** | **(10)** | **653,091** | 503,908 | (3) | 503,905 |
| Short term deposits | **246,719** | **(9)** | **246,710** | 371,771 | (14) | 371,757 |
| Prepaid expenses and other assets | **80,018** | **(39)** | **79,979** | 52,784 | (20) | 52,764 |
| Investments measured at amortized costs | **141,567** | **(3)** | **141,564** | 141,383 | (5) | 141,378 |
| Long term deposits | **409,829** | **(88)** | **409,741** | 262,453 | (86) | 262,367 |
| | **1,531,234** | **(149)** | **1,531,085** | 1,332,299 | (128) | 1,332,171 |
| **Shareholders' operations** | | | | | | |
| Cash and cash equivalents | **309,178** | **(1)** | **309,177** | 8,506 | - | 8,506 |
| Short term deposits | **50,000** | **(1)** | **49,999** | 61,652 | (2) | 61,650 |
| Prepaid expenses and other assets | **6,494** | **(13)** | **6,481** | - | - | - |
| Investments measured at amortized costs | **568,134** | **(11)** | **568,123** | 403,672 | (10) | 403,662 |
| Long term deposits | **(1)** | **1** | **-** | 95,955 | (16) | 95,939 |
| | **933,805** | **(25)** | **933,780** | 569,785 | (28) | 569,757 |
| **Total** | **2,465,039** | **(174)** | **2,464,865** | 1,902,084 | (156) | 1,901,928 |

## 28. SUPPLEMENTARY INFORMATION

| **Statement of financial position as at** | **December 31, 2024** | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Insurance operations** | **Share-holders' operations** | **Total** | Insurance operations | Share-holders' operations | Total |
| **Assets** | | **SAR "000"** | | | SAR "000" | |
| Cash and cash equivalents | **653,091** | **309,177** | **962,268** | 503,905 | 8,506 | 512,411 |
| Short term deposits | **246,710** | **49,999** | **296,709** | 371,757 | 61,650 | 433,407 |
| Prepaid expenses and other assets | **79,979** | **6,481** | **86,460** | 52,764 | - | 52,764 |
| Reinsurance contract assets for non unit-linked business | **741,129** | **-** | **741,129** | 789,767 | - | 789,767 |
| Reinsurance contract assets for unit-linked business | **164** | **-** | **164** | 111 | - | 111 |
| Financial assets for unit-linked insurance contracts | **536,185** | **-** | **536,185** | 543,235 | - | 543,235 |
| Due from shareholders' operations | **1,940** | **-** | **1,940** | 29,876 | - | 29,876 |
| Statutory deposit | **-** | **127,558** | **127,558** | - | 85,058 | 85,058 |
| Accrued income on statutory deposit | **-** | **19** | **19** | - | 4,347 | 4,347 |
| Investments | **141,564** | **1,247,158** | **1,388,722** | 141,378 | 975,124 | 1,116,502 |
| Long term deposits | **409,741** | **-** | **409,741** | 262,367 | 95,939 | 358,306 |
| Property and equipment, net | **15,497** | **35,463** | **50,960** | 14,854 | 16,400 | 31,254 |
| Right of use assets, net | **23,183** | **-** | **23,183** | 4,230 | - | 4,230 |
| Intangible assets | **39,482** | **76,978** | **116,460** | 38,299 | 83,267 | 121,566 |
| Goodwill | **-** | **24,415** | **24,415** | - | 24,415 | 24,415 |
| **Total assets** | **2,888,665** | **1,877,248** | **4,765,913** | 2,752,543 | 1,354,706 | 4,107,249 |
| **Liabilities and equity** | | | | | | |
| **Liabilities** | | | | | | |
| Insurance contract liabilities for non unit-linked business | **2,129,850** | **-** | **2,129,850** | 2,002,424 | - | 2,002,424 |
| Insurance contract liabilities for unit-linked business | **543,959** | **-** | **543,959** | 552,247 | - | 552,247 |
| Reinsurance contract liabilities for non unit-linked business | **3,302** | **-** | **3,302** | - | - | - |
| Accrued expenses and other liabilities | **160,071** | **242** | **160,313** | 165,639 | 1,902 | 167,541 |
| Lease liabilities | **21,534** | **-** | **21,534** | 2,754 | - | 2,754 |
| Accrued income payable to IA | **-** | **19** | **19** | - | 4,347 | 4,347 |
| Due to insurance operations | **-** | **1,940** | **1,940** | - | 29,876 | 29,876 |
| Provision for zakat and income tax | **-** | **42,963** | **42,963** | - | 46,283 | 46,283 |
| Provision for end-of-service benefits | **37,512** | **503** | **38,015** | 32,819 | 503 | 33,322 |
| **Total liabilities** | **2,896,228** | **45,667** | **2,941,895** | 2,755,883 | 82,911 | 2,838,794 |
| **Equity** | | | | | | |
| Share capital | **-** | **1,275,583** | **1,275,583** | - | 850,583 | 850,583 |
| Share premium | **-** | **228,280** | **228,280** | - | 193,119 | 193,119 |
| Statutory reserve | **-** | **92,775** | **92,775** | - | 79,915 | 79,915 |
| Fair value reserve for investments | **-** | **117,149** | **117,149** | - | 81,827 | 81,827 |
| Retained earnings | **-** | **117,794** | **117,794** | - | 66,351 | 66,351 |
| **Total shareholders' equity** | **-** | **1,831,581** | **1,831,581** | - | 1,271,795 | 1,271,795 |
| Remeasurement of EOSB | **(7,563)** | **-** | **(7,563)** | (3,340) | - | (3,340) |
| **Total equity** | **(7,563)** | **1,831,581** | **1,824,018** | (3,340) | 1,271,795 | 1,268,455 |
| **Total liabilities and equity** | **2,888,665** | **1,877,248** | **4,765,913** | 2,752,543 | 1,354,706 | 4,107,249 |

## 28. SUPPLEMENTARY INFORMATION (CONTINUED)

| **Statement of income for the year ended** | **December 31, 2024** | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Insurance operations** | **Share-holders' operations** | **Total** | Insurance operations | Share-holders' operations | Total |
| | | **SAR "000"** | | | SAR "000" | |
| Insurance revenue | **3,344,580** | **-** | **3,344,580** | 2,887,642 | - | 2,887,642 |
| Insurance service expenses | **(1,988,804)** | **-** | **(1,988,804)** | (1,679,206) | - | (1,679,206) |
| **Insurance service results before reinsurance contracts held** | **1,355,776** | **-** | **1,355,776** | 1,208,436 | - | 1,208,436 |
| Allocation of reinsurance premiums | **(1,574,269)** | **-** | **(1,574,269)** | (1,321,613) | - | (1,321,613) |
| Amounts recoverable from reinsurers for incurred claims | **182,412** | **-** | **182,412** | 141,298 | - | 141,298 |
| **Net expenses from reinsurance contracts held** | **(1,391,857)** | **-** | **(1,391,857)** | (1,180,315) | - | (1,180,315) |
| **Insurance service results** | **(36,081)** | **-** | **(36,081)** | 28,121 | - | 28,121 |
| Commission income on investments and deposits | **51,356** | **22,860** | **74,216** | 40,266 | 18,133 | 58,399 |
| Dividends on investments | **-** | **16,983** | **16,983** | - | 16,791 | 16,791 |
| Realized gain on investments measured at fair value | **-** | **43,892** | **43,892** | - | 9,202 | 9,202 |
| Unrealized gain on investments measured at fair value | **-** | **4,652** | **4,652** | - | 80,696 | 80,696 |
| Change in expected credit losses on financial assets | **(24)** | **6** | **(18)** | (71) | (34) | (105) |
| **Net investment income** | **51,332** | **88,393** | **139,725** | 40,195 | 124,788 | 164,983 |
| Finance expense from insurance contracts issued | **(21,567)** | **-** | **(21,567)** | (6,285) | - | (6,285) |
| Finance income from reinsurance contracts held | **12,994** | **-** | **12,994** | 1,932 | - | 1,932 |
| **Net insurance finance expenses** | **(8,573)** | **-** | **(8,573)** | (4,353) | - | (4,353) |
| **Net insurance and investment results** | **6,678** | **88,393** | **95,071** | 63,963 | 124,788 | 188,751 |
| Other income | **2,952** | **20,308** | **23,260** | 7,148 | 4,117 | 11,265 |
| Other operating expenses | **(20,318)** | **(14,960)** | **(35,278)** | (14,074) | (22,965) | (37,039) |
| **Net income before zakat & tax** | **(10,688)** | **93,741** | **83,053** | 57,037 | 105,940 | 162,977 |
| Deficit / (surplus) transferred to shareholders' operations | **10,688** | **(10,688)** | **-** | (57,037) | 57,037 | - |
| **Net income after transfer of surplus to the shareholders before zakat & tax** | **-** | **83,053** | **83,053** | - | 162,977 | 162,977 |
| Provision for Zakat | **-** | **(16,350)** | **(16,350)** | - | (12,430) | (12,430) |
| Provision for Income Tax | **-** | **(2,400)** | **(2,400)** | - | (2,570) | (2,570) |
| **Net income for the year after zakat & tax, attributable to the shareholders** | **-** | **64,303** | **64,303** | - | 147,977 | 147,977 |
| **Earnings per share (expressed in SAR per share) - Restated** | | | | | | |
| Basic and diluted earnings per share - Restated | | | **0.62** | | | 1.45 |
| Weighted average number of ordinary outstanding shares (in thousand shares) - Restated | | | **103,064** | | | 101,722 |

## 28. SUPPLEMENTARY INFORMATION (CONTINUED)

**Statement of comprehensive income for year ended**

| | **December 31, 2024** | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | **Insurance operations** | **Share-holders' operations** | **Total** | Insurance operations | Share-holders' operations | Total |
| | | **SAR "000"** | | | SAR "000" | |
| **Net income for the year attributable to the shareholders** | **-** | **64,303** | **64,303** | - | 147,977 | 147,977 |
| **Other comprehensive income:** | | | | | | |
| ***Items that will not be reclassified to the statement of income in subsequent periods*** | | | | | | |
| Re-measurement loss on end of service benefits (EOSB) | **(4,223)** | **-** | **(4,223)** | (3,477) | - | (3,477) |
| Net changes in fair value of investments measured at FVOCI | **-** | **35,322** | **35,322** | - | 7,519 | 7,519 |
| **Total comprehensive (loss) / income for the year** | **(4,223)** | **99,625** | **95,402** | (3,477) | 155,496 | 152,019 |

## 28. SUPPLEMENTARY INFORMATION (CONTINUED)

| Statement of cash flows for the year ended | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Insurance operations | Share-holders' operations | Total | Insurance operations | Share-holders' operations | Total |
| | SAR "000" | | | SAR "000" | | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | |
| Net income for the year before zakat and income tax | **-** | **83,053** | **83,053** | - | 162,977 | 162,977 |
| **Adjustments for non-cash and non-operating items:** | | | | | | |
| Depreciation of property and equipment | **5,603** | **-** | **5,603** | 4,601 | - | 4,601 |
| Depreciation of right of use assets | **7,496** | **-** | **7,496** | 3,698 | - | 3,698 |
| Amortization of intangible assets | **13,867** | **6,289** | **20,156** | 9,565 | 6,554 | 16,119 |
| Commission income on investments and deposits | **(51,356)** | **(22,860)** | **(74,216)** | (40,266) | (18,133) | (58,399) |
| Dividends on investments | **-** | **(16,983)** | **(16,983)** | - | (16,791) | (16,791) |
| Realized gain on investments measured at fair value | **-** | **(43,892)** | **(43,892)** | - | (9,202) | (9,202) |
| Unrealized gain on investments measured at fair value | **-** | **(4,652)** | **(4,652)** | - | (80,696) | (80,696) |
| Change in expected credit losses on financial assets | **14** | **(9)** | **5** | 96 | 18 | 114 |
| Gains on disposal of property and equipment | **(70)** | **(20,308)** | **(20,378)** | - | - | - |
| Finance cost on lease assets | **912** | **-** | **912** | 116 | - | 116 |
| Provision for end-of-service benefits (EOSB) | **6,089** | **-** | **6,089** | 5,147 | - | 5,147 |
| **Changes in operating assets and liabilities:** | | | | | | |
| Insurance contract assets for non unit-linked business | **-** | **-** | **-** | 8,793 | - | 8,793 |
| Insurance contract liabilities for non unit-linked business | **127,426** | **-** | **127,426** | 372,017 | - | 372,017 |
| Insurance contract liabilities for unit-linked business | **(8,288)** | **-** | **(8,288)** | 61,982 | - | 61,982 |
| Reinsurance contract assets for non unit-linked business | **48,638** | **-** | **48,638** | 12,189 | - | 12,189 |
| Reinsurance contract assets for unit-linked business | **(53)** | **-** | **(53)** | (680) | - | (680) |
| Reinsurance contract liabilities for non unit-linked business | **3,302** | **-** | **3,302** | (3,258) | - | (3,258) |
| Prepaid expenses and other assets | **(27,241)** | **(6,485)** | **(33,726)** | 42,309 | 590 | 42,899 |
| Accrued expenses and other liabilities | **(5,568)** | **(3,409)** | **(8,977)** | (80,208) | (2,049) | (82,257) |
| | **120,771** | **(29,256)** | **91,515** | 396,101 | 43,268 | 439,369 |
| End-of-service benefits paid | **(5,619)** | **-** | **(5,619)** | (2,250) | - | (2,250) |
| Zakat and income tax paid | **-** | **(20,321)** | **(20,321)** | - | (13,733) | (13,733) |
| **Net cash generated from / (used in) operating activities** | **115,152** | **(49,577)** | **65,575** | 393,851 | 29,535 | 423,386 |

## 28. SUPPLEMENTARY INFORMATION (CONTINUED)

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Insurance operations | Share-holders' operations | Total | Insurance operations | Share-holders' operations | Total |
| | SAR "000" | | | SAR "000" | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | |
| Financial assets for unit linked insurance contracts, net | **7,050** | **-** | **7,050** | (59,494) | - | (59,494) |
| Purchase of investments - FVTPL | **-** | **(245,558)** | **(245,558)** | - | (279,477) | (279,477) |
| Disposals of investments - FVTPL | **-** | **240,076** | **240,076** | - | 251,025 | 251,025 |
| Purchase of investments - FVOCI | **-** | **(5,625)** | **(5,625)** | - | - | - |
| Disposals of investments - FVOCI | **-** | **-** | **-** | - | - | - |
| Purchase of investments - amortized cost | **-** | **(170,738)** | **(170,738)** | (26,899) | (141,722) | (168,621) |
| Disposals of investments - amortized cost | **-** | **10,032** | **10,032** | 100,000 | 38,860 | 138,860 |
| Investment in joint venture | **-** | **(12,600)** | **(12,600)** | - | - | - |
| Commission income received on investments and deposits | **51,172** | **19,106** | **70,278** | 31,186 | 23,206 | 54,392 |
| Dividends received on investments | **-** | **16,983** | **16,983** | - | 16,791 | 16,791 |
| Disposals / (additions) of short term deposits | **125,063** | **11,648** | **136,711** | (110,997) | 45,001 | (65,996) |
| Disposals / (additions) of long term deposits | **(147,380)** | **95,954** | **(51,426)** | (210,000) | (95,000) | (305,000) |
| Additions to intangible assets, net | **(15,050)** | **-** | **(15,050)** | (16,788) | - | (16,788) |
| Additions to property and equipment | **(6,246)** | **(35,463)** | **(41,709)** | (6,756) | - | (6,756) |
| Disposals of property and equipment | **70** | **36,708** | **36,778** | 32 | - | 32 |
| **Net cash generated from / (used in) investing activities** | **14,679** | **(39,477)** | **(24,798)** | (299,716) | (141,316) | (441,032) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | |
| Due from / (due to) shareholders' operations / insurance operations | **27,936** | **(27,936)** | **-** | (10,196) | 10,196 | - |
| Increase in share capital | **-** | **425,000** | **425,000** | - | - | - |
| Increase in share premium, net | **-** | **35,161** | **35,161** | - | - | - |
| Net changes in statutory deposits | **-** | **(42,500)** | **(42,500)** | - | - | - |
| Lease liabilities paid | **(8,581)** | **-** | **(8,581)** | (4,153) | - | (4,153) |
| **Net cash generated from / (used in) financing activities** | **19,355** | **389,725** | **409,080** | (14,349) | 10,196 | (4,153) |
| **Net change in cash and cash equivalents** | **149,186** | **300,671** | **449,857** | 79,786 | (101,585) | (21,799) |
| Cash and cash equivalents, beginning of the year | **503,905** | **8,506** | **512,411** | 424,119 | 110,091 | 534,210 |
| **Cash and cash equivalents, end of the year** | **653,091** | **309,177** | **962,268** | 503,905 | 8,506 | 512,411 |

## 29. DIVIDEND

No dividend has been proposed or paid by the Company during the current reporting period or the comparative period as presented in these financial statements.

## 30. EARNING PER SHARE (EPS)

Basic and diluted earnings per share from shareholders' income are calculated by dividing the net income for the year after zakat and taxes by the weighted average number of ordinary shares outstanding during the year.

During the year, the Company undertook rights issue and increased the capital (Refer note 22). In accordance with IAS 33 – Earnings Per Share, the prior year's EPS has been restated to reflect the impact of the rights issue, ensuring comparability. The weighted average number of shares for both the current and prior periods has been adjusted based on the Theoretical Ex-Rights Price (TERP).

| | **2024** | 2023 |
|---|---|---|
| Issued ordinary shares before rights issue | **85,058** | 85,058 |
| Rights issue adjustment | **18,006** | 16,664 |
| **Weighted average number of ordinary shares after rights issue** | **103,064** | 101,722 |
| Net income for the year attributable to the shareholders | **64,303** | 147,977 |
| Weighted average number of ordinary shares for basic and diluted earning per share | **103,064** | 101,722 |
| **Basic and diluted earning per share** | **0.62** | 1.45 |

## 31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the change in the presentation methodology adopted by the Company in the current period.

However, there is no financial impact of these reclassifications on net income attributable to shareholders and equity.

## 32. SUBSEQUENT EVENTS

No events have occurred after the statement of financial position date that would have a material impact on the financial position or results of operations as presented in these financial statements.

## 33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on March 10, 2025, corresponding to 10 Ramdan 1446H.