**THE COMPANY FOR COOPERATIVE INSURANCE**
(A SAUDI JOINT STOCK COMPANY)

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

**THE COMPANY FOR COOPERATIVE INSURANCE**
(A SAUDI JOINT STOCK COMPANY)
**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**
**AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2025**

KPMG Professional Services Company
Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

**Headquarters in Riyadh**

PKF Al Bassam
Chartered Accountants
As Sulimaniyah – Prince Abdulaziz Ibn Musaid Street
P. O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia
Commercial Registration No 1010385804

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF THE COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

### *Opinion*

We have audited the consolidated financial statements of The Company for Cooperative Insurance (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

### *Basis for Opinion*

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITORS' REPORT**

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

***Key Audit Matters (Continued)***

<table>
<tr><td colspan="2">Insurance contract liabilities</td></tr>
<tr><td colspan="2">See note 8 to the consolidated financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 December 2025, the Group's insurance contract liabilities amount to SAR 13,377 million; of which there are two components:<br>a) liability for incurred claims ("LIC") amounting to SAR 6,176 million; and<br>b) liability for remaining coverage ("LRC") amounting to SAR 7,201 million.<br>Actuarial projection methods, based on both historical information and assumptions on future developments, are used to measure the insurance contract liabilities.<br>For liability for incurred claims, estimates include assumptions related to the amount of the expected settlement and claim payment patterns. Due to inherent nature of liability for incurred claims, there is a significant degree of uncertainty, and change in assumptions could significantly impact the consolidated financial statements. Therefore, liability for incurred claims has been considered a key audit matter.</td><td>Together with our actuarial specialists, on a sample basis, we:<br>• Assessed the design and implementation of key controls over management's processes for estimating the liability for incurred claims, including controls over the completeness and accuracy of the claims estimate recorded.<br>• Tested the amounts recorded for claims notified and paid, together with the outstanding claims amount to appropriate source documentation to evaluate the valuation of ultimate expected claims.<br>• Assessed the reasonableness of the actuarial models and assumptions used to calculate the present value of the future cash flows of the liability for incurred claims. We also analysed the actuarial reserve report issued by the Group's appointed actuary.<br>• Evaluated the completeness and accuracy of data used by management in their calculation of liability for incurred claims.<br>• Assessed the adequacy of the disclosures in the consolidated financial statements in respect of the liability for incurred claims, considering the disclosure requirements of IFRS 17.</td></tr>
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**INDEPENDENT AUDITORS' REPORT**

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

***Other Information***

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

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

**INDEPENDENT AUDITORS' REPORT**

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of The Company for Cooperative Insurance (the "Company") and its subsidiaries ("the Group").

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, actions taken to eliminate threats or safeguards applied.

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

**KPMG Professional Services Company**
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

كي بي إم جي للإستشارات المهنية
Lic No. 46
ترخيص رقم ٤٦
C.R. 1010425494
س.ت ١٠١٠٤٢٥٤٩٤
R : 2
KPMG
KPMG Professional Services

**Khalil Ibrahim Al Sedais**
Certified Public Accountant
Registration No. 371

**PKF Al Bassam Chartered Accountants**
P. O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C. R. 1010385804
PKF Al Bassam
chartered accountants

**Ibrahim A. Al-Bassam**
Certified Public Accountant
Registration No. 337

Riyadh on 5 March 2026
Corresponding to: 16 Ramadhan 1447H

**THE COMPANY FOR COOPERATIVE INSURANCE**
(A SAUDI JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT DECEMBER 31, 2025**

| | Notes | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| | | ⃁ ’000 | |
| **ASSETS** | | | |
| Cash and cash equivalents | 4 | 1,701,158 | 2,077,468 |
| Term deposits | 5 | 7,933,741 | 9,251,676 |
| Investments including accrued investment income | 6 | 4,578,024 | 2,197,024 |
| Receivable from brokers / agents | 7 | 2,977,221 | 3,274,268 |
| Reinsurance contract assets | 8 | 2,884,355 | 3,011,998 |
| Prepaid expenses and other assets | 9 | 415,326 | 219,413 |
| Investments in equity accounted investments | 10 | 128,471 | 116,497 |
| Intangible assets | 11 | 444,040 | 188,521 |
| Property, equipment, and right-of-use assets | 12 | 543,677 | 507,963 |
| Accrued income on statutory deposit | 13 | 7,832 | 896 |
| Statutory deposit | 13 | 149,988 | 149,977 |
| **TOTAL ASSETS** | | 21,763,833 | 20,995,701 |
| **LIABILITIES** | | | |
| Accrued expenses and other liabilities | 14 | 1,744,302 | 1,498,643 |
| Zakat payable | 28 | 482,715 | 461,307 |
| Dividends payable | | 8,863 | 10,343 |
| Insurance contract liabilities | 8 | 13,376,778 | 14,385,367 |
| Reinsurance contract liabilities | 8 | 43,761 | - |
| Short term loan payable | 15 | 554,706 | - |
| Accrued income payable on statutory deposit | 13 | 7,832 | 896 |
| Defined benefits obligation | 16 | 187,376 | 160,902 |
| **TOTAL LIABILITIES** | | 16,406,333 | 16,517,458 |
| **EQUITY** | | | |
| Share capital | 17 | 1,500,000 | 1,500,000 |
| Statutory reserve | 18 | 1,500,000 | 1,500,000 |
| Re-measurement of defined benefit obligations | | (26,957) | (28,922) |
| Fair value reserve for investments | 19 | 61,786 | 49,216 |
| Treasury shares reserve | 20 | (4,582) | (2,582) |
| Employees stock option scheme reserve | 21 | 26,846 | 11,471 |
| Retained earnings | | 2,300,407 | 1,449,060 |
| **TOTAL EQUITY** | | 5,357,500 | 4,478,243 |
| **TOTAL LIABILITIES AND EQUITY** | | 21,763,833 | 20,995,701 |
| **CONTINGENCIES AND COMMITMENTS** | 35 | | |

| **Abdulaziz M. AlSedeas**<br>Board Director | **Abdulaziz Alshaikh**<br>Chief Financial Officer | **Othman Y. Alkassabi**<br>Chief Executive Officer |
|---|---|---|

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

**THE COMPANY FOR COOPERATIVE INSURANCE**
(A SAUDI JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | Notes | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| | | ⃁ '000 | |
| Insurance revenue | 23 | **21,403,177** | 18,272,957 |
| Insurance service expenses | 24 | **(18,016,361)** | (15,434,203) |
| **Insurance service result before reinsurance contracts held** | | **3,386,816** | 2,838,754 |
| Allocation of reinsurance premiums | | **(2,613,920)** | (2,211,901) |
| Amounts recoverable from reinsurers for incurred claims | | **343,355** | 484,576 |
| **Net expense from reinsurance contracts held** | 25 | **(2,270,565)** | (1,727,325) |
| **Insurance service result - net** | | **1,116,251** | 1,111,429 |
| Revenue from non-insurance services | 26 | **9,604** | 3,214 |
| Commission income | | **524,998** | 601,476 |
| Dividend income | | **3,080** | 1,953 |
| Net fair value gains on financial assets at fair value through profit or loss | | **204,690** | 55,340 |
| Share of profit from equity-accounted investments | 10 | **31,023** | 21,676 |
| **Net investment income** | | **763,791** | 680,445 |
| Reversal of / (Allowance for) expected credit losses on financial assets | | **130,747** | (91,737) |
| Finance expense from insurance contracts issued | | **(173,309)** | (169,943) |
| Finance income from reinsurance contracts held | | **71,541** | 99,531 |
| **Net insurance finance expense** | | **(101,768)** | (70,412) |
| **Insurance and non-insurance results** | | **1,918,625** | 1,632,939 |
| Finance charge | | **(20,551)** | (9,569) |
| Other operating expenses | 27 | **(691,665)** | (538,620) |
| Other income | | **20,212** | 60,264 |
| **Net profit for the year before Zakat** | | **1,226,621** | 1,145,014 |
| Zakat charge for the year | 28 | **(123,507)** | (122,989) |
| **Net profit for the year after Zakat** | | **1,103,114** | 1,022,025 |
| Basic earnings per share (in SAR) | 30 | **7.37** | 6.82 |
| Diluted earnings per share (in SAR) | 30 | **7.35** | 6.81 |

**Abdulaziz M. AlSedeas**
Board Director

**Abdulaziz Alshaikh**
Chief Financial Officer

**Othman Y. Alkassabi**
Chief Executive Officer

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

**THE COMPANY FOR COOPERATIVE INSURANCE**
(A SAUDI JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | Notes | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| | | ⃁ '000 | |
| Net profit for the year after Zakat | | **1,103,114** | 1,022,025 |
| ***Other comprehensive income:*** | | | |
| ***Items that will not be reclassified to the consolidated statement of income subsequently:*** | | | |
| Re-measurement of defined benefits obligation | **16** | **1,965** | (15,723) |
| Net movement in fair value of investments carried at FVOCI | **6** | **11,869** | 27,466 |
| | | **13,834** | 11,743 |
| ***Items that are or may be reclassified to the consolidated statement of income subsequently:*** | | | |
| Share of other comprehensive income of investment in equity-accounted investments | **10** | **701** | 1,261 |
| **Total comprehensive income for the year** | | **1,117,649** | 1,035,029 |

| | | |
|---|---|---|
| **Abdulaziz M. AlSedeas** | **Abdulaziz Alshaikh** | **Othman Y. Alkassabi** |
| Board Director | Chief Financial Officer | Chief Executive Officer |

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**THE COMPANY FOR COOPERATIVE INSURANCE**
(A SAUDI JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**AS AT DECEMBER 31, 2025**

| | Notes | Share capital | Statutory reserve | Remeasurement of defined benefit obligation | Fair value reserve for investments | Treasury shares reserve | Employee stock option scheme reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | ⃁ '000 | | | | |
| **Balance as at January 1, 2024** | | 1,500,000 | 1,373,285 | (13,199) | 20,489 | - | - | 741,242 | 3,621,817 |
| Net profit for the year after Zakat | | - | - | - | - | - | - | 1,022,025 | 1,022,025 |
| Re-measurement loss on defined benefits obligation | 16 | - | - | (15,723) | - | - | - | - | (15,723) |
| Other comprehensive income for the year | | - | - | - | 28,727 | - | - | - | 28,727 |
| Total comprehensive income for the year | | - | - | (15,723) | 28,727 | - | - | 1,022,025 | 1,035,029 |
| Transfer to statutory reserve | | - | 126,715 | - | - | - | - | (126,715) | - |
| Treasury shares | 20 | - | - | - | - | (2,582) | - | - | (2,582) |
| Employee stock option scheme reserve | | - | - | - | - | - | 11,471 | - | 11,471 |
| Loss on treasury shares | 20 | - | - | - | - | - | - | (37,492) | (37,492) |
| ***Transactions with owners*** | | | | | | | | | |
| Dividends | 17 | - | - | - | - | - | - | (150,000) | (150,000) |
| **Balance as at December 31, 2024** | | 1,500,000 | 1,500,000 | (28,922) | 49,216 | (2,582) | 11,471 | 1,449,060 | 4,478,243 |
| Net profit for the year after zakat | | **-** | **-** | **-** | **-** | **-** | **-** | **1,103,114** | **1,103,114** |
| Re-measurement loss on defined benefits obligation | **16** | **-** | **-** | **1,965** | **-** | **-** | **-** | **-** | **1,965** |
| Other comprehensive income for the year | | **-** | **-** | **-** | **12,570** | **-** | **-** | **-** | **12,570** |
| Total comprehensive income for the year | | **-** | **-** | **1,965** | **12,570** | **-** | **-** | **1,103,114** | **1,117,649** |
| Transfer to statutory reserve | | **-** | | **-** | **-** | **-** | **-** | **-** | **-** |
| Treasury shares | **20** | **-** | **-** | **-** | **-** | **(2,000)** | **-** | **-** | **(2,000)** |
| Employee stock option scheme reserve | | **-** | **-** | **-** | **-** | **-** | **15,375** | **-** | **15,375** |
| Loss on treasury shares | **20** | **-** | **-** | **-** | **-** | **-** | **-** | **(26,767)** | **(26,767)** |
| ***Transactions with owners*** | | | | | | | | | |
| Dividends | **17** | **-** | **-** | **-** | **-** | **-** | **-** | **(225,000)** | **(225,000)** |
| **Balance as at December 31, 2025** | | **1,500,000** | **1,500,000** | **(26,957)** | **61,786** | **(4,582)** | **26,846** | **2,300,407** | **5,357,500** |

| **Abdulaziz M. AlSedeas** | **Abdulaziz Alshaikh** | **Othman Y. Alkassabi** |
|---|---|---|
| Board Director | Chief Financial Officer | Chief Executive Officer |

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

**THE COMPANY FOR COOPERATIVE INSURANCE**
(A SAUDI JOINT STOCK COMPANY)
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | Notes | December 31, 2025 | December 31, 2024 |
|---|---|---|---|
| | | ⃁ ’000 | |
| **Operating activities:** | | | |
| Net profit for the year before zakat | | **1,226,621** | 1,145,014 |
| Adjustments for non-cash items: | | | |
| Depreciation | **12** | **71,693** | 41,307 |
| Amortisation of intangible assets | **11** | **116,953** | 70,188 |
| Share of profit from investments in equity-accounted investments | **10** | **(31,023)** | (21,676) |
| Employee share option scheme | | **15,375** | 11,471 |
| Commission income | | **(524,998)** | (601,476) |
| Gain on disposal of investment properties | | **-** | (36,235) |
| Dividend income | | **(3,080)** | (1,953) |
| (Reversal of) / Allowance for of expected credit loss | | **(130,747)** | 91,737 |
| Net fair value (gain) on available for sale and FVPL investments | | **(204,690)** | (55,340) |
| Finance cost | | **20,551** | 9,569 |
| Provision for defined benefits obligation | **16.3** | **32,968** | 23,342 |
| | | **589,623** | 675,948 |
| Changes in operating assets and liabilities: | | | |
| Receivable from brokers / agents | | **427,793** | (472,065) |
| Reinsurance contract assets | | **127,643** | 522,943 |
| Prepaid expenses and other assets | | **(195,920)** | 572,768 |
| Accrued expenses and other liabilities | | **266,406** | 657,320 |
| Reinsurance contract liabilities | | **43,761** | - |
| Insurance contract liabilities | | **(1,008,589)** | 949,210 |
| | | **250,717** | 2,906,124 |
| Zakat paid during the year | **28** | **(102,099)** | (21,526) |
| Defined benefits obligation paid | **16** | **(12,071)** | (12,676) |
| **Net cash generated from operating activities** | | **136,547** | 2,871,922 |
| **Investing activities:** | | | |
| Proceeds from sale of investments | | **261,050** | - |
| Proceeds from sale of investment properties | | **-** | 170,119 |
| Purchase of investments at FVPL | | **(2,396,432)** | (1,094,249) |
| Proceeds from term deposits | **5** | **16,913,156** | 16,450,376 |
| Placement in term deposits | **5** | **(15,595,393)** | (18,334,138) |
| Commission income received | | **499,188** | 601,898 |
| Dividends income received | | **-** | 1,953 |
| Dividends received from investments in equity-accounted investments | **10** | **19,750** | 23,093 |
| Purchase of property, equipment and right-of-use assets | **12** | **(107,407)** | (237,986) |
| Purchase of intangible assets | **11** | **(372,472)** | (248,682) |
| **Net cash used in investing activities** | | **(778,560)** | (2,667,616) |
| **Financing activities:** | | | |
| Buy-back of treasury shares | **20** | **(28,767)** | (40,100) |
| Lease liability paid | **14.1** | **(20,747)** | (17,042) |
| Interest paid for lease liability | **14.1** | **(8,303)** | (2,995) |
| Dividends paid | | **(226,480)** | (148,408) |
| Loan received | **15** | **550,000** | - |
| **Net cash flows generated from / (used in) financing activities** | | **265,703** | (208,545) |
| **Net change in cash and cash equivalents during the year** | | **(376,310)** | (4,239) |
| Cash and cash equivalents, beginning of the year | | **2,077,468** | 2,081,707 |
| **Cash and cash equivalents, end of the year** | **4** | **1,701,158** | 2,077,468 |
| **Non-cash supplemental information:** | | | |
| Re-measurement of defined benefits obligation | **16** | **1,965** | (15,723) |
| Share of other comprehensive income of investments in equity accounted investments | **10** | **701** | 1,261 |
| Net fair value gain on investments in OCI | **6** | **11,869** | 27,466 |

| **Abdulaziz M. AlSedeas** | **Abdulaziz Alshaikh** | **Othman Y. Alkassabi** |
|---|---|---|
| Board Director | Chief Financial Officer | Chief Executive Officer |

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements

## 1. GENERAL

The Company for Cooperative Insurance (the "Company") is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986 corresponding to Jumada Al-Awal 8, 1406H under Commercial Registration No. 1010061695. The Company's head office is located on Thumamah Road (At Takhassusi) Ar Rabi District, P.O. Box 86959, Riyadh 11632, 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, takaful and property and casualty insurance.

On July 31, 2003, corresponding to Jumada Thani 2, 1424H the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). On December 1, 2004 corresponding to Shawwal 18, 1425H, the Insurance Authority (formerly Saudi Central Bank "SAMA") as the principal authority responsible for the application and administration of the Insurance Law and its implementing regulations, granted the Company a license to transact insurance activities in Saudi Arabia. During 2023, the Insurance Authority has been established by a royal decree as the insurance regulator. Previously issued regulations by SAMA will be upheld until the Insurance Authority issued updated regulations.

The Company conducts the business and advances funds to the insurance operations as required. On January 20, 2004 the Company amended its Articles of Association giving authority to the Board of Directors to determine the disposition of the surplus from insurance operations.

On March 20, 2004, the Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by Insurance Authority, 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 Company has the following subsidiaries and associates.

| *Name of the Subsidiary / Associate* | *Registration No.* | *Registration date* | *Ownership interest* | *Financial year end* | *Principal Activities* |
|---|---|---|---|---|---|
| ***Subsidiary*** | | | | | |
| Teejan Al- Khaleej | 1010644057 | 21 July 2020 | 100% | December 31 | Developing technology based solutions and extending consultancy services for the insurance and healthcare businesses. |
| Tree Digital Insurance Agency Company | 1010816901 | 04 August 2022 | 100% | December 31 | Introducing innovative products and services with an end-to-end digital journey to drive insurance penetration in the Kingdom of Saudi Arabia by providing intermediary insurance services and claims settlement services. |
| Meena health medical Company | 1010887256 | 08 June 2023 | 100% | June 30 | Extending health care services for Medical line of business. |
| Commercial Vehicle Solutions and Services Company | 1009119265 | 17 October 2024 | 100% | December 31 | Wholesale and retailing of vehicles including new and used private cars, new and used and heavy transport vehicles, new and used travel and camping vehicles, selling light and heavy vehicles on commission and other related vehicle solution services |
| Optimal Solution Company for settling insurance claims | 1009127897 | 3 November 2024 | 100% | December 31 | To provide the claim administration services. |
| Riyadh Reinsurance Company | 7052384265 | 4 November 2025 | 100% | December 31 | To transact cooperative reinsurance and related activities. |

**1. GENERAL (continued)**

| | | | | | |
|---|---|---|---|---|---|
| ***Associates*** | | | | | |
| United Insurance Company B.S.C. | 17337-1 | 12 May 1986 | 50% | December 31 | Insurance for all motor vehicles which travel through the King Fahad Causeway in accordance with the Bahrain Insurance Company Law. |
| Waseel Application Service Provider Limited | 1010186558 | 15 April 2003 | 45% | December 31 | Internet based connectivity, information services, and B2B e-commerce capabilities for the healthcare insurance market. |

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standard (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as non-current: statutory deposit, accrued income on statutory deposit, Property, equipment and right-of-use assets, net, intangible assets, return payable on statutory deposit, investment properties, investments in equity accounted investments, defined benefits obligation and those balances of insurance & reinsurance contracts liabilities and reinsurance contract assets that would not settle within next twelve months. All other financial statement line items would generally be classified as current.

The Group presents its consolidated statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses between Insurance Operations and Shareholders' Operations is determined and approved by the management and the Board of Directors.

In preparing the Group-level consolidated financial statements in compliance with IFRS Accounting Standards as endorsed in Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions, and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The by-laws of the Company were amended effective June 23, 2024.

**2.2 Basis of measurement**

These consolidated financial statements are prepared under the historical cost convention, except for the measurement of investments carried at fair value through profit or loss (FVPL) and investments carried at fair value through other comprehensive income (FVOCI), investment in equity accounted investments which is accounted for under the equity method, defined benefits obligation recorded at the present value using the projected unit credit method and liability of incurred claims (LIC) and assets for incurred claims (AIC) recorded at the present value at the current discount rates.

**Functional and presentation currency**

These consolidated financial statements have been presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All financial information presented in Saudi Arabian Riyal has been rounded to the nearest thousands, except where otherwise indicated.

**Fiscal year**

The Group follows a fiscal year ending December 31.

**2.2 Basis of measurement(continued)**

**Seasonality of operations**

Other than normal seasonality in Medical and Motor Insurance Business in the Kingdom of Saudi Arabia, there are no seasonal changes that may affect insurance operations of the Company.

**2.3 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company, using consistent accounting policies.

The Group accounts business combination under the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

**Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and;
- The Group’s voting rights and potential voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

## 2. BASIS OF PREPARATION (continued)

### 2.3 Basis of consolidation (continued)

Goodwill

Goodwill is initially measured as the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. All subsidiaries of the Company is fully owned and therefore NCI share is zero.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary is measured at fair value when control is lost. A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses and cash flows relating to transactions arising from intra group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### 2.4 Critical accounting judgments, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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

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

#### a) PAA eligibility assessment

The Group 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. The calculation was performed under both simplified approach i.e., Premium Allocation Approach (PAA) and General Measurement Model (GMM). Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the group’s initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference; this difference compounds over longer contract durations.

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

**2.4 Critical accounting judgments, estimates and assumptions (continued)**

**PAA eligibility assessment (continued)**

Upon analysis of the possible differences between LRC and / or ARC applying the PAA and GMM approach, respectively, the Group did not note any material difference for contracts with coverage period of more than one year. Hence, it has opted to report all such contracts using the PAA approach maintaining a consistent accounting treatment to the rest of the portfolio of insurance contracts issued and reinsurance contracts held that have a coverage period of up to one year. The Group assesses materiality at each respective group of contracts level (GoCs) and at an aggregate insurance contract liabilities / re-insurance contract assets level using pre-determined quantitative threshold for differences at the GoCs.

**b) Insurance acquisition cash flows**

*Under Premium Allocation Approach*

Commissions and other acquisition related expenses are deferred and amortized over the term of the insurance contracts to which these relate, similar to premiums earned. The Group uses a systematic and rational method to allocate such expenses. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

*Under General Measurement Approach*

At the end of each reporting period, the Group assesses the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired. If Group identifies an impairment loss, the Group adjust the carrying amount of the asset and recognises the impairment loss in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increase the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved, without increasing the carrying amount above the amount that would have been determined had no impairment been recongnized.

**c) Expense attribution**

The Group identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling / maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the consolidated statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Group has determined costs directly identified to the groups of contracts, as well as, costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses, overheads and one-off exceptional expenses is recognized in the consolidated statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

**d) Discounting methodology**

*Under Premium Allocation Approach*

Insurance contract liabilities and Reinsurance contract assets are calculated by discounting expected future cash flows at a discount rate that reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The Group applied a bottom-up approach to derive the applicable yield curve when determining the discount rate, where the curve is based on the European Insurance and Occupational Pensions Authority (EIOPA) volatility adjusted risk-free curve denominated in United States Dollars while applying certain adjustments for factors under IFRS 17.

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

**2.4 Critical accounting judgments, estimates and assumptions (continued)**

**d) Discounting methodology (continued)**

*Under General Measurement Approach*

CSM under GMM approach is measured using locked in discount rate at the date of initial recognition of group of insurance contracts.

Discount rates applied for discounting of future cash flows are listed below:

| **Evaluation date** | **1 Year** | **2 Year** | **3 Year** | **4 Year** | **5 Year** |
|---|---|---|---|---|---|
| 31 December 2025 | **4.52%** | **4.40%** | **4.43%** | **4.49%** | **4.56%** |
| 31 December 2024 | 5.40% | 5.30% | 5.28% | 5.25% | 5.23% |

**e) Risk adjustment methodology, including correlations, and confidence level selected**

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value of claims.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines, as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows.

The Company has appointed a qualified actuary who supports in reviewing and providing recommendations with regards to the expected ultimate claims and the associated claims reserves. The Company booked reserves following the recommendation of the appointed actuary who is currently external and independent from the Company. A range of methods were used by the appointed actuary to determine these claims. From the diverse methods available to estimate the volatility of future cash flows and, thus, the applicable confidence interval for each line of business, the Group relied on the following three methods depending on the nature of each portfolio:

- Mack Model
- Bootstrap – over dispersed Poisson model
- Stochastic Bornhuetter-Ferguson

**f) Liability for incurred claims**

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate given the level of subjectivity inherent in estimating the impact of claim events that have occurred and incurred but not reported for which the ultimate outcome remains uncertain. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported. Both of these estimates are recorded under the liability for incurred claims ("LIC"). Moreover, the Company includes claims payable and advance payment made to or on behalf of policyholders under LIC.

Events not in data ("ENID") represents an additional amount that needs to be included in the best estimate claim liability to ensure that the best estimate is a true best estimate of all possible outcomes. The methodology used by the Group to derive the ENID is based on Lloyd's Technical Provisions Guidance issued in March 2011, which suggests several approaches to allow for Binary events / Events Not in Data. In this guidance, Lloyd's details an approach that offers uplifting reserve best estimates to allow for a limited range of historical (observable) data. This approach is also called the Truncated Statistical Distribution approach and defines the uplift factor of reserve best estimate as: "the ratio of the 'true mean' to the 'mean only including realistically foreseeable events". The distribution is adjusted to add to the tail and a new mean is estimated from the new distribution which represents a "true" distribution of claims. The ENID uplift factor applied to the claims is then the ratio of the new mean to the old mean.

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

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

**2.4 Critical accounting judgments, estimates and assumptions (continued)**

**f. Liability for incurred claims (continued)**

The Company has appointed a qualified actuary who supports in reviewing and providing recommendation with regards to the expected ultimate claims and the associated claims reserves. The Company booked reserves following the recommendation of the appointed actuary who is currently external and independent from the Company. A range of methods were used by the appointed actuary to determine these claims. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary had also used a segmentation approach including analysing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

Some insurance contracts permit the Group to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the LIC. The allowance is the amount that can reasonably be recovered from the disposal of the asset. Subrogation reimbursements are also considered as an allowance in the measurement of the LIC. The allowance is the assessment of the amount that can be recovered from the third party.

**g) Significant financing component**

For insurance contracts measured under PAA the Group has assessed its Liability for Remaining Coverage (LRC) and Assets for remaining coverage (ARC) and concluded that no significant financing component exists within LRC and ARC respectively in contracts with a coverage period of one year or less (measured under PAA). Therefore, the Group has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates. For IDI product, the Company has adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

**h) Amortization of CSM**

Under the GMM approach, the CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognize as it provides services in the future. The amount of the CSM for a group of insurance contracts is recognized in the consolidated statement of income as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- interest accreted on the carrying amount of the contractual service margin during the reporting period, measured at the locked-in discount rates
- Allocating the CSM at the end of the period (before recognizing any amounts in the consolidated statement of income to reflect the services provided in the period) to each coverage unit provided in the current period and expected to be provided in the future
- Recognizing in the consolidated statement of income the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which the Company determines by considering the quantity of the benefits provided and the expected coverage duration. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, and cancellation/delays of contracts in the period.

**i) Estimates of future cash flows**

Expected inflows

Cash inflows are comprised of expected premiums from policyholders and fees from other insurers who are providing coinsurance.

Expected Outflows

Outflows are comprised of expected claims, and expected expenses, the model assumes a loss ratio of 60%. There are two types of defects which will result in claims, patent and latent. Most construction defect claims fall into the latent category.

Patent defects are defects detectable through reasonable inspection. An example of a patent defect is a wall is mouldy due to leaking pipes. This is something that would be expected to be readily detectable and most of these claims are expected to occur a few months after construction is completed and they are not expected to be severe. This pattern has been reflected in the modelling assumptions used.

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

**2.4 Critical accounting judgments, estimates and assumptions (continued)**

**i) Estimates of future cash flows (continued)**

Expected Outflows (continued)

Latent defects are defects that are not detectable through reasonable inspection and are manifested over a period of time. Most of the defects manifest when the building is 3-6 years old. An example of a latent defect is the pipes freezing in a house because the plumbing was not properly insulated. This is something that would not be expected to be readily detectable. These types of defects are expected to be severe and less frequent.

Expenses

Operating expenses assumptions reflect the projected costs of acquiring, maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate based on IDI pool agreement.

An increase in the expected level of expenses will reduce future expected profits of the Company. The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

**j) Onerosity determination**

The profitability of groups of insurance contracts is assessed by actuarial valuation models that take into consideration existing and new business. Profitability is measured through the expected risk-adjusted combined ratio (including premiums, expenses, discounted risk adjusted claims and an allowance for ENID). The expected risk adjusted combined ratio approximates the fulfilment cash flows as defined in IFRS 17. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratio. This input is most relevant for the Medical insurance portfolio;
- Historical combined ratio of similar and comparable sets of contracts for Motor and P&C portfolios in particular;
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Group also relies on the same group of contracts' weighted actual emerging experience.

The actuarial profitability valuation and results are then discussed with the Profitability Assessment Committee (the "Committee") which is chaired by Group's CFO and includes other relevant stakeholders as members. The objective of the Committee is to formulate management's view of the profitability of new and in-force contracts. The Committee, based on aforementioned inputs, classifies all new contracts into either onerous or profitable and produce the estimated combined loss ratio. For existing contracts, the Committee also produces a view of the combined ratio for such contracts. The expected combined loss ratio is then fed into the loss component calculation. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held, if any.

**k) Expected premium receipts adjustment**

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as at date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded to LRC.

**l) Non-performance risk**

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized under Amounts recoverable from reinsurers for incurred claims in the consolidated statement of income. The computation is performed using IFRS 9 simplified approach to calculate ECL allowance.

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

**2.4 Critical accounting judgments, estimates and assumptions (continued)**

**m) Impairment losses on financial assets**

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled Expected Credit Losses ("ECL") scenarios and the relevant inputs used.

**n) Fair value of financial instruments**

Fair values of financial instruments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics. The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities, and correlations require management to make estimates. Refer fair value of financial instruments disclosure in note 32.

**o) Impairment losses on 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).

**p) Impairment of goodwill**

The Group tests whether goodwill has suffered any impairment on an annual basis. the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

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

**2.4 Critical accounting judgments, estimates and assumptions (continued)**

**q) Sensitivity analysis**

<u>Under Premium Allocation Approach</u>

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions. 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 have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | ⃁ '000 | | | | |
| | Changes in assumptions | Impact on profit before zakat gross of reinsurance | Impact on profit before zakat net of reinsurance | Impact on equity gross of reinsurance | Impact on equity net of reinsurance |
| Risk adjustment changes | **+/-10%** | **34,114** | **21,326** | **34,114** | **21,326** |
| Liability for incurred claims changes | **+/-5%** | **298,710** | **208,118** | **298,710** | **208,118** |
| Discounting impact changes | **+/-50%** | **86,443** | **44,233** | **86,443** | **44,233** |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | ⃁ '000 | | | | |
| | Changes in assumptions | Impact on profit before zakat gross of reinsurance | Impact on profit before zakat net of reinsurance | Impact on equity gross of reinsurance | Impact on equity net of reinsurance |
| Risk adjustment changes | +/-10% | 46,208 | 21,529 | 46,208 | 21,529 |
| Liability for incurred claims changes | +/-5% | 314,254 | 199,232 | 314,254 | 199,232 |
| Discounting impact changes | +/-50% | 87,117 | 49,990 | 87,117 | 49,990 |

The sensitivities relating to risk adjustment on LIC and impact of discounting have been disclosed in addition to overall LIC sensitivity. These above base LIC amounts is inclusive of risk adjustment and impact of discounting.

## 2. BASIS OF PREPARATION (continued)

### 2.4 Critical accounting judgments, estimates and assumptions (continued)

### q) Sensitivity analysis (continued)

*Under General Measurement Approach*

The sensitivity to key valuation assumptions is provided in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions. 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 have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear

| | December 31, 2025 | | | | |
|---|---|---|---|---|---|
| | ⃁ '000 | | | | |
| | Changes in assumptions | Impact on profit before zakat gross of reinsurance | Impact on profit before zakat net of reinsurance | Impact on equity gross of reinsurance | Impact on equity net of reinsurance |
| Activation Date | **+/- 5%** | **433** | **108** | **433** | **108** |
| Loss Rate | **+/- 5%** | **551** | **225** | **799** | **494** |
| Discounting impact changes | **+/- 5%** | **799** | **494** | **433** | **108** |

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | ⃁ '000 | | | | |
| | Changes in assumptions | Impact on profit before zakat gross of reinsurance | Impact on profit before zakat net of reinsurance | Impact on equity gross of reinsurance | Impact on equity net of reinsurance |
| Activation Date | +/- 5% | 739 | 185 | 739 | 185 |
| Loss Rate | +/- 5% | 321 | 321 | 82 | 5 |
| Discounting impact changes | +/- 5% | 82 | 5 | 739 | 185 |

## 3. CHANGE IN MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2024, except as mentioned in note 3.1 below:

### a) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Group

| Standard, interpretation, amendments | Description | Effective date |
|---|---|---|
| Amendments to IAS 21 - Lack of exchangeability | The International Accounting Standards Board (IASB) has published 'Lack of Exchangeability (Amendments to IAS 21)' that contains guidance that will help an entity determine whether a currency is exchangeable into another currency and requirements the entity would apply when it is not. | Annual periods beginning on or after January 1, 2025 |

These amendments had no impact on the consolidated financial statements of the Group.

### b. Standards issued but not yet effective

The Group has chosen not to early adopt the following new standards, which have been issued but not yet effective for the Group's accounting year beginning on or after January 1, 2026, and is currently assessing their impact:

| Standard, interpretation, amendments | Description | Effective date |
|---|---|---|
| Amendments to IFRS 10 and IAS 28 | Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | The effective date of the amendments have yet to be set by the IASB. |
| IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures | Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures | Annual reporting periods beginning on or after January 1, 2026 |
| Annual Improvements to IFRS Accounting Standards | Amendments to:<br>• IFRS 1 First-time Adoption of International Financial Reporting Standards.<br>• IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;<br>• IFRS 9 Financial Instruments.<br>• IFRS 10 Consolidated Financial Statements; and<br>• IAS 7 Statement of Cash flows | Annual reporting periods beginning on or after January 1, 2026 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. | Annual reporting periods beginning on or after January 1, 2027 |
| IFRS 18 – Presentation and disclosure in financial statements. | IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. | Annual reporting periods beginning on or after January 1, 2027 |

## 3. MATERIAL ACCOUNTING POLICIES

### 3.1 Insurance and reinsurance contracts

**Classification**

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include medical, motor, marine, fire, engineering, energy, aviation and casualty insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

**Level of aggregation**

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: (a) onerous contracts, (b) contracts with no significant risk of becoming onerous, and (c) the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). Further, no group for level of aggregation purposes contains contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:
- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:
- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

The Group does not issue any insurance contracts and reinsurance contracts held which qualify for contract combination / unbundling.

**Length of Cohorts**

The Group has adopted quarterly cohorts to measure groups of insurance contracts issued and reinsurance contracts held. This means that the groups of contracts are identified at a more granular level. The Group has elected to use quarterly cohorts that aligns with external quarterly reporting periods as well.

**Recognition**

The Company recognises groups of insurance contracts it issues from the earliest of the following:
- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

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

**3.1 Insurance and reinsurance contracts (continued)**

Premium received in advance represents premiums received by the Company before initial recognition of the group of insurance contracts. These are excluded from liability for remaining coverage and recognised as other liabilities (refer above policy for conditions relevant to initial recognition of the group of contracts).

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

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

**Measurement model**

The Group applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues contracts and reinsurance contracts that it holds except IDI. The Group applies the PAA as the coverage period of these contracts is one year or less. In case of contracts with more than one-year of coverage period, the Group had carried out the PAA eligibility test (refer note 2.4(a)) to confirm that PAA may be applied. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk as well as provision for ENID. For IDI contracts, including the related reinsurance contracts held for IDI, the coverage period is 10 years (11 years for the reinsurance contracts held). Accordingly, these contracts do not meet the eligibility criteria for the Premium Allocation Approach (PAA) under IFRS 17. As a result, the Group applies the General Measurement Model (GMM) to measure these contracts. The related disclosures have been presented in accordance with the requirements of paragraphs 100 and 101 of IFRS 17.

**Contract boundary**

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

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

**Insurance contracts – initial measurement**

*Under Premium Allocation Approach*

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the General Measurement Model ("GMM").

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

**3.1 Insurance and reinsurance contracts (continued)**

**Insurance contracts – initial measurement (continued)**

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition,
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows, and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all insurance contracts, there is no allowance for time value of money in the calculation of LRC. The Group expects that the time between providing each part of the services and the related premium due date is no more than a year.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in consolidated statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

*Under General Measurement Approach*

On initial recognition, the Company measures a group of insurance contracts as the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- the CSM.

The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, CSM is determined as the total of:

- the fulfilment cash flows,
- any cash flows arising at that date
- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows), and
- experience adjustments relating to future periods.

If the total is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

**VAT treatment**

Transaction-based taxes (such as premium taxes, value added taxes and goods & services taxes) and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis are included within insurance contract liabilities as part of fulfilment cash flows within the boundary of insurance contracts.

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### 3.1 Insurance and reinsurance contracts (continued)

**Reinsurance contracts held – initial measurement**

*Under Premium Allocation Approach*

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

*Under General Measurement Approach*

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of:

- the fulfilment cash flows,
- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group,
- any cash flows arising at that date,
- any income recognised in profit or loss because of onerous underlying contracts recognised at that date, and
- experience adjustments relating to future periods.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

**Insurance contracts – subsequent measurement**

*Under Premium Allocation Approach*

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period,
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- Plus any adjustment to the financing component, where applicable,
- Minus the amount recognised as insurance revenue for the services provided in the period, and
- Minus any investment component paid or transferred to the liability for incurred claims, where applicable.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

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

**3.1 Insurance and reinsurance contracts (continued)**

**Insurance contracts – subsequent measurement (continued)**

*Under Premium Allocation Approach (continued)*

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in consolidated statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

*Under General Measurement Approach*

Subsequently the carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

Liability for Remaining Coverage

The liability for remaining coverage comprises
- the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and
- any remaining CSM at that date.

Insurance Acquisition Cash Flows

The Group allocates insurance acquisition cash flows to group of insurance contracts using a systematic and rational method. The Group recognizes as an asset the insurance acquisition cash flows paid.

The Group derecognizes an asset for insurance acquisition cashflows when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

At the end of each reporting period, the Group assesses the recoverability of an asset for insurance acquisition cash flows if facts and circumstances indicate the asset may be impaired. If Group identifies an impairment loss, the Group adjust the carrying amount of the asset and recognises the impairment loss in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increase the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

Liability for Incurred Claims

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Fulfilment of cashflows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services – Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
- Changes relating to current or past services – Recognised in the insurance service result in profit or loss
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows – Recognised as insurance finance income or expenses

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

**3.1 Insurance and reinsurance contracts (continued)**

**Insurance contracts – subsequent measurement (continued)**

*Under General Measurement Approach (continued)*

Contractual Service Margin

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  a) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
  b) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between
  a) any investment component expected to become payable in the reporting period, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
  b) the actual amount that becomes payable in the reporting period;
- differences between any loan to a policyholder expected to become repayable in the reporting period and the actual amount that becomes repayable in the reporting period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

**Reinsurance contracts held – subsequent measurement**

*Under Premium Allocation Approach*

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

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

**3.1 Insurance and reinsurance contracts (continued)**

**Insurance contracts – subsequent measurement (continued)**

**Reinsurance contracts held – subsequent measurement (continued)**

*Under General Measurement Approach*

Subsequently, the carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises:

- the fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- any remaining CSM at that date.

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

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the reporting period;
- interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the reporting period on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the reporting period.

**Insurance contracts – modification and derecognition**

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### 3.1 Insurance and reinsurance contracts (continued)

**Presentation**

The Company presents separately, in the consolidated statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the consolidated statement of income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

The Group has chosen not to disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion. Hence, the total charge for both financial and insurance portions are included as part of the insurance service result in the consolidated statement of income.

**Insurance revenue**

*Under Premium Allocation Approach*

The insurance revenue for the period is the amount of expected premium receipts allocated to the period (excluding any investment component). The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time except for engineering and marine cargo policies. Engineering contracts are earned using linearly increasing earning pattern while marine cargo policies are earned over 90 days period. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. Any endorsements are recorded in the period these occur irrespective of the underwriting year these pertains to.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognized on the basis of the passage of time.

Fee income from takaful is calculated in accordance with the terms of the agreement and is accounted for on an accrual basis and are recognised in insurance revenue.

*Under General Measurement Approach*

For contracts measured under the GMM 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 consolidated 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

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

**3.1 Insurance and reinsurance contracts (continued)**

**Loss components**

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

**Loss-recovery components**

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

**Insurance finance income and expense / reinsurance finance income and expenses**

*Under Premium Allocation Approach*

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

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

The Group presents insurance / reinsurance finance income or expenses on group of insurance contracts issued / reinsurance contracts held in the consolidated statement of income.

*Under General Measurement Approach*

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

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

**Net income or expense from reinsurance contracts held**

The Company presents separately on the face of the consolidated statement of income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of income.

**Accounting for Shared pools**

Insurance Contract Liability for Manafeth, Hajj & Umrah and Travel and Covid-19 pool is measured as follows:

- At initial recognition, the premium received by the Company is recorded in full in LRC
- Subsequent to initial recognition
  - commissions paid and claims paid by the Company are recorded in full in LRC and LIC respectively
  - Share of Insurance Revenue for the Company is reduced from LRC while the Company's share of acquisition costs incurred increase the LRC.
  - The Company's share of incurred claims and related expenses, risk adjustment on LIC and discounting of LIC are included in the measurement of LIC.

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

**Accounting for Shared pools (continued)**

In calculating the reinsurance contract assets, the Group includes its share of allocation of reinsurance premium, amounts recoverable from reinsurers, risk adjustment and discounting impacts AIC. Gross cash flows for RI premiums paid and Reinsurance claims recovered are included within measurement of ARC and AIC respectively with a corresponding effect recorded in other liabilities / other assets.

The Company measures its share in groups of insurance contracts issued and reinsurance contracts held relating to Inherent Defect Insurance (IDI). For IDI, pro rata share of insurance activities is included in the measurement of Insurance Contract Liabilities.

**Revenue from non-insurance services**

Revenue from non-insurance services is rendered by the subsidiary to customers outside the Group.

**3.2 Financial instruments**

**Initial recognition**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at Fair value through profit or loss, transaction costs are added to this amount.

**3.2.1 Financial assets**

**Measurement categories**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVPL")

**Debt instrument measured at amortised cost**

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the 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 interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below:

**a) 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 Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount, and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

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

**3.2 Financial instruments (continued)**

**3.2.1 Financial assets (continued)**

**a) Business model assessment (continued)**

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 realised 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.

**b) The solely payments of principal and interest (SPPI) test**

As a second step of its classification process the Company assesses the contractual terms 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 amortisation of the premium / discount).

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

**Financial instruments at fair value through other comprehensive income**

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Group elects to present changes in the fair value of certain equity investments that are not held for trading in other comprehensive income. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

**Financial assets measured at fair value through profit or loss**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These instruments largely comprise debt instruments that had previously been classified as available-for-sale.

This investment portfolio has been designated at fair value through profit or loss since the Group has provided an unconditional mandate to the Investment Manager to make purchases and sales decisions without referring to the Group for each transaction. Hence, the Group does not carry the capacity to hold these Investments to realize contractual cash flows on these Investments, either partly or wholly.

**Cash and cash equivalents**

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

**Subsequent measurement**

**Debt instrument at amortised cost**

After initial measurement, financial assets are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the consolidated statement of income and deducted from the gross carrying amount of an asset.

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### 3.2 Financial instruments (continued)

### 3.2.1 Financial assets (continued)

**Financial assets at fair value through other comprehensive income**

Equity instruments that are measured at FVOCI category are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of income when the Group's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in the consolidated statement of comprehensive income and are never reclassified to the consolidated statement of income. Cumulative gains and losses recognised in the consolidated statement of comprehensive income are transferred to retained earnings on disposal of an investment.

**Financial assets at fair value through profit or loss**

Financial assets that are measured at FVPL category are subsequently measured at fair value. Changes in fair value are recorded in the consolidated statement of income. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate.

Dividend income is recorded in consolidated statement of income when the right to the payment has been established.

**Derecognition of financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated statement of income or consolidated statement of comprehensive income as the case may be.

**Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The Company applies the expected credit losses ('ECL') on its financial assets measured at amortised cost and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

**3.2 Financial instruments (continued)**

**3.2.1 Financial assets (continued)**

The receivable from broker / agents to be in default when it is due more than 365 while the Company considers other financial asset to be in default (credit impaired) when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information. Default is determined to occur if the receivable is overdue by 12 months or more based on insurance contractual position and wider insurance industry practice.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Group allocates its assets subject to ECL calculations to one of these categories, determined as follows:

**Stage 1 12-month ECL (12mECL):**

The 12mECL is calculated as the portion of life time ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR.

**Stage 2 LTECL:**

When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

**Stage 3 Credit impaired:**

For debt instruments considered credit-impaired, the Group recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

**Receivable from brokers / agents**

Insurance contracts sold via brokers where brokers have collected the premiums from the insured and not yet paid to the Group are classified as “receivable from brokers / agents”. The balances are outside the contract boundary of insurance contracts issued and are subject to impairment assessment based on simplified approach of IFRS 9. Under IFRS 9 simplified approach, the Group measures the loss allowance at an amount equal to lifetime expected credit losses for broker receivables.

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

**3.2 Financial instruments (continued)**

**3.2.1 Financial assets (continued)**

**Forward looking information**

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Inflation

**Write-offs**

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to expected credit loss expense. There were no write-offs over the period reported in these consolidated financial statements.

All potential write-offs are reviewed for recoverability before it is submitted to the Board for their approval as per Group's standard operating procedures.

**3.2.2 Financial liabilities including short term loans**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

**Recognition of commission income**

Under IFRS 9, commission income is recorded using the effective interest rate (EIR) method for all debt instruments measured at amortised cost.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the consolidated statement of financial position with a corresponding increase or decrease in commission income.

**3.3 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. The Group has following reportable segments.

- Medical - coverage for health insurance.
- Medical Umrah - coverage for health insurance for pilgrims (refer note 29(a)).
- Motor - coverage for motor insurance and for Manafeth third party liability insurance for foreign vehicles.
- Property and casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- General accidents – Hajj & Umrah insurance - coverage for pilgrims (refer note 29(a))
- Travel and COVID-19 – coverage of compulsory travel insurance in addition to some coverages related to COVID-19 for citizens travelling abroad.
- Protection and savings
- Inherent Insurance Defects (refer note 29(c))

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. No inter-segment transactions occurred during the year.

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

**3.4 Insurance shared agreement**

The shared agreements was an insurance pooling arrangement related to medical and general accidents in KSA. This was an arrangement between different number of insurance companies in KSA where the Company leads in providing insurance coverages for medical and general accidents for the pilgrims entering KSA (for Hajj and Umrah). In principle, the Company manages the shared pool arrangement on behalf of the other insurers and accordingly accounts for only its share under IFRS 17 (refer note 28(b)).

The Company also recognised its share in groups of insurance contracts issued and reinsurance contracts held relating to Inherent Defect Insurance (IDI) and the same is presented within property and casualty line of business.

**3.5 Investment in equity accounted investments**

An associate is an entity in which the Group has significant influence (but not control), over financial and operating policies and which is neither a subsidiary nor a joint venture. Although the Group holds 50% ownership in UIC, however, the Group does not exercise power over the financial and operating policies of UIC and therefore classified as investment in associate. Investments in equity accounted investments are carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments.

The consolidated statement of income reflects the Group's share of the results of operations of the associate, while the Group share of other comprehensive income / loss is included in the consolidated statement of other comprehensive income. Dividend from such investments is recognized when received and is credited to the investment account. Where there has been a change recognized directly in the equity of the associate, the Group recognises its share of any such changes and presents, when applicable, in the consolidated statement of changes in equity.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

At each reporting date, the Group determines whether there is objective evidence that the investment in associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the consolidated statement of income, as the case may be.

**3.6 Offsetting**

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

**3.7 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 Group 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.

**3.8 Property and equipment**

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

| | **Years** |
|---|---|
| Buildings * | 40-48 |
| Furniture and fixtures | 10 |
| Computer and data equipment | 4-7 |
| Vehicles | 4 |

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### 3.8 Property and equipment (continued)

* During the year, the Group reassessed the estimated useful lives of certain buildings in accordance with IAS 16 Property, Plant and Equipment. As a result of this reassessment, the useful life of these buildings was revised from 40 years to 48 years. The change represents a change in accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, and has been applied prospectively from the date of the reassessment.

The revision was based on management's updated assessment of the expected pattern of consumption of the future economic benefits embodied in the assets and to better align with current industry benchmarks and practices of insurance companies in Saudi Arabia.

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 consolidated statement of income.

Capital work in progress is stated at cost and not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to property and equipment. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended use.

### 3.9 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).

### 3.10 Employees' benefits

**Defined benefits obligation**

The Group operates an end of service benefits 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 expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period (as more fully defined in note 16). The benefits 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 consolidated statement of comprehensive income .

**Short term employee benefits**

Short term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or any other benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 3.11 Provisions, accrued expenses and other liabilities

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

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

**3.12 Zakat**

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Zakat is accrued on a quarterly basis and charge to the consolidated statement of income.

**3.13 Withholding tax**

The Group withholds taxes on certain transactions with non-resident parties as required under Saudi Arabian Income Tax Law.

**3.14 Value Added Tax (VAT)**

Output VAT related to revenue is payable to tax authorities on the earlier of :

(a) Collection of receivables from customers or
(b) Delivery of services to customers .

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis.

VAT related to sales/services and purchases is recognized in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability.

VAT that is not recoverable is charged to consolidated statement of income as expense.

**3.15 Dividend distribution**

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

**3.16 Cash flow statement**

The Group'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.

**3.17 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 Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the consolidated statements of 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 investments are recognized in "Other income, net" in the consolidated statement of income. As the Group's foreign currency transactions are primarily in US dollars, foreign exchange gains and losses are not significant.

**3.18 Contingencies and commitments**

Contingent liability is :

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because :
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability .

Contingent assets are not recognized in the consolidated financial statements. Contingent assets are not disclosed unless an inflow of economic benefits is probable .

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties.

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

**3.19 Statutory reserve**

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

**3.20 Treasury shares (share capital)**

When shares are repurchased, the amount of the consideration paid which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. Any difference of the consideration paid on the treasury shares and the face value of the shares repurchased is reflected as loss on treasury shares in the retained earnings.

**3.21 Employee stock option scheme reserve - Equity settled**

This represents equity share-based payments granted in lieu of services provided by certain eligible executives and employees of the Group. The corresponding increase is recorded in equity based on fair value of the shares at the grant date. The employee cost is recorded over the vesting period of three years.

**3.22 Management fee income**

Management fee income is calculated in accordance with the terms of shared pool agreements and is accounted for on an accrual basis.

**3.23 Leases**

**Right of Use Asset / Lease liability**

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**Right of Use Assets**

Group applies cost model, and measure right of use (RoU) asset at cost;

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any re-measurement of the lease liability for lease modifications

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as Site preparation, non-refundable deposits ,application money, other expenses related to transaction etc. need to be added to the RoU asset value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment in addition to the consideration for lease term.

**Lease Liability**

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

After the commencement date, Group measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability ;and
- Reducing the carrying amount to reflect the lease payments made

Re-measuring the carrying amount to reflect any re-assessment or lease modification. The lease liability is measured at Amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

## 3. MATERIAL ACCOUNTING POLICIES (continued)

### 3.23 Leases (continued)

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 3.24 Intangible assets

Separately acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequent carried at cost less accumulated amortisation and impairment losses. The Group amortises intangible assets with a limited useful life using straight-line method over the following period:

| | **Years** |
|---|---|
| Software licenses | 1 - 4 |

Work in progress is stated at cost and not amortised. Amortisation on assets under construction commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to intangible assets. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended us

## 4. CASH AND CASH EQUIVALENTS

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Short-term deposits (note 4.1) | **25,251** | 1,207,500 |
| Banks balances and cash (note 4.2) | **1,673,526** | 867,693 |
| Accrued income on short-term deposits | **2,574** | 2,468 |
| | **1,701,351** | 2,077,661 |
| Expected credit loss allowance | **(193)** | (193) |
| Total cash and cash equivalents | **1,701,158** | 2,077,468 |

4.1 The deposits are held with banks and financial institution registered with Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are predominately in mudaraba structures. These deposits are denominated in Saudi Arabian Riyals and have an original maturity of less than three months. The average yield on these deposits is 5.53% (December 31, 2024: 5.91%) per annum.

4.2 These balances include cash placed with the custodian amounting to ⃁ 2.36 million (December 31, 2024: ⃁ 6 million).

4.3 Bank balances are placed with counterparties with sound credit ratings of AA to BBB- (as per S&P and Fitch) and/or Aaa to Baa3 (as per Moody's).

4.4 Bank balances and cash includes cash received by the Group on behalf of the IDI pool amounting to ⃁ 122.8 million (refer note 29(c)). The said cash is not available for use by the Group. The corresponding liability as "Due to IDI pool and Balady fee payable" is aggregated under accrued expenses and other liabilities.

## 5. TERM DEPOSITS

The deposits are held with banks and financial institutions registered with the Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are predominately in mudaraba structures. These deposits are denominated in Saudi riyals and have an original maturity of more than three months. The average yield on these deposits is 4.80% (December 31, 2024: 4.84%) per annum.

The movements in deposits during the year is as follows:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Balance at the beginning of the year | **9,161,251** | 7,277,489 |
| Placed during the year | **15,595,393** | 18,334,138 |
| Matured during the year | **(16,913,156)** | (16,450,376) |
| Balance at the end of the year | **7,843,488** | 9,161,251 |
| Accrued investment income | **90,293** | 90,462 |
| | **7,933,781** | 9,251,713 |
| Expected credit loss allowance | **(40)** | (37) |
| Total | **7,933,741** | 9,251,676 |

## 6. INVESTMENTS INCLUDING ACCRUED INVESTMENT INCOME

Investments including accrued investment income comprise the following:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| **Financial instruments measured at FVPL*** | | |
| Mutual funds ** | **944,634** | 760,425 |
| Fixed income investments | **1,916,833** | 321,980 |
| Equity securities | **1,076,627** | 907,802 |
| Funds with a portfolio manager | **483,279** | 43,464 |
| Accrued investment income | **79,686** | 50,627 |
| | **4,501,059** | 2,084,298 |
| **Financial instruments measured at amortised cost** | | |
| Sukuk | - | 45,000 |
| Accrued income | - | 2,630 |
| | - | 47,630 |
| **Equity instrument measured at FVOCI** | | |
| Unquoted private equities *** | **76,965** | 65,096 |
| Total investments | **4,578,024** | 2,197,024 |

6.1 The Group has invested in Shariah Notes including accrued investment income having fair value amounting to ⃁ 4,501 million (December 31, 2024: ⃁ 2,084 million). The equity securities include the in-house equity portfolio managed by the Group amounting to ⃁ 794 million (December 31, 2024: ⃁ 536 million), which consists of Saudi equities. The Shariah Notes are issued by a special purpose vehicle "SPV" established in the Cayman Islands. The administrator of these Shariah Notes is a Company registered in Mauritius. The underlying investments of Shariah Notes include mutual funds, discretionary portfolio management - equity shares, and fixed-income portfolios. The legal ownership of these underlying investments is not with the Group; however, the Group is the ultimate beneficial owner of the underlying investments while having control over the Shariah Notes but not over the underlying investments. The Shariah Notes are issued within a ring-fenced cell/structure, and the underlying assets are ring-fenced as well for that structure managed by the SPV. The custody of the underlying investments is in the custody account of the SPV, or its nominee entity opened with fund and portfolio managers. The Group does not exercise any control over SPV and/or fund and portfolio managers.

* Financial Instruments measured at FVPL are those that are mandatorily classified as fair value through profit or loss.

** These include investments made in Saudi Premier Fund (the "Fund") amounting to SAR 143.4 million representing 29% of the units of the Fund. The Group does not exercise significant influence over the Fund and hence not accounted for using equity method of accounting under IAS 28.

**6. INVESTMENTS INCLUDING ACCRUED INVESTMENT INCOME (continued)**

*** These represent unquoted private equities, which are designated at FVOCI, and comprise the following:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Najm for insurance services | **76,965** | 65,096 |

The movement of the investments carried at level 3 fair value are as follows:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Opening balance | **100,096** | 37,630 |
| Purchases related to investments carried at FVPL | **100,000** | 35,000 |
| Disposals | - | - |
| Changes in fair value of investments carried at OCI | **11,869** | 27,466 |
| Changes in fair value of investments carried at FVPL | **8,400** | |
| Closing balance (please refer note 32) | **220,365** | 100,096 |

The movement of changes in fair value of investments at FVOCI is as follows (please refer note 32):

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Opening balance | **54,846** | 27,380 |
| Movement for the year | **11,869** | 27,466 |
| Closing balance | **66,715** | 54,846 |

**7. RECEIVABLE FROM BROKERS / AGENTS**

These comprise balances receivable from brokers / agents on account of sale of insurance policies by the broker / agent on behalf of the Group.

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Receivable from brokers / agents | **3,089,644** | 3,548,600 |
| Less: expected credit loss allowance | **(112,423)** | (274,332) |
| | **2,977,221** | 3,274,268 |

Movement in expected credit loss allowance during the year was as follows:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Opening balance | **274,332** | 182,641 |
| (Reversal) / charge for the year | **(130,747)** | 91,691 |
| Write offs during the year | **(31,162)** | - |
| Closing balance | **112,423** | 274,332 |

## 8. INSURANCE AND REINSURANCE CONTRACTS

The breakdown of groups of insurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

| | Notes | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|---|
| | | ⃁ '000 | | | |
| | | Assets | Liabilities | Assets | Liabilities |
| **Insurance contracts issued** | | | | | |
| Medical | 8.1(a) | - | **7,498,214** | - | 8,090,015 |
| Medical - Umrah | 8.1(b) | - | - | - | - |
| Motor | 8.1(c) | - | **1,414,374** | - | 1,808,897 |
| Property and Casualty* | 8.1(d) | - | **3,983,187** | - | 4,305,259 |
| General accidents - Hajj & Umrah | 8.1(e) | - | - | - | 2,021 |
| Travel & COVID-19 | 8.1(f) | - | - | - | - |
| Protection and Savings | 8.1(g) | - | **119,416** | - | 57,418 |
| **Total insurance contracts issued under PAA** | | - | **13,015,191** | - | 14,263,610 |
| Inherent Defects Insurance - IDI* | 8.1(h)(i) | - | **361,587** | - | 121,757 |
| **Total insurance contracts issued under GMM** | | - | **361,587** | - | 121,757 |
| **Total Insurance Contracts issued (a)** | | - | **13,376,778** | - | 14,385,367 |
| **Reinsurance contracts held** | | | | | |
| Medical | 8.3(a) | - | **43,761** | (247,456) | - |
| Medical - Umrah | 8.3(b) | - | - | - | - |
| Motor | 8.3(c) | **(219,902)** | - | (1,750) | - |
| Property and Casualty* | 8.3(d) | **(2,400,648)** | - | (2,655,703) | - |
| General accidents - Hajj & Umrah | 8.3(e) | - | - | - | - |
| Travel & COVID-19 | 8.3(f) | - | - | - | - |
| Protection and Savings | 8.3(g) | **(58,190)** | - | (15,132) | - |
| **Total reinsurance contracts held under PAA** | | **(2,678,740)** | **43,761** | (2,920,041) | - |
| Inherent Defects Insurance - IDI * | 8.3(h)(i) | **(205,615)** | - | (91,957) | - |
| **Total reinsurance contracts held under GMM** | | **(205,615)** | - | (91,957) | - |
| **Total reinsurance contracts held (b)** | | **(2,884,355)** | **43,761** | (3,011,998) | - |

(a) represents LRC of ⃁ 7,201 million (December 31, 2024: ⃁ 7,702 million) and LIC of ⃁ 6,176 million (December 31, 2024: ⃁ 6,683 million)
(b) represents ARC of ⃁ 646 million (December 31, 2024: ⃁ 573 million) and AIC of ⃁ 2,195 million (December 31, 2024: ⃁ 2,349 million).

*Until year ended December 31, 2024 the Group presented IDI as part of Property and Casualty line of business. This has been presented seprately for the year ended December 31, 2025 along with the comparative information.

**Movements in insurance and reinsurance contract balances**

The Group disaggregates information to provide disclosure in respect of major product lines separately: Medical, Medical - Umrah, Motor, Property and Casualty, General accidents - Hajj & Umrah, Travel & COVID-19 and Protection and Savings. The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the consolidated statement of income. For each segment, the Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the consolidated statement of income.

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims**

**a. Medical**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | 4,406,265 | 87,975 | 3,420,327 | 175,448 | 8,090,015 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 15,911,325 | | | | 15,911,325 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 14,286,657 | 150,450 | 14,437,107 |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (782,869) | (140,390) | (923,259) |
| Losses on onerous contracts and reversal of those losses | - | (10,471) | - | - | (10,471) |
| Insurance acquisition cash flows amortisation | 1,416,916 | - | - | - | 1,416,916 |
| | 1,416,916 | (10,471) | 13,503,788 | 10,060 | 14,920,293 |
| **Insurance service result** | 14,494,409 | 10,471 | (13,503,788) | (10,060) | 991,032 |
| Net finance expenses from insurance contracts | - | - | (77,210) | (4,168) | (81,378) |
| **Total changes in the consolidated statement of income** | 14,494,409 | 10,471 | (13,580,998) | (14,228) | 909,654 |
| **Cash flows** | | | | | |
| Premiums received | 15,192,782 | - | - | - | 15,192,782 |
| Claims and other directly attributable expenses paid | - | - | (13,411,688) | - | (13,411,688) |
| Insurance acquisition cash flows | (1,463,241) | - | - | - | (1,463,241) |
| | 13,729,541 | - | (13,411,688) | - | 317,853 |
| Net closing liabilities | 3,641,397 | 77,504 | 3,589,637 | 189,676 | 7,498,214 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**b. Medical Umrah**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | - | - | - | - | - |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | - | | | | - |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | - | - | - |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | - | - | - | - | - |
| Insurance acquisition cash flows amortisation | - | - | - | - | - |
| | - | - | - | - | - |
| **Insurance service result** | - | - | - | - | - |
| Net finance expenses from insurance contracts | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | - | - | - | - | - |
| **Cash flows** | | | | | |
| Premiums received | - | - | - | - | - |
| Claims and other directly attributable expenses paid | - | - | - | - | - |
| Insurance acquisition cash flows | - | - | - | - | - |
| | - | - | - | - | - |
| Settled with assets of shared pool participants | - | - | - | - | - |
| Net closing liabilities | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**c. Motor**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | **1,216,658** | **100,616** | **470,965** | **20,658** | **1,808,897** |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | **2,490,538** | | | | **2,490,538** |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | **2,242,506** | **11,232** | **2,253,738** |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | **(145,723)** | **(22,172)** | **(167,895)** |
| Losses on onerous contracts and reversal of those losses | - | **(65,827)** | - | - | **(65,827)** |
| Insurance acquisition cash flows amortisation | **418,863** | - | - | - | **418,863** |
| | **418,863** | **(65,827)** | **2,096,783** | **(10,940)** | **2,438,879** |
| **Insurance service result** | **2,071,675** | **65,827** | **(2,096,783)** | **10,940** | **51,659** |
| Net finance expenses from insurance contracts | - | - | **(8,845)** | **(416)** | **(9,261)** |
| **Total changes in the consolidated statement of income** | **2,071,675** | **65,827** | **(2,105,628)** | **10,524** | **42,398** |
| **Cash flows** | | | | | |
| Premiums received | **2,396,528** | - | - | - | **2,396,528** |
| Claims and other directly attributable expenses paid | - | - | **(2,258,122)** | - | **(2,258,122)** |
| Insurance acquisition cash flows | **(490,531)** | - | - | - | **(490,531)** |
| | **1,905,997** | - | **(2,258,122)** | - | **(352,125)** |
| Net closing liabilities | **1,050,980** | **34,789** | **318,471** | **10,134** | **1,414,374** |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**d. Property and casualty**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | **1,773,986** | **4,815** | **2,266,697** | **259,761** | **4,305,259** |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | **2,785,741** | | | | **2,785,741** |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | **1,188,541** | **67,884** | **1,256,425** |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to LIC | - | - | **(801,393)** | **(204,958)** | **(1,006,351)** |
| Losses on onerous contracts and reversal of those losses | - | **(2,602)** | - | - | **(2,602)** |
| Insurance acquisition cash flows amortisation | **169,685** | - | - | - | **169,685** |
| | **169,685** | **(2,602)** | **387,148** | **(137,074)** | **417,157** |
| **Insurance service result** | **2,616,056** | **2,602** | **(387,148)** | **137,074** | **2,368,584** |
| Net finance expenses from insurance contracts | - | - | **(60,706)** | **(4,428)** | **(65,134)** |
| **Total changes in the consolidated statement of income** | **2,616,056** | **2,602** | **(447,854)** | **132,646** | **2,303,450** |
| **Cash flows** | | | | | |
| Premiums received | **3,112,994** | - | - | - | **3,112,994** |
| Claims and other directly attributable expenses paid | - | - | **(945,818)** | - | **(945,818)** |
| Insurance acquisition cash flows | **(185,798)** | - | - | - | **(185,798)** |
| | **2,927,196** | - | **(945,818)** | - | **1,981,378** |
| Net closing liabilities | **2,085,126** | **2,213** | **1,768,733** | **127,115** | **3,983,187** |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**e. <u>General accidents - Hajj & Umrah</u>**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | - | - | 2,021 | - | 2,021 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | - | | | | - |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | - | - | - |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (1,978) | (2) | (1,980) |
| Losses on onerous contracts and reversal of those losses | - | - | - | - | - |
| Insurance acquisition cash flows amortisation | - | - | - | - | - |
| | - | - | (1,978) | (2) | (1,980) |
| **Insurance service result** | - | - | 1,978 | 2 | 1,980 |
| Net finance expenses from insurance contracts | - | - | (33) | (2) | (35) |
| **Total changes in the consolidated statement of income** | - | - | 1,945 | - | 1,945 |
| **Cash flows** | | | | | |
| Premiums received | - | - | - | - | - |
| Claims and other directly attributable expenses paid | - | - | (76) | - | (76) |
| Insurance acquisition cash flows | - | - | - | - | - |
| | - | - | (76) | - | (76) |
| Settled with assets of shared pool participants | - | - | - | - | - |
| Net closing liabilities | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**f. Travel & COVID-19**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | - | - | - | - | - |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | - | | | | - |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | - | - | - |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | - | - | - | - | - |
| Insurance acquisition cash flows amortisation | - | - | - | - | - |
| | - | - | - | - | - |
| **Insurance service result** | - | - | - | - | - |
| Net finance expenses from insurance contracts | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | - | - | - | - | - |
| **Cash flows** | | | | | |
| Premiums received | - | - | - | - | - |
| Claims and other directly attributable expenses paid | - | - | - | - | - |
| Insurance acquisition cash flows | - | - | - | - | - |
| | - | - | - | - | - |
| Settled with assets of shared pool participants | | | | | |
| Net closing liabilities | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**g. Protection and savings**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | (2,037) | 2,527 | 53,296 | 3,632 | 57,418 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 206,917 | | | | 206,917 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 207,246 | 10,047 | 217,293 |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (19,394) | (2,682) | (22,076) |
| Losses on onerous contracts and reversal of those losses | - | 3,185 | - | - | 3,185 |
| Insurance acquisition cash flows amortisation | 32,376 | - | - | - | 32,376 |
| | 32,376 | 3,185 | 187,852 | 7,365 | 230,778 |
| **Insurance service result** | 174,541 | (3,185) | (187,852) | (7,365) | (23,861) |
| Net finance expenses from insurance contracts | - | - | (1,391) | (127) | (1,518) |
| **Total changes in the consolidated statement of income** | 174,541 | (3,185) | (189,243) | (7,492) | (25,379) |
| **Cash flows** | | | | | |
| Premiums received | 177,609 | - | - | - | 177,609 |
| Claims and other directly attributable expenses paid | - | - | (116,525) | - | (116,525) |
| Insurance acquisition cash flows | (24,465) | - | - | - | (24,465) |
| | 153,144 | - | (116,525) | - | 36,619 |
| Net closing balance | (23,434) | 5,712 | 126,014 | 11,124 | 119,416 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**h. Inherent defects insurance under GMM**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening liabilities | **111,155** | **-** | **10,492** | **110** | **121,757** |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | **8,656** | **-** | **-** | **-** | **8,656** |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 11,014 | 220 | 11,234 |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to LIC | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | - | - | - | - | - |
| Insurance acquisition cash flows amortisation | | | | | |
| | - | - | 11,014 | 220 | 11,234 |
| **Insurance service result** | **8,656** | **-** | **(11,014)** | **(220)** | **(2,578)** |
| Net finance expenses from insurance contracts | - | - | (15,670) | (313) | (15,983) |
| **Total changes in the consolidated statement of income** | **8,656** | **-** | **(26,684)** | **(533)** | **(18,561)** |
| **Cash flows** | | | | | |
| Premiums received | 226,278 | - | - | - | 226,278 |
| Claims and other directly attributable expenses paid | - | - | (3,350) | - | (3,350) |
| Insurance acquisition cash flows | (1,659) | - | - | - | (1,659) |
| | 224,619 | - | (3,350) | - | 221,269 |
| Net closing liabilities | 327,118 | - | 33,826 | 643 | 361,587 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**i. Inherent defects insurance under GMM**

| Reconciliation under GMM | Present value of future cashflows | Risk adjustment for non-financial risks | Contractual Service Margin | Total |
|---|---|---|---|---|
| | ⃁ '000 | | | |
| **December 31, 2025** | | | | |
| Opening liabilities | **(10,961)** | **5,954** | **126,764** | **121,757** |
| **Insurance service result before reinsurance contracts held** | | | | |
| Changes that relate to current service | **5,575** | **(245)** | **102** | **5,432** |
| Changes that relate to future service | **(207,251)** | **11,082** | **196,169** | **-** |
| Changes that relate to past service | **(3,075)** | **221** | **-** | **(2,854)** |
| **Insurance Service Results** | **(204,751)** | **11,058** | **196,271** | **2,578** |
| Finance expenses from insurance contracts issued | **(8,212)** | **1,375** | **22,820** | **15,983** |
| **Total amounts recognised in consolidated statement of income** | **(212,963)** | **12,433** | **219,091** | **18,561** |
| **Cash flows** | | | | |
| Premiums received | **226,278** | **-** | **-** | **226,278** |
| Claims and other directly attributable expenses paid | **(3,350)** | **-** | **-** | **(3,350)** |
| Insurance acquisition cash flows | **(1,659)** | **-** | **-** | **(1,659)** |
| | **221,269** | **-** | **-** | **221,269** |
| Closing Liabilities | **(2,655)** | **18,387** | **345,855** | **361,587** |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims**

**a. Medical**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | 2,874,407 | 133,938 | 2,564,205 | 173,714 | 5,746,264 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 12,945,631 | - | - | - | 12,945,631 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 11,330,165 | 151,862 | 11,482,027 |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (323,778) | (153,120) | (476,898) |
| Losses on onerous contracts and reversal of those losses | - | (45,963) | - | - | (45,963) |
| Insurance acquisition cash flows amortisation | 1,123,817 | - | - | - | 1,123,817 |
| | 1,123,817 | (45,963) | 11,006,387 | (1,258) | 12,082,983 |
| **Insurance service result** | 11,821,814 | 45,963 | (11,006,387) | 1,258 | 862,648 |
| Net finance expenses from insurance contracts | - | - | (55,718) | (2,992) | (58,710) |
| **Total changes in the consolidated statement of income** | 11,821,814 | 45,963 | (11,062,105) | (1,734) | 803,938 |
| **Cash flows** | | | | | |
| Premiums received | 14,591,428 | - | - | - | 14,591,428 |
| Claims and other directly attributable expenses paid | - | - | (10,205,983) | - | (10,205,983) |
| Insurance acquisition cash flows | (1,237,756) | - | - | - | (1,237,756) |
| | 13,353,672 | - | (10,205,983) | - | 3,147,689 |
| Net closing balance | 4,406,265 | 87,975 | 3,420,327 | 175,448 | 8,090,015 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**b. Medical Umrah**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | 612,556 | - | (267,320) | 512 | 345,748 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 3,932 | - | - | - | 3,932 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 3,710 | - | 3,710 |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (3,965) | (1,377) | (5,342) |
| Losses on onerous contracts and reversal of those losses | - | - | - | - | - |
| Insurance acquisition cash flows amortisation | 2,116 | - | - | - | 2,116 |
| | 2,116 | - | (255) | (1,377) | 484 |
| **Insurance service result** | 1,816 | - | 255 | 1,377 | 3,448 |
| Net finance expenses from insurance contracts | - | - | (341) | (12) | (353) |
| **Total changes in the consolidated statement of income** | 1,816 | - | (86) | 1,365 | 3,095 |
| **Cash flows** | | | | | |
| Premiums received | 17,459 | - | - | - | 17,459 |
| Claims and other directly attributable expenses paid | - | - | (22,476) | - | (22,476) |
| Insurance acquisition cash flows | (38,673) | - | - | - | (38,673) |
| | (21,214) | - | (22,476) | - | (43,690) |
| Settled with assets of shared pool participants | (589,526) | - | 289,710 | 853 | (298,963) |
| Net closing balance | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**c. Motor**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | **Excluding loss component** | **Loss component** | **Estimates of the present value of future cash flows** | **Risk Adjustment** | **Total** |
| | | | **⃁ '000** | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | 1,480,546 | 17,218 | 623,348 | 23,975 | 2,145,087 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 2,782,869 | - | - | - | 2,782,869 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 2,359,667 | 15,658 | 2,375,325 |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (172,586) | (19,566) | (192,152) |
| Losses on onerous contracts and reversal of those losses | - | 83,398 | - | - | 83,398 |
| Insurance acquisition cash flows amortisation | 401,267 | - | - | - | 401,267 |
| | 401,267 | 83,398 | 2,187,081 | (3,908) | 2,667,838 |
| **Insurance service result** | 2,381,602 | (83,398) | (2,187,081) | 3,908 | 115,031 |
| Net finance expenses from insurance contracts | - | - | (10,381) | (591) | (10,972) |
| **Total changes in the consolidated statement of income** | 2,381,602 | (83,398) | (2,197,462) | 3,317 | 104,059 |
| **Cash flows** | | | | | |
| Premiums received | 2,514,478 | - | - | - | 2,514,478 |
| Claims and other directly attributable expenses paid | - | - | (2,349,845) | - | (2,349,845) |
| Insurance acquisition cash flows | (396,764) | - | - | - | (396,764) |
| | 2,117,714 | - | (2,349,845) | - | (232,131) |
| Net closing balance | 1,216,658 | 100,616 | 470,965 | 20,658 | 1,808,897 |

**8 INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**d. Property and casualty**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | 1,133,435 | 7,244 | 2,881,094 | 348,569 | 4,370,342 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 2,411,583 | - | - | - | 2,411,583 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 899,470 | 98,820 | 998,290 |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (380,113) | (196,664) | (576,777) |
| Losses on onerous contracts and reversal of those losses | - | (2,429) | - | - | (2,429) |
| Insurance acquisition cash flows amortisation | 153,708 | - | - | - | 153,708 |
| | 153,708 | (2,429) | 519,357 | (97,844) | 572,792 |
| **Insurance service result** | 2,257,875 | 2,429 | (519,357) | 97,844 | 1,838,791 |
| Net finance expenses from insurance contracts | - | - | (87,151) | (9,036) | (96,187) |
| **Total changes in the consolidated statement of income** | 2,257,875 | 2,429 | (606,508) | 88,808 | 1,742,604 |
| **Cash flows** | | | | | |
| Premiums received | 3,057,542 | - | - | - | 3,057,542 |
| Claims and other directly attributable expenses paid | - | - | (1,220,906) | - | (1,220,906) |
| Insurance acquisition cash flows | (159,115) | - | - | - | (159,115) |
| | 2,898,427 | - | (1,220,906) | - | 1,677,521 |
| Net closing balance | 1,773,987 | 4,815 | 2,266,696 | 259,761 | 4,305,259 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**e. General accidents - Hajj & Umrah**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | 700,723 | - | (38,888) | (5,520) | 656,315 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 1,305 | - | - | - | 1,305 |
| ***Insurance service expenses*** | - | - | 1,767 | 161 | 1,928 |
| Incurred claims and other directly attributable expenses | - | - | (1,995) | (1,022) | (3,017) |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | (160) | - | - | - | (160) |
| Insurance acquisition cash flows amortisation | (160) | - | (228) | (861) | (1,249) |
| **Insurance service result** | 1,465 | - | 228 | 861 | 2,554 |
| Net finance expenses from insurance contracts | - | - | (144) | (26) | (170) |
| **Total changes in the consolidated statement of income** | 1,465 | - | 84 | 835 | 2,384 |
| **Cash flows** | | | | | |
| Premiums received | 6,027 | - | - | - | 6,027 |
| Claims and other directly attributable expenses paid | - | - | (3,056) | - | (3,056) |
| Insurance acquisition cash flows | (1,601) | - | - | - | (1,601) |
| | 4,426 | - | (3,056) | - | 1,370 |
| Settled with assets of shared pool participants | (703,684) | - | 44,049 | 6,355 | (653,280) |
| Net closing balance | - | - | 2,021 | - | 2,021 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**f. Travel & COVID-19**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | 83,121 | - | 1,041 | 676 | 84,838 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | - | - | - | - | - |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | - | - | - |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | - | - | - | - | - |
| Insurance acquisition cash flows amortisation | - | - | - | - | - |
| | - | - | - | - | - |
| **Insurance service result** | - | - | - | - | - |
| Net finance expenses from insurance contracts | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | | | - | - | - |
| **Cash flows** | | | | | |
| Premiums received | - | - | - | - | - |
| Claims and other directly attributable expenses paid | - | - | - | - | - |
| Insurance acquisition cash flows | - | - | - | - | - |
| | - | - | - | - | - |
| Settled with assets of shared pool participants | (82,329) | - | 4,464 | 1,530 | (76,335) |
| Net closing balance | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**g. Protection and savings**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | (29,688) | 2,502 | 66,442 | 4,182 | 43,438 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 112,855 | - | - | - | 112,855 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 112,774 | 3,118 | 115,892 |
| Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC | - | - | (22,247) | (3,795) | (26,042) |
| Losses on onerous contracts and reversal of those losses | - | 25 | - | - | 25 |
| Insurance acquisition cash flows amortisation | 14,995 | - | - | - | 14,995 |
| | 14,995 | 25 | 90,527 | (677) | 104,870 |
| **Insurance service result** | 97,860 | (25) | (90,527) | 677 | 7,985 |
| Net finance expenses from insurance contracts | - | - | (1,787) | (127) | (1,914) |
| **Total changes in the consolidated statement of income** | 97,860 | (25) | (92,314) | 550 | 6,071 |
| **Cash flows** | | | | | |
| Premiums received | 139,909 | - | - | - | 139,909 |
| Claims and other directly attributable expenses paid | - | - | (105,460) | - | (105,460) |
| Insurance acquisition cash flows | (14,398) | - | - | - | (14,398) |
| | 125,511 | - | (105,460) | - | 20,051 |
| Net closing balance | (2,037) | 2,527 | 53,296 | 3,632 | 57,418 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**h. Inherent defects insurance under GMM**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening liabilities | 49,380 | - | 3,217 | 31 | 52,628 |
| **Changes in the consolidated statement of income** | | | | | |
| Insurance revenue | 14,782 | - | - | - | 14,782 |
| ***Insurance service expenses*** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 6,422 | 63 | 6,485 |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to LIC | - | - | - | - | - |
| Losses on onerous contracts and reversal of those losses | - | - | - | - | - |
| Insurance acquisition cash flows amortisation | - | - | - | - | - |
| | - | - | 6,422 | 63 | 6,485 |
| **Insurance service result** | 14,782 | - | (6,422) | (63) | 8,297 |
| Net finance expenses from insurance contracts | - | - | (1,621) | (16) | (1,637) |
| **Total changes in the consolidated consolidated statement of income** | 14,782 | - | (8,043) | (79) | 6,660 |
| **Cash flows** | | | | | |
| Premiums received | 76,557 | - | - | - | 76,557 |
| Claims and other directly attributable expenses paid | - | - | (768) | - | (768) |
| Insurance acquisition cash flows | - | - | - | - | |
| | 76,557 | - | (768) | - | 75,789 |
| Net closing liabilities | 111,155 | - | 10,492 | 110 | 121,757 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.2 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**i. Inherent defects Insurance under GMM**

| Reconciliation under GMM | Present value of future cashflows | Risk adjustment for non-financial risks | Contractual Service Margin | Total |
|---|---|---|---|---|
| | ⃁ '000 | | | |
| **December 31, 2024** | | | | |
| Opening liabilities | (3,956) | 2,064 | 54,520 | 52,628 |
| **Insurance service result before reinsurance contracts held** | | | | |
| Changes that relate to current service | (75,325) | 45 | 872 | (74,408) |
| Changes that relate to future service | 141,210 | (3,527) | (54,496) | 83,187 |
| Changes that relate to past service | (440) | (42) | - | (482) |
| **Insurance Service Results** | 65,445 | (3,524) | (53,624) | 8,297 |
| Finance expenses from insurance contracts issued | (20,696) | 1,100 | 17,959 | (1,637) |
| **Total amounts recognised in consolidated statement of income** | 44,749 | (2,424) | (35,665) | 6,660 |
| **Cash flows** | | | | |
| Premiums received | 76,557 | - | - | 76,557 |
| Claims and other directly attributable expenses paid | (768) | - | - | (768) |
| Insurance acquisition cash flows | - | - | - | - |
| | 75,789 | - | - | 75,789 |
| Closing Liabilities | 27,084 | 4,488 | 90,185 | 121,757 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims**

**a. Medical**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening assets | (94,249) | - | (146,541) | (6,666) | (247,456) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | (221,748) | - | - | - | (221,748) |
| Incurred claims recovery | - | - | 131,647 | 3,055 | 134,702 |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | (24,888) | (3,852) | (28,740) |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | 211 | - | 211 |
| | (221,748) | - | 106,970 | (797) | (115,575) |
| Finance income from reinsurance contracts held | - | - | 5,028 | 272 | 5,300 |
| **Total changes in the consolidated statement of income** | (221,748) | - | 111,998 | (525) | (110,275) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | 181,945 | - | - | - | 181,945 |
| Recoveries from reinsurance | - | - | (1,003) | - | (1,003) |
| | 181,945 | - | (1,003) | - | 180,942 |
| Net closing balance | 309,444 | - | (259,542) | (6,141) | 43,761 |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**b. Medical Umrah**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Net opening balance | - | - | - | - | - |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | - | - | - | - | - |
| Incurred claims recovery | - | - | - | - | - |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | - | - | - |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | - | - | - |
| | - | - | - | - | - |
| Finance income from reinsurance contracts held | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | - | - | - | - | - |
| Investment components | - | - | - | - | - |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | - | - | - | - | - |
| Recoveries from reinsurance | - | - | - | - | - |
| | - | - | - | - | - |
| Net closing balance | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**c. Motor**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | **Excluding loss component** | **Loss component** | **Estimates of the present value of future cash flows** | **Risk Adjustment** | **Total** |
| | | | **⃁ '000** | | |
| **December 31, 2025** | | | | | |
| Opening assets | **2,456** | - | **(4,063)** | **(143)** | **(1,750)** |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | **(14,902)** | - | - | - | **(14,902)** |
| Incurred claims recovery | - | - | **1,490** | **147** | **1,637** |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | **(1,061)** | **(539)** | **(1,600)** |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | **20** | - | **20** |
| | **(14,902)** | - | **449** | **(392)** | **(14,845)** |
| Finance income from reinsurance contracts held | - | - | **181** | **17** | **198** |
| **Total changes in the consolidated statement of income** | **(14,902)** | - | **630** | **(375)** | **(14,647)** |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | **(233,451)** | | - | - | **(233,451)** |
| Recoveries from reinsurance | - | - | **652** | - | **652** |
| | **(233,451)** | - | **652** | - | **(232,799)** |
| Net closing balance | **(216,093)** | - | **(4,041)** | **232** | **(219,902)** |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**d. Property & Casualty**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | Total |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present Value of future cash flows | Risk Adjustment | |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening assets | (424,721) | (14) | (1,994,037) | (236,931) | (2,655,703) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts Held*** | | | | | |
| Reinsurance expenses | (2,215,584) | - | - | - | (2,215,584) |
| Incurred claims recovery | | - | 949,043 | 59,905 | 1,008,948 |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | (754,569) | (188,273) | (942,842) |
| Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held | - | (14) | - | - | (14) |
| Effect of changes in risk of reinsurers' non-performance | - | - | 3,966 | - | 3,966 |
| | (2,215,584) | (14) | 198,440 | (128,368) | (2,145,526) |
| Finance income from reinsurance contracts held | - | - | 54,572 | 4,060 | 58,632 |
| **Total changes in the consolidated statement of income** | (2,215,584) | (14) | 253,012 | (124,308) | (2,086,894) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | (2,395,379) | - | - | - | (2,395,379) |
| Recoveries from reinsurance | - | - | 563,540 | - | 563,540 |
| | (2,395,379) | - | 563,540 | - | (1,831,839) |
| Net closing balance | (604,516) | - | (1,683,509) | (112,623) | (2,400,648) |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**e. General Accident - Hajj & Umrah**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening assets | - | - | - | - | - |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | - | - | - | - | - |
| Incurred claims recovery | - | - | - | - | - |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | - | - | - |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | - | - | - |
| | - | - | - | - | - |
| Finance income from reinsurance contracts held | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | - | - | - | - | - |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | - | - | - | - | - |
| Recoveries from reinsurance | - | - | - | - | - |
| | - | - | - | - | - |
| Settled with assets of shared pool participants | - | - | - | - | - |
| Net closing balance | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**f. Travel & COVID 19**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | ⃁ '000 | | | | |
| **December 31, 2025** | | | | | |
| Opening assets | - | - | - | - | - |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | - | - | - | - | - |
| Incurred claims recovery | - | - | - | - | - |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | - | - | - |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | - | - | - |
| | - | - | - | - | - |
| Finance income from reinsurance contracts held | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | - | - | - | - | - |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | - | - | - | - | - |
| Recoveries from reinsurance | - | - | - | - | - |
| | - | - | - | - | - |
| Settled with assets of shared pool participants | - | - | - | - | - |
| Net closing balance | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**g. <u>Protection & Savings</u>**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | **Excluding loss component** | **Loss component** | **Estimates of the present value of future cash flows** | **Risk Adjustment** | **Total** |
| | | | **⃁ '000** | | |
| **December 31, 2025** | | | | | |
| Opening assets | **33,588** | **(1,616)** | **(43,987)** | **(3,117)** | **(15,132)** |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | **(150,481)** | **-** | **-** | **-** | **(150,481)** |
| Incurred claims recovery | **-** | **-** | **166,944** | **8,492** | **175,436** |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | **-** | **-** | **(15,344)** | **(2,313)** | **(17,657)** |
| Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held | **-** | **2,521** | **-** | **-** | **2,521** |
| Effect of changes in risk of reinsurers' non-performance | **-** | **-** | **112** | **-** | **112** |
| | **(150,481)** | **2,521** | **151,712** | **6,179** | **9,931** |
| Finance income from reinsurance contracts held | **-** | **-** | **1,195** | **109** | **1,304** |
| **Total changes in the consolidated statement of income** | **(150,481)** | **2,521** | **152,907** | **6,288** | **11,235** |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | **(125,740)** | **-** | **-** | **-** | **(125,740)** |
| Recoveries from reinsurance | **-** | **-** | **93,917** | **-** | **93,917** |
| | **(125,740)** | **-** | **93,917** | **-** | **(31,823)** |
| Net closing balance | **58,329** | **(4,137)** | **(102,977)** | **(9,405)** | **(58,190)** |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**h. <u>Inherent defects insurance under GMM</u>**

| | Assets for remaining coverage | | Asset Recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2025** | | | | | |
| Opening Assets | **(88,127)** | **-** | **(3,793)** | **(37)** | **(91,957)** |
| **Changes in the consolidated statement of income** | | | | | |
| **Allocation of reinsurance premium** | | | | | |
| Expected amount of claim recoverable in the year | **(7,465)** | - | - | - | **(7,465)** |
| Change in risk adjustment for non-financial risk | **(221)** | - | - | - | **(221)** |
| CSM recognised for services received | **(3,907)** | - | - | - | **(3,907)** |
| Reversal of loss recovery that does not adjust CSM | - | - | - | - | - |
| Impact of methodology change | **388** | - | - | - | **388** |
| | **(11,205)** | - | - | - | **(11,205)** |
| **Amounts recoverable from reinsurance** | | | | | |
| Incurred claims recovery | - | - | **9,429** | **189** | **9,618** |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to incurred claims recovery | - | - | **(2,905)** | **(58)** | **(2,963)** |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | - | - | - |
| | - | - | **6,524** | **131** | **6,655** |
| Net finance income from reinsurance contracts | - | - | **5,987** | **120** | **6,107** |
| **Total changes in the consolidated consolidated statement of income** | **(11,205)** | **-** | **12,511** | **251** | **1,557** |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | **(142,591)** | - | - | - | **(142,591)** |
| Recoveries from reinsurance | **30,035** | - | **455** | - | **30,490** |
| | **(112,556)** | - | **455** | - | **(112,101)** |
| Net closing balance | **(189,023)** | | **(16,304)** | **(288)** | **(205,615)** |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.3 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**i. Inherent defects insurance under GMM**

| **Reconciliation under GMM** | **Present value of future cashflows** | **Risk adjustment for non-financial risks** | **Contractual Service Margin** | **Total** |
|---|---|---|---|---|
| | | ⃁ '000 | | |
| **December 31, 2025** | | | | |
| Opening assets | **(3,477)** | **(6,350)** | **(82,130)** | **(91,957)** |
| **Net (expenses) / income from reinsurance contracts held** | | | | |
| Changes that relate to current service | **(1,712)** | **222** | **3,939** | **2,449** |
| Changes that relate to future service | **102,084** | **(8,448)** | **(93,636)** | **-** |
| Changes that relate to past service | **2,101** | **-** | **-** | **2,101** |
| **Reinsurance service result** | **102,473** | **(8,226)** | **(89,697)** | **4,550** |
| Finance income from reinsurance contracts issued | **1,744** | **(1,060)** | **(6,791)** | **(6,107)** |
| **Total amounts recognised in consolidated statement of income** | **104,217** | **(9,286)** | **(96,488)** | **(1,557)** |
| **Cash flows** | | | | |
| Premiums paid net of ceding commissions | **(142,591)** | **-** | **-** | **(142,591)** |
| Recoveries from reinsurance | **30,490** | **-** | **-** | **30,490** |
| | **(112,101)** | **-** | **-** | **(112,101)** |
| Closing Balance | **(11,361)** | **(15,636)** | **(178,618)** | **(205,615)** |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims**

**a. Medical**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening assets | 147,795 | - | (229,573) | (5,690) | (87,468) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | (222,865) | - | - | - | (222,865) |
| Incurred claims recovery | - | - | 140,842 | 4,556 | 145,398 |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | (12,272) | (3,813) | (16,085) |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | 269 | - | 269 |
| | (222,865) | - | 128,839 | 743 | (93,283) |
| Finance income from reinsurance contracts held | - | - | 4,337 | 233 | 4,570 |
| **Total changes in the consolidated statement of income** | (222,865) | - | 133,176 | 976 | (88,713) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | (464,909) | - | - | - | (464,909) |
| Recoveries from reinsurance | - | - | 216,208 | - | 216,208 |
| | (464,909) | - | 216,208 | - | (248,701) |
| Net closing balance | (94,249) | - | (146,541) | (6,666) | (247,456) |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**b. Medical Umrah**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | **Excluding loss component** | **Loss component** | **Estimates of the present value of future cash flows** | **Risk Adjustment** | **Total** |
| | | | **⃁ '000** | | |
| **December 31, 2024** | | | | | |
| Net opening balance | - | - | - | - | - |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | - | - | - | - | - |
| Incurred claims recovery | - | - | - | - | - |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | - | - | - |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | - | - | - |
| | - | - | - | - | - |
| Finance income from reinsurance contracts held | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | - | - | - | - | - |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | - | - | - | - | - |
| Recoveries from reinsurance | - | - | - | - | - |
| | - | - | - | - | - |
| Net closing balance | - | - | - | - | - |

**8 INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**c. Motor**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | **Excluding loss component** | **Loss component** | **Estimates of the present value of future cash flows** | **Risk Adjustment** | **Total** |
| | | | **⃁ '000** | | |
| **December 31, 2024** | | | | | |
| Opening assets | 10,917 | - | (22,461) | (1,623) | (13,167) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | (17,370) | - | - | - | (17,370) |
| Incurred claims recovery | - | - | (5) | (1) | (6) |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | (3,525) | (1,534) | (5,059) |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | 62 | - | 62 |
| | (17,370) | - | (3,468) | (1,535) | (22,373) |
| Finance income from reinsurance contracts held | - | - | 580 | 55 | 635 |
| **Total changes in the consolidated statement of income** | (17,370) | - | (2,888) | (1,480) | (21,738) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | (25,831) | - | - | - | (25,831) |
| Recoveries from reinsurance | - | - | 15,510 | - | 15,510 |
| | (25,831) | - | 15,510 | - | (10,321) |
| Net closing balance | 2,456 | - | (4,063) | (143) | (1,750) |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**d. Property & Casualty**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | **Excluding loss component** | **Loss component** | **Estimates of the present value of future cash flows** | **Risk Adjustment** | **Total** |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening assets | (214,764) | (5,325) | (2,699,397) | (328,489) | (3,247,975) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | (1,881,062) | - | - | - | (1,881,062) |
| Incurred claims recovery | - | - | 729,216 | 89,428 | 818,644 |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | (345,048) | (189,997) | (535,045) |
| Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held | - | (5,311) | - | - | (5,311) |
| Effect of changes in risk of reinsurers' non-performance | - | - | 2,262 | - | 2,262 |
| | (1,881,062) | (5,311) | 386,430 | (100,569) | (1,600,512) |
| Finance income from reinsurance contracts held | - | - | 82,008 | 9,011 | 91,019 |
| **Total changes in the consolidated statement of income** | (1,881,062) | (5,311) | 468,438 | (91,558) | (1,509,493) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | (2,091,018) | - | - | - | (2,091,018) |
| Recoveries from reinsurance | - | - | 1,173,797 | - | 1,173,797 |
| | (2,091,018) | - | 1,173,797 | - | (917,221) |
| Net closing balance | (424,720) | (14) | (1,994,038) | (236,931) | (2,655,703) |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**e. General Accident - Hajj & Umrah**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening assets | (104,219) | - | 1,588 | 299 | (102,332) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | (240) | - | - | - | (240) |
| Incurred claims recovery | - | - | 4 | 27 | 31 |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | - | (158) | (158) |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | 6 | - | 6 |
| | (240) | - | 10 | (131) | (361) |
| Finance income from reinsurance contracts held | - | - | 26 | 5 | 31 |
| **Total changes in the consolidated statement of income** | (240) | - | 36 | (126) | (330) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | (22,677) | - | - | - | (22,677) |
| Recoveries from reinsurance | - | - | 2,309 | - | 2,309 |
| | (22,677) | - | 2,309 | - | (20,368) |
| Settled with assets of shared pool participants | 126,656 | - | (3,861) | (425) | 122,370 |
| Net closing balance | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**f. Travel & COVID 19**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening assets | (2,239) | - | 438 | 83 | (1,718) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | - | - | - | - | - |
| Incurred claims recovery | - | - | - | - | - |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | - | - | - |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | - | - | - |
| | - | - | - | - | - |
| Finance income from reinsurance contracts held | - | - | - | - | - |
| **Total changes in the consolidated statement of income** | - | - | - | - | - |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses | (306) | - | - | - | (306) |
| Recoveries from reinsurance | - | - | - | - | - |
| | (306) | - | - | - | (306) |
| Settled with assets of shared pool participants | 2,545 | - | (438) | (83) | 2,024 |
| Net closing balance | - | - | - | - | - |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**g. <u>Protection & Savings</u>**

| | Assets for remaining coverage | | Assets recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening assets | 27,995 | (2,180) | (58,284) | (3,795) | (36,264) |
| **Changes in the consolidated statement of income** | | | | | |
| ***Income (expenses) from reinsurance contracts held*** | | | | | |
| Reinsurance expenses | (88,845) | - | - | - | (88,845) |
| Incurred claims recovery | - | - | 99,910 | 2,664 | 102,574 |
| Changes that relate to past service - changes in the FCF relating to incurred claims recovery | - | - | (20,262) | (3,457) | (23,719) |
| Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held | - | (564) | - | - | (564) |
| Effect of changes in risk of reinsurers' non-performance | - | - | 46 | - | 46 |
| | (88,845) | (564) | 79,694 | (793) | (10,508) |
| Finance income from reinsurance contracts held | - | - | 1,627 | 115 | 1,742 |
| **Total changes in the consolidated statement of income** | (88,845) | (564) | 81,321 | (678) | (8,766) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | (83,252) | - | - | - | (83,252) |
| Recoveries from reinsurance | - | - | 95,618 | - | 95,618 |
| | (83,252) | - | 95,618 | - | 12,366 |
| Net closing balance | 33,588 | (1,616) | (43,987) | (3,117) | (15,132) |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**h. Inherent defects insurance under GMM**

| | Assets for remaining coverage | | Asset Recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk Adjustment | Total |
| | | | ⃁ '000 | | |
| **December 31, 2024** | | | | | |
| Opening Assets | (44,952) | - | (1,055) | (10) | (46,017) |
| **Changes in the consolidated statement of income** | | | | | |
| **Allocation of reinsurance premium** | | | | | |
| Expected amount of claim recoverable in the year | (644) | - | - | - | (644) |
| Change in risk adjustment for non-financial risk | (9) | - | - | - | (9) |
| CSM recognised for services received | (703) | - | - | - | (703) |
| Reversal of loss recovery that does not adjust CSM | - | - | - | - | - |
| Impact of methodology change | (163) | - | - | - | (163) |
| | (1,519) | - | - | - | (1,519) |
| **Amounts recoverable from reinsurance** | | | | | |
| Incurred claims recovery | - | - | 1,610 | 16 | 1,626 |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to incurred claims recovery | - | - | (391) | (4) | (395) |
| Income on initial recognition of onerous underlying contracts | - | - | - | - | - |
| Effect of changes in risk of reinsurers' non-performance | - | - | - | - | - |
| | - | - | 1,219 | 12 | 1,231 |
| Net finance income from reinsurance contracts | - | - | 1,519 | 15 | 1,534 |
| **Total changes in the consolidated statement of income** | (1,519) | - | 2,738 | 27 | 1,246 |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions | (53,805) | - | - | - | (53,805) |
| Recoveries from reinsurance | 9,048 | - | 63 | - | 9,111 |
| | (44,757) | - | 63 | - | (44,694) |
| Net closing balance | (88,190) | - | (3,730) | (37) | (91,957) |

**8. INSURANCE AND REINSURANCE CONTRACTS (continued)**

**8.4 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

**i. Inherent defects insurance under GMM**

| **Reconciliation under GMM** | **Present value of future cashflows** | **Risk adjustment for non-financial risks** | **Contractual Service Margin** | **Total** |
|---|---|---|---|---|
| | | ⃁ '000 | | |
| **December 31, 2024** | | | | |
| Opening liabilities | 10,704 | 2,544 | (59,265) | (46,017) |
| **Net (expenses) / income from reinsurance contracts held** | | | | |
| Changes that relate to current service | (85,432) | 7 | 521 | (84,904) |
| Changes that relate to future service | 103,029 | (4,008) | (14,844) | 84,177 |
| Changes that relate to past service | 439 | - | - | 439 |
| **Insurance Service Results** | 18,036 | (4,001) | (14,323) | (288) |
| Finance income from reinsurance contracts issued | (33,632) | 12,221 | 22,945 | 1,534 |
| **Total amounts recognised in consolidated statement of income** | (15,596) | 8,220 | 8,622 | 1,246 |
| **Cash flows** | | | | |
| Premiums paid net of ceding commissions | (53,805) | - | - | (53,805) |
| Recoveries from reinsurance | 9,111 | - | - | 9,111 |
| | (44,694) | - | - | (44,694) |
| Closing Balance | (18,394) | (5,676) | (67,887) | (91,957) |

## 9. PREPAID EXPENSES AND OTHER ASSETS

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Receivable from shared pool participants and others | **335,596** | 206,258 |
| Prepaid expenses | **79,730** | 13,155 |
| | **415,326** | 219,413 |

## 10. INVESTMENTS IN EQUITY ACCOUNTED INVESTMENTS

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Balance, January 01 | **116,497** | 116,653 |
| Share of profit | **31,023** | 21,676 |
| Dividends received | **(19,750)** | (23,093) |
| Share of other comprehensive profit | **701** | 1,261 |
| Balance, December 31 | **128,471** | 116,497 |

The Group's interest in equity-accounted investments, which are unquoted, is as follows along with summarized financial information:

**a) United Insurance Company B.S.C.**

| As of | Country of Incorporation | Assets | Liabilities | Revenue | Profit after tax | % Interest Held | Carrying amount |
|---|---|---|---|---|---|---|---|
| | | **⃁ '000** | | | | | |
| **December 31, 2025** | Bahrain | **389,020** | **191,592** | **154,177** | **52,972** | **50%** | **110,120** |
| December 31, 2024 | Bahrain | 358,847 | 175,588 | 134,046 | 55,272 | 50% | 98,714 |

**b) Waseel Application Services Provider Limited**

| As of | Country of Incorporation | Assets | Liabilities | Revenue | Profit after tax | % Interest Held | Carrying amount |
|---|---|---|---|---|---|---|---|
| | | **⃁ '000** | | | | | |
| **December 31, 2025** | Saudi Arabia | **66,202** | **25,240** | **55,118** | **6,175** | **45%** | **18,351** |
| December 31, 2024 | Saudi Arabia | 65,301 | 25,696 | 48,265 | 1,353 | 45% | 17,783 |

## 11. INTANGIBLE ASSETS

| **31 December 2025** | **Intangibles** | **Work in progress** | **Total 2025** |
|---|---|---|---|
| | **⃁ '000** | | |
| **Cost:** | | | |
| January 1 | **215,449** | **109,968** | **325,417** |
| Additions | **233,927** | **138,545** | **372,472** |
| Transfers | **6,955** | **(6,955)** | **-** |
| December 31 | **456,331** | **241,558** | **697,889** |
| **Accumulated amortisation:** | | | |
| January 1 | **136,896** | **-** | **136,896** |
| Charge for the year | **116,953** | **-** | **116,953** |
| December 31 | **253,849** | **-** | **253,849** |
| **Net book value** | **202,482** | **241,558** | **444,040** |

**11. INTANGIBLE ASSETS (continued)**

| **31 December 2024** | **Intangibles** | **Work in progress** | **Total 2024** |
|---|---|---|---|
| | | **⃁ '000** | |
| **Cost:** | | | |
| January 1 | 76,735 | - | 76,735 |
| Additions | 138,714 | 109,968 | 248,682 |
| December 31 | 215,449 | 109,968 | 325,417 |
| **Accumulated amortisation:** | | | |
| January 1 | 66,708 | - | 66,708 |
| Charge for the year | 70,188 | - | 70,188 |
| December 31 | 136,896 | - | 136,896 |
| **Net book value** | 78,553 | 109,968 | 188,521 |

11.1 Amortisation is charged to insurance service expense and other operating expenses in the consolidated statement of income based on expense attribution model as mentioned in note 2.4(c).

**12. PROPERTY, EQUIPMENT AND RIGHT-OF-USE ASSETS**

| | **Land** | **Buildings** | **Furniture and fixtures** | **Computer equipment** | **Vehicles** | **Capital work in progress** | **Right-of-use asset** | **Total 2025** |
|---|---|---|---|---|---|---|---|---|
| | | | | | **⃁ '000** | | | |
| **Cost:** | | | | | | | | |
| January 1 | **41,417** | **182,507** | **151,188** | **209,168** | **1,182** | **112,497** | **160,353** | **858,312** |
| Additions | **-** | **3,024** | **30,750** | **24,088** | **543** | **9,286** | **39,716** | **107,407** |
| Transfers | **-** | **21,329** | **85,541** | **5,627** | **-** | **(112,497)** | **-** | **-** |
| December 31 | **41,417** | **206,860** | **267,479** | **238,883** | **1,725** | **9,286** | **200,069** | **965,719** |
| | | | | | | | | |
| January 1 | **-** | **40,298** | **99,868** | **176,583** | **678** | **-** | **32,922** | **350,349** |
| Charge for the year | **-** | **3,940** | **20,126** | **12,657** | **269** | **-** | **34,701** | **71,693** |
| December 31 | **-** | **44,238** | **119,994** | **189,240** | **947** | **-** | **67,623** | **422,042** |
| **Net book value** | | | | | | | | |
| **December 31, 2025** | **41,417** | **162,622** | **147,485** | **49,643** | **778** | **9,286** | **132,446** | **543,677** |

| | **Land** | **Buildings** | **Furniture and fixtures** | **Computer equipment** | **Vehicles** | **Capital work in progress** | **Right of use asset** | **Total 2024** |
|---|---|---|---|---|---|---|---|---|
| | | | | | **⃁ '000** | | | |
| **Cost:** | | | | | | | | |
| January 1 | 41,417 | 181,930 | 91,086 | 178,526 | 1,182 | 46,942 | 79,243 | 620,326 |
| Additions | - | 577 | 60,102 | 30,642 | - | 65,555 | 81,110 | 237,986 |
| December 31 | 41,417 | 182,507 | 151,188 | 209,168 | 1,182 | 112,497 | 160,353 | 858,312 |
| Accumulated Depreciation: | | | | | | | | |
| January 1 | - | 35,682 | 83,974 | 163,328 | 489 | - | 25,995 | 309,468 |
| Charge for the year | - | 4,616 | 15,894 | 13,255 | 189 | - | 6,927 | 40,881 |
| December 31 | - | 40,298 | 99,868 | 176,583 | 678 | - | 32,922 | 350,349 |
| **Net book value** | | | | | | | | |
| **December 31, 2024** | 41,417 | 142,209 | 51,320 | 32,585 | 504 | 112,497 | 127,431 | 507,963 |

12.1 Right-of-use assets pertain to lease of premises of the Group's branches.

12.2 Depreciation is charged to insurance service expense and other operating expenses in the consolidated statement of income based on expense attribution model as mentioned in note 2.4(c).

12.3 During the year, the Group revised the useful life of buildings from 40 years to 48 years, which management has accounted for as a change in estimate and applied prospectively in the consolidated financial statements.

## 13. STATUTORY DEPOSIT

In compliance with Article 58 of the Insurance Implementing Regulations of Insurance Authority, the Company has deposited 10 percent of its share capital, amounting to ⃁ 150 million (December 31, 2024: ⃁ 150 million).

The statutory deposits can only be withdrawn after Insurance Authority's consent.

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Statutory deposit | **150,000** | 150,000 |
| Less: expected credit loss allowance | **(12)** | (23) |
| | **149,988** | 149,977 |

Following the circular dated March 1, 2016, from Insurance Authority, the Company has disclosed accrued income on statutory deposits amounting to ⃁ 7.8 million (December 31, 2024: ⃁ 0.9 million) as an asset and a liability in these consolidated financial statements.

## 14. ACCRUED EXPENSES AND OTHER LIABILITIES

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Payable - Zakat, Tax and Custom Authority | **883,292** | 895,436 |
| Accrued expenses and other liabilities | **178,367** | 281,500 |
| Balady fee payable* | **116,530** | - |
| Lease liability (14.1) | **137,783** | 118,809 |
| Payable to Najm ** | **52,171** | 104,752 |
| Premium received in advance | **277,244** | 64,239 |
| Employees' savings plan (14.2) | **33,547** | 22,862 |
| Payable - Ministry of Hajj and Umrah | - | 11,045 |
| Unallocated cash receipts | **59,017** | - |
| Payable to IDI pool | **6,351** | - |
| | **1,744,302** | 1,498,643 |

* These relates to the fees payable to Balady by the Group for IDI.

** These include surplus payable to Najm amounting to ⃁ 52 million (December 31, 2024: ⃁ 52 million).

These liabilities are due to be settled within 12 months of the date of the consolidated financial statements except for lease liability for which maturity analysis is disclosed in note 32.

14.1 Movement of lease liability are as follows:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| January 1 | **118,809** | 50,955 |
| Additions | **39,716** | 84,896 |
| Finance cost | **8,308** | 2,995 |
| Repayment | **(29,050)** | (20,037) |
| December 31 | **137,783** | 118,809 |

14.2 The Group has a savings plan for its Saudi employees under which a percentage of the employees' salary is periodically deducted, with the Company investing this amount through one of the investment funds compatible with the rules of Islamic Shariah. The total number of subscribers at the end of 2025 reached 340 employees (December 31, 2024: 292 employees) with a subscription amounting to ⃁ 28 million (December 31, 2024: ⃁ 17 million).

## 15. SHORT TERM LOAN PAYABLE

During the year the Group utilized its financing arrangement with Gulf International Bank Saudi Arabia amounting to ⃁550 million at a rate of 0.55% per annum over SIBOR for a period of 12 months. The Group has unutilized facilities amounting to ⃁ 50 million (December 31, 2024: ⃁ 600 million).

## 16. DEFINED BENEFITS OBLIGATION

The Group operates an end of service benefits 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 benefits payments obligation is discharged as and when it falls due.

### 16.1 The amounts recognised in the consolidated statement of financial position based on its present value are as follows:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Present value of defined benefits obligation | **187,376** | 160,902 |

### 16.2 Movement of defined benefits obligation:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Opening balance | **160,902** | 127,939 |
| Charge to the consolidated statement of income | **40,510** | 29,916 |
| Charge to the consolidated statement of comprehensive income | **(1,965)** | 15,723 |
| Payment of benefits during the year | **(12,071)** | (12,676) |
| Closing balance | **187,376** | 160,902 |

### 16.3 Reconciliation of present value of defined benefits obligation

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Present value of defined benefits obligation as at January 1 | **160,902** | 127,939 |
| Current service costs | **32,968** | 23,342 |
| Financial costs | **7,542** | 6,574 |
| Actuarial (gain) / loss from experience adjustments | **(1,965)** | 15,723 |
| Benefits paid during the year | **(12,071)** | (12,676) |
| Present value of defined benefits obligation as at December 31 | **187,376** | 160,902 |

### 16.4 Principal actuarial assumptions

In the absence of a deep market for "High Quality" local currency corporate bonds, the valuation discount rate was set based on the yields offered by USD-denominated bond yields as published by the European Insurance and Occupational Pensions Authority "EIOPA" and then adjusted for the Kingdom of Saudi Arabia's country risk (versus the US). For discount rates refer to note 2.4(d). The following range of significant actuarial assumptions was used by the Group for the valuation of end-of-service benefits:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| Weighted average annual wage increase | **5.51%** | 7.5% |
| Employee turnover rate | **20.98%** | 17.49% |

**16. DEFINED BENEFITS OBLIGATION (continued)**

Mortality rates at selected ages are presented in the following table:

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **Age** | **Mortality rates** | |
| 20 | **0.633** | 0.633 |
| 25 | **0.489** | 0.489 |
| 30 | **0.443** | 0.443 |
| 35 | **0.554** | 0.554 |
| 40 | **0.913** | 0.913 |
| 45 | **1.667** | 1.667 |
| 50 | **3.050** | 3.050 |
| 55 | **5.432** | 5.432 |
| 60 | **9.391** | 9.391 |

**16.5 Sensitivity analysis of actuarial assumptions**

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

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| | **Impact on defined benefits obligation** | |
| Valuation discount rate | | |
| - Increase by 1% | **(9,671)** | (6,931) |
| - Decrease by 1% | **10,775** | 7,605 |
| Expected rate of increase in salary level across different age bands | | |
| - Increase by 1% | **10,561** | 7,276 |
| - Decrease by 1% | **(9,671)** | (6,767) |

**17. SHARE CAPITAL**

The authorized, issued and paid-up capital of the Company is ⃁ 1.5 billion as at December 31, 2025 (December 31, 2024: ⃁ 1.5 billion) consisting of 150 million shares (December 31, 2024: 150 million shares) of ⃁ 10 each.

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

| | **December 31, 2025** | | |
|---|---|---|---|
| | **Authorized and issued** | | **Paid up** |
| | **No. of Shares** | **⃁ '000** | **⃁ '000** |
| Held by the public | **111,212,078** | **1,112,121** | **1,112,121** |
| General Organization for Social Insurance | **38,787,922** | **387,879** | **387,879** |
| | **150,000,000** | **1,500,000** | **1,500,000** |

| | December 31, 2024 | | |
|---|---|---|---|
| | Authorized and issued | | Paid up |
| | No. of Shares | ⃁ '000 | ⃁ '000 |
| Held by the public | 111,212,078 | 1,112,121 | 1,112,121 |
| General Organization for Social Insurance | 38,787,922 | 387,879 | 387,879 |
| | 150,000,000 | 1,500,000 | 1,500,000 |

**Movement of shares outstanding**

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| Outstanding shares as at January 01 | **149,741,848** | 150,000,000 |
| Shares bought back (refer note 20) | **(199,862)** | (258,152) |
| Outstanding shares as at December 31 | **149,541,986** | 149,741,848 |

## 17. SHARE CAPITAL (continued)

The Board of Directors in their meeting dated April 06, 2025, recommended to distribute 15% cash dividends at ⃁ 1.5 per share amounting to ⃁ 225 million which was approved by the General Assembly in their meeting dated May 27, 2025. In addition, the issued and paid-up capital have reduced by the amount of treasury shares repurchased (refer to note 20).

During the year 2024, the Company has paid cash dividend of ⃁ 150 million which constitute ⃁ 1 per share as per the recommendation and approval of Board of Directors and shareholders of the Company.

## 18. STATUTORY RESERVE

In accordance with the Articles of Association of the Company and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by Insurance Authority, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital. This transfer is only made at the year end. The statutory reserve is not available for distribution to the shareholders until the liquidation of the Company.

## 19. FAIR VALUE RESERVE FOR INVESTMENTS

The fair value reserve for investments comprises the cumulative net change in the fair value of equity securities measured at FVOCI and share of other comprehensive income / loss of investment in equity accounted investments.

## 20. TREASURY SHARES

During the year, the Company bought back 199,862 shares (December 31, 2024: 258,152 shares) for the purpose of granting long term stock option to senior management. The amount paid to buy-back the shares was ⃁ 29 million (December 31, 2024: ⃁ 40 million). The difference between the face value of shares repurchased and the amount paid is recorded in consolidated statement of changes in equity as a loss under treasury shares of ⃁ 27 million (December 31, 2024: SAR 37 million).

## 21. EMPLOYEE STOCK OPTION SCHEME RESERVE

The Group has approved granting its own shares to certain eligible employees as follows:

- Shares will be granted based on fair value of its shares as at 1 January 2023 to certain group of executives with vesting period of 3 years.
- The second eligible group of employees have been granted shares based on fair value of its shares as at January 1, 2024 with vesting period of 3 years.
- The second eligible group of employees have been granted shares based on fair value of its shares as at January 1, 2025 with vesting period of 3 years.

| Grant date | Fair value at grant date ⃁ | Number of shares bought back and granted | Number of shares forfeited | Number of shares outstanding | Number of shares vested |
|---|---|---|---|---|---|
| January 1, 2023 | 66.25 | 120,256 | - | 120,256 | 120,256* |
| January 1, 2024 | 134 | 137,896 | 9,577 | 128,319 | - |
| January 1, 2025 | 148 | 199,862 | 5,190 | 194,672 | - |
| | | 458,014 | 14,767 | 443,247 | 120.256 |

*As of December 31, 2025, no shares had vested to eligible employees under the scheme. Although the service and other vesting conditions under the 2023 plan had been satisfied, vesting of the shares remained subject to approval by the Executive Committee, which had not been obtained as of that date.

## 22. BUSINESS COMBINATIONS

During the year, the Group entered into a Share Subscription Agreement dated 18 September 2025 to acquire a 60% equity interest in Vehicle Maintenance Solution Company for a consideration of SAR 25 million. The Agreement is subject to certain pre-conditions being met.

As at 31 December 2025, these conditions had not been satisfied and, accordingly, control had not been obtained as defined under IFRS 3 and IFRS 10 Consolidated Financial Statements. Consequently, the transaction has not been accounted for as a business combination, and the Group has not consolidated the financial position or financial performance of Vehicle Maintenance Solution Company as at and for the year ended 31 December 2025.

## 23. INSURANCE REVENUE

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| | ⃁ '000 | |
| **Insurance revenue – under PAA** | **21,394,521** | 18,258,085 |
| **Insurance revenue – under GMM** | | |
| Expected incurred claims and other service expenses | **8,263** | 1,909 |
| Expected directly attributable expenses incurred in the year | **247** | 9,292 |
| Change in risk adjustment for non-financial risk | **244** | 52 |
| Premium and related receipts relating to past and current service | - | 2,514 |
| Amount of CSM recognized in profit or loss | **7,706** | 1,105 |
| Impact of methodology change | **(7,804)** | - |
| | **8,656** | 14,872 |
| | **21,403,177** | 18,272,957 |

## 24. INSURANCE SERVICE EXPENSES

| | For the year ended December 31, 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Medical**** | **Medical – Umrah** | **Motor** | **Property & Casualty** | **General accidents – Hajj & Umrah** | **Travel & COVID -19** | **Protection & Savings** | **Inherent Defects Insurance** | **Total** |
| | ⃁ '000 | | | | | | | | |
| Incurred claims and other directly attributable expenses – Estimates of the present value of future cash flows * | **14,286,657** | - | **2,242,506** | **1,188,541** | - | - | **207,246** | **11,014** | **17,935,964** |
| Incurred claims and other directly attributable expenses – Risk adjustment (RA) | **10,060** | - | **(10,940)** | **(137,074)** | **(2)** | - | **7,365** | **220** | **(130,371)** |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to LIC | **(782,869)** | - | **(145,723)** | **(801,393)** | **(1,978)** | - | **(19,394)** | - | **(1,751,357)** |
| Losses on onerous contracts and (reversal) of those losses | **(10,471)** | - | **(65,827)** | **(2,602)** | - | - | **3,185** | - | **(75,715)** |
| Amortisation of insurance acquisition cash flows | **1,416,916** | - | **418,863** | **169,685** | - | - | **32,376** | - | **2,037,840** |
| | **14,920,293** | - | **2,438,879** | **417,157** | **(1,980)** | - | **230,778** | **11,234** | **18,016,361** |

* These include other attributable expenses amounting to ⃁ 710 million.

**The above amounts of claims incurred and policy acquisition cost is after elimination of the costs charged by Meena to Tawuniya amounting ⃁ 203 million and ⃁ 53 million respectively. Please refer note 24.

## 24. INSURANCE SERVICE EXPENSES (continued)

| | For the year ended December 31, 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Medical**** | **Medical – Umrah** | **Motor** | **Property & Casualty** | **General accidents – Hajj & Umrah** | **Travel & COVID -19** | **Protection & Savings** | **Inherent Defects Insurance** | **Total** |
| | **⃁ '000** | | | | | | | | |
| Incurred claims and other directly attributable expenses – Estimates of the present value of future cash flows * | 11,330,165 | 3,710 | 2,359,667 | 899,470 | 1,767 | - | 112,774 | 6,422 | 14,713,975 |
| Incurred claims and other directly attributable expenses – Risk adjustment (RA) | 151,862 | - | 15,658 | 98,820 | 161 | - | 3,118 | 63 | 269,682 |
| Changes that relate to past service – changes in fulfilment cash flows ("FCF") relating to LIC | (476,898) | (5,342) | (192,152) | (576,777) | (3,017) | - | (26,042) | - | (1,280,228) |
| Losses on onerous contracts and (reversal) of those losses | (45,963) | - | 83,398 | (2,429) | - | - | 25 | - | 35,031 |
| Amortisation of insurance acquisition cash flows | 1,123,817 | 2,116 | 401,267 | 153,708 | (160) | - | 14,995 | - | 1,695,743 |
| | 12,082,983 | 484 | 2,667,838 | 572,792 | (1,249) | - | 104,870 | 6,485 | 15,434,203 |

* These include other attributable expenses amounting to ⃁ 658 million.

**The above amounts of claims incurred and policy acquisition cost is after elimination of the costs charged by Meena to Tawuniya amounting ⃁ 25 million and ⃁ 36 million respectively. Please refer note 24.

## 25. NET EXPENSES FROM REINSURANCE CONTRACTS HELD

| | For the year ended December 31, 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Medical** | **Medical – Umrah** | **Motor** | **Property & Casualty** | **General accidents – Hajj & Umrah** | **Travel & COVID -19** | **Protection & Savings** | **Inherent Defects Insurance** | **Total** |
| | **⃁ '000** | | | | | | | | |
| Allocation of reinsurance premiums | **(221,748)** | **-** | **(14,902)** | **(2,215,584)** | **-** | **-** | **(150,481)** | **(11,205)** | **(2,613,920)** |
| Amounts recoverable from reinsurers for incurred claims | **106,173** | **-** | **57** | **70,058** | **-** | **-** | **160,412** | **6,655** | **343,355** |
| | **(115,575)** | **-** | **(14,845)** | **(2,145,526)** | **-** | **-** | **9,931** | **(4,550)** | **(2,270,565)** |

| | For the year ended December 31, 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Medical** | **Medical – Umrah** | **Motor** | **Property & Casualty** | **General accidents – Hajj & Umrah** | **Travel & COVID -19** | **Protection & Savings** | **Inherent Defects Insurance** | **Total** |
| | **⃁ '000** | | | | | | | | |
| Allocation of reinsurance premiums | (222,865) | - | (17,370) | (1,881,062) | (240) | - | (88,845) | (1,519) | (2,211,901) |
| Amounts recoverable from reinsurers for incurred claims | 129,582 | - | (5,003) | 280,550 | (121) | - | 78,337 | 1,231 | 484,576 |
| | (93,283) | - | (22,373) | (1,600,512) | (361) | - | (10,508) | (288) | (1,727,325) |

## 26. REVENUE FROM NON-INSURANCE SERVICE

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Revenue earned by Meena | **265,742** | 63,920 |
| Elimination of the group revenue | **(256,138)** | (60,706) |
| Revenue from non- insurance service | **9,604** | 3,214 |

26.1 The company has entered into an agreement with its wholly owned subsidiary "Meena Health Care Service Provider" to provide the healthcare service to policyholder of the "Tawuniya (parent)". In these consolidated financial statements, the intra group revenue earned by Meena though invoicing to Tawuniya, and balances has been eliminated .

The corresponding impact is recorded in the insurance service expense of medical line of business by eliminating the related incurred claims and policy acquisition cost invoiced to Tawuniya by its wholly owned subsidiary "Meena Health Care Service Provide" for the above transaction. Please refer note 24.

The revenue earned by Meena from transactions made outside the group is presented as the revenue from non-Insurance service.

## 27. OTHER OPERATING EXPENSE

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Salaries and benefits | **345,329** | 221,307 |
| Advertising | **96,204** | 55,453 |
| Professional fees | **47,347** | 45,637 |
| Utilities | **39,202** | 39,121 |
| Cost of medical supplies and related services | **23,938** | 33,848 |
| Training and education | **17,770** | 25,338 |
| Unrecoverable VAT and other provisions | **29,276** | 18,266 |
| Strategy expenses | **20,633** | 16,228 |
| License and other charges | **21,772** | 15,038 |
| Travel and transport | **11,454** | 13,092 |
| Repair and maintenance | **16,254** | 8,987 |
| Office supplies and printing | **4,339** | 4,641 |
| Others | **18,147** | 41,664 |
| | **691,665** | 538,620 |

27.1 The breakdown of remuneration for the statutory audit, quarterly reviews, zakat, tax, and other services of the Group's consolidated financial statements is presented below:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Annual audit and quarterly reviews for first, second, and third quarters of 2025 of the Company (2024: Annual audit and quarterly reviews for first, second, and third quarters) – KPMG Professional Services Company | **3,425** | 3,200 |
| Annual audit and quarterly reviews for first, second, and third quarters of 2025 of the Company (2024: Annual audit and quarterly reviews for first, second, and third quarters) – PKF Al Bassam Chartered Accountants | **1,035** | 850 |
| Annual audit of 2025 of Meena Health Medical Company (2024: annual audit) – BDO Dr. Mohamed Al Amri & Co | **75** | 65 |
| Special purpose audit of 2025 of Meena Health Medical Company (2024: Special purpose audit) – PKF Al Bassam Chartered Accountants | **140** | 75 |
| Annual audit of Teejan – KPMG Professional Services Company | **70** | 92 |
| Annual audit and quarterly reviews for first, second, and third quarters of 2025 of Tree Digital Insurance Agency Company (2024: Annual audit and quarterly reviews for first, second,and third quarters – PKF Al Bassam Chartered Accountants | **160** | 95 |
| Quarterly review of the first quarter of Company - BDO Dr. Mohamed Al Amri & Co | **-** | 88 |
| Zakat, tax, VAT, and consultancy services – Deloitte and Touche & Co. | **3,167** | 1,857 |
| | **8,072** | 6,322 |

**27. OTHER OPERATING EXPENSE (continued)**

**Other services:**

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Fees for agreed-upon procedures related to related parties | **45** | 40 |
| Fees for limited assurance engagement related to the solvency requirements about share buy-back – First tranche | - | 45 |
| Fees for agreed-upon procedures related to write-off customer account receivable | **45** | - |
| Fees for agreed-upon procedures related to compulsory Umrah Prodcut (the "Umrah Product") | **50** | - |
| Fees for limited assurance engagement related to the solvency requirements about share buy-back – Second tranche | - | 40 |
| Fees for agreed-upon procedures related to surplus distribution | **45** | 40 |

**28. ZAKAT**

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

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Share capital | **1,500,000** | 1,500,000 |
| Reserves, opening provisions and other adjustments | **7,349,809** | 4,187,738 |
| Book value of long-term assets | **(3,558,220)** | (929,473) |
| | **5,291,589** | 4,758,265 |
| Adjusted net income | **1,072,040** | 986,973 |
| Zakat @ 2.578% (2024: 2.585%) on Zakat base | **136,400** | 122,989 |
| Zakat @ 2.5% on adjusted net income | - | - |
| | **136,400** | 122,989 |

As the zakat base for the year is higher than the zakatable income, the zakat for the year is calculated at 2.578% on zakat base (2024: 2.585 % on the zakat base) for the year.

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

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Balance, January 1 | **461,307** | 359,844 |
| Provided during the year | **136,400** | 122,989 |
| Prior period adjustment | **(12,893)** | - |
| Payments during the year | **(102,099)** | (21,526) |
| Balance, December 31 | **482,715** | 461,307 |

**c) Status of Assessments:**

The Company has filed Zakat returns with the Zakat, Tax and Customs Authority (ZATCA) for the years 2019 to 2024. Furthermore, ZATCA has started its review procedures for years 2019 through 2022 but has not raised any final assessment related to these years.

Management believes that appropriate and adequate provisions have been created and that the finalization of the above-mentioned assessments is not expected to have a material impact on the consolidated financial statements for the year ended December 31, 2025.

In their recent guidelines, ZATCA suggested that all reserves within insurance contract liabilities should be treated as equity thus liable to Zakat. These reserves are related to the policyholders and not classified as equity when calculating the zakat liability for the year, on the basis that shareholders should not be responsible for zakat on the reserves related to the policyholder. The management expects the impact of the above amounting to ⃁175 million (December 31, 2024 ⃁ 155 million) which has not been provisioned for in these consolidated financial statements.

## 29. INSURANCE SHARED POOL ARRANGEMENTS

### a) Hajj and Umrah shared agreement:

On January 01, 2020, the Company, together with 28 other insurance companies, signed the Umrah shared agreement relating to medical and general accidents insurance which was effective from January 01, 2020. Effective from March 30, 2022, the Company had also signed an Appendix "1" to an existing Umrah shared agreement with Ministry of Hajj and Umrah to include Hajj insurance product relating to general accidents insurance including Covid-19 coverage. The agreement relates to insurance of pilgrims who enter the Kingdom of Saudi Arabia.
The main terms of the amended agreement are as follows:
- The Company obtains 2% management fee of the net result of the Hajj and Umrah portfolio;
- The Company obtains fixed amount of SAR 7 for each insurance certificate written to cover the related indirect expenses;
- The Company obtains 0.3% of investing portfolio funds;
- The Company pays 7.5% brokerage commission of Hajj and Umrah's gross premiums written through broker;
- The Company pays 10% of Hajj and Umrah's portfolio surplus to Ministry of Hajj and Umrah; and
- The net result of the Hajj and Umrah portfolio after deducting all the above-mentioned items is shared equally by the Company and other insurers.

The agreement ended on December 31, 2023, and thereafter above agreement has not been renewed between the Company and other insurance companies. The current agreement will be continued as run-off portfolio until all premiums are earned and all claims and related reserves are settled.

Effective January 1, 2024, the Company signed an agreement with Ministry of Hajj and Umrah, whereby the Company is responsible solely to provide insurance to foreign pilgrims including Medical & General Accidents benefits for Umrah visa holders and General Accidents benefits for Hajj visa holders. As a result, Medical – Umrah line of business is now presented under Medical line of business and General Accidents – Hajj & Umrah line of business is now presented under Property & Casualty line of business effective from 1 January 2024.

### b) Travel and COVID-19 shared agreement:

On April 6, 2021 the Company, together with 12 other insurance companies, signed the Travel and COVID-19 shared agreement relating to compulsory travel insurance in addition to coverages related to COVID-19 which is effective from April 6, 2021. The agreement relates to insurance of citizens traveling abroad.

The main terms of the agreement are as follows:
- The Company obtains 2.5% management fee of Travel and COVID-19 gross premiums written; and
- The Company obtains 30% of net result of Travel & COVID-19 portfolio after deducting the above-mentioned item and the remaining is shared equally with other insurers.
-

Effective from September 1, 2022, in accordance with the announcement of General Directorate of Passports (Jawazat), the Company has ceased to write Travel and COVID-19 insurance policies for the citizens traveling abroad. Consequently, Travel and COVID-19 portfolio will be continued as run-off portfolio and the related premiums, claims and reserves are settled in the year 2024 after obtaining necessary approvals from the relevant authorities.

### c) Inherent Defects Insurance agreement (IDI):

On January 1, 2023, the Company signed the Inherent Defects Insurance (IDI pool) shared agreement relating to compulsory Inherent Defects insurance, mandated by Council of Ministers requiring all contractors involved in private sector construction project to obtain an IDI policy.

From June 24, 2025, the Company was designated by the Insurance Authority to act as the manager (pool leader) of the IDI pool for a period of three years which was previously managed by Malath Cooperative Insurance Company.

The main terms of the agreement are as follows:
- The Company's share of IDI pool was 25.63% till 31 December 2024 of the total share (excluding reinsurance).
- The Company's share of IDI pool is 40.73% effective 1 January 2025 of the total share (excluding reinsurance).
- The Company earns a management fee of 1.25% on the premium collected.
- IDI pool is 75.45% reinsured for which the Group has signed reinsurance agreement on behalf of the pool with Saudi Reinsurance Company for a period of three years.

***Assets and liabilities held under fiduciary capacity***

The Group acts as the pool leader for the IDI pool. In this capacity, the Group recognises its own share of premiums and claims in accordance with IFRS 17, and earns a pool management fee in accordance with IFRS 15.

**29. INSURANCE SHARED POOL ARRANGEMENTS (continued)**

**c) Inherent Defects Insurance agreement (IDI) (continued):**

Amounts managed on behalf of other pool participants are administered in a fiduciary capacity and are therefore not recognised in the consolidated statement of financial position as at 31 December 2025. These balances remain off–balance sheet, as the Group acts solely as an agent.

Balances held in a fiduciary capacity include a designated bank account with a balance of ⃁762 million as at December 31, 2025. Further the Group's cash and bank balances also include an amount of ⃁ 122.8 million pertaining to IDI pool (note 4.4). This cash is not available for use by the Group, and the corresponding liability ("Due to IDI Pool") is presented within accrued expenses and other liabilities.

The Group has no right to pledge, invest, or otherwise use these fiduciary balances for its own benefit.

## 30. EARNINGS PER SHARE

Basic and diluted earnings per share for the year ended December 31, 2025, and 2024 have been calculated by dividing the net income for the year by the weighted average number of ordinary shares issued and outstanding at the end of the period.

**(a) Basic earnings per share**

The calculation of basis EPS has been based on the weighted average number of shares outstanding as at December 31 is below:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **In '000** | |
| Issued ordinary shares as at January 1 | **149,741,848** | 150,000,000 |
| Effect of treasury shares buy-back | **(113,343)** | (123,118) |
| Weighted-average number of ordinary shares as at December 31 | **149,628,505** | 149,876,882 |

**(b) Diluted earnings per share**

The calculation of diluted EPS has been based on the weighted average number of shares outstanding as at December 31 after adjustment for the effects of all dillutive potentail shares is below:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **In '000** | |
| Weighted average number of shares (basic) | **149,628,505** | 149,876,882 |
| Effect of treasury shares buy-back for the year | **113,343** | 123,118 |
| Effect of treasury shares buy-back for prior years | **258,152** | - |
| Shares forfieted during the year | **(14,767)** | - |
| Weighted-average number of ordinary shares (diluted) as at December 31 | **149,985,233** | 150,000,000 |

## 31. RELATED PARTY TRANSACTION AND BALANCES

Related parties represent major shareholder, government related entities, directors, key management personnel of the Group, associates and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Group's management and Board of Directors.

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. The Group's majority shareholder, GOSI, is fully owned by the government of the Kingdom of Saudi Arabia. GOSI exercises significant influence over the Group. The shareholding of GOSI is disclosed in note 17 to the consolidated financial statements.

Transactions and balances with related parties and government-related entities are listed below:

| | **Amount of transactions for the year ended** | | **Balance receivable / (payable) as at** | |
|---|---|---|---|---|
| | **December 31, 2025** | December 31, 2024 | **December 31, 2025** | December 31, 2024 |
| | | **⃁ '000** | | |
| **Shareholders with significant influence** | | | | |
| Insurance premium written | **142,959** | 22,972 | **727** | 8,204 |
| Claims paid tGo medical services provider | **21,372** | 41,713 | - | **-** |
| GOSI – other services | **85,740** | **-** | **7,225** | **-** |
| **Government related entities** | | | | |
| Insurance premium written | **4,826,498** | 2,924,840 | **1,963,460** | 820,652 |
| Claims paid to medical services provider | **2,192,331** | 2,148,449 | **(868,506)** | (517,668) |
| Reinsurance premium ceded | **257,837** | - | **71,950** | - |
| Claims and commission recovery | **68,804** | - | **26,325** | - |
| Cash and cash equivalents | - | - | **640,976** | 780,976 |
| Contingencies and Commitments (Financial Guarantees obtained) | - | - | **203,820** | 83,194 |
| Short term loan payable | **554,706** | - | **554,706** | - |
| **Associates** | | | | |
| Insurance premium written | - | - | **15,680** | 15,689 |
| Claims paid | **16** | 66,123 | - | - |
| Waseel fees paid | **8,997** | 5,279 | - | (8) |
| UIC fees paid | **2,717** | 21,846 | - | - |
| Share of profit from equity accounted investments | **31,023** | 21,676 | **128,471** | 116,497 |
| **Entities controlled, jointly controlled by related parties *** | | | | |
| Insurance premium written | **156,652** | 259,892 | **47,119** | 79,941 |
| Claims settled to medical services provider and other entities | **5,301** | 2,079 | - | - |
| Najm fees paid | **106,407** | 123,726 | **496** | - |
| Surplus payable to Najm | - | - | **(52,171)** | (52,171) |
| Other services | **87,780** | 24,989 | **22,926** | - |

Directors and key management personnel bought insurance policies during the year amounting to ⃁ 74,993 from the Group.

In accordance with the Company's Articles of Association, the Board of Directors is entitled each year to remuneration up to 10% of the remaining profit from Shareholders' operations, as defined, based on a decision by the General Assembly.

* There are certain entities which are classified as related parties due to an application of CMA Regulations. These represent entities where the Company has common directors with the other entities.

**31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**Remuneration and compensation of Board of Directors (BOD) and Key Executives**

The following table shows the annual salaries, remuneration, and allowances obtained by the Board members and key executives for the year ended December 31, 2025, and 2024:

| | **December 31, 2025** | December 31, 2024 |
|---|---|---|
| | **⃁ '000** | |
| Board member remuneration | **8,740** | 8,765 |
| Board committee members remuneration | **4,760** | 4,717 |
| Salaries and compensation | **9,603** | 8,763 |
| Other allowances | **4,255** | 4,845 |
| Annual remuneration/bonus | **16,011** | 16,987 |
| End-of-service indemnities | **823** | 2,325 |
| Total | **44,192** | 46,402 |

Employee share scheme amounting to ⃁ 15.3 million (December 31, 2024 ⃁ 11 million) includes reserves for the key management personnel.

**32. 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 in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

**a)** Level 1: quoted market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.
**b)** 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.
**c)** Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table shows the carrying amount 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 liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

The Group measures fair value including fair value gains and losses, realized gains and losses on disposal of investments and impairment on equities at the underlying asset level. However, the Shariah Notes are the basis of the unit of account for recognition as at the statement of financial position date.

| | **' ⃁ '000** | | | |
|---|---|---|---|---|
| **December 31, 2025** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Investments at FVPL | - | **4,357,659** | **143,400** | **4,501,059** |
| Unquoted equities at FVOCI | - | - | **76,965** | **76,965** |
| | - | **4,357,659** | **220,365** | **4,578,024** |

| | ' ⃁ 000 | | | |
|---|---|---|---|---|
| December 31, 2024 | Level 1 | Level 2 | Level 3 | Total |
| Investments at FVPL | - | 2,049,298 | 35,000 | 2,084,298 |
| Unquoted equities at FVOCI | - | - | 65,096 | 65,096 |
| | - | 2,049,298 | 100,096 | 2,149,394 |

**32. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

The fair value used for valuation of Level 2 investments are based on prices quoted on reliable and third-party sources including Reuters, Bloomberg, etc. Fair value of unquoted equities at FVOCI classified in Level 3 are determined based on the blended valuation technique (i.e., DCF and P/E multiple with equal weightage). There were no transfers in between levels during the year ended December 31, 2025, and 2024.

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

**Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:**

| | | | | ⃁ '000 | | |
|---|---|---|---|---|---|---|
| | | | | Total gain or loss recognised in | | |
| **December 31, 2025** | **Balance January 1** | **Purchases** | **Disposals** | **Statement of income** | **Other comprehensive income** | **Balance December 31** |
| Private equity investment | **100,096** | **100,000** | - | **8,400** | **11,869** | **220,365** |

| | | | | ⃁ '000 | | |
|---|---|---|---|---|---|---|
| | | | | Total gain or loss recognised in | | |
| December 31, 2024 | Balance January 1 | Purchases | Disposals | Statement of income | Other comprehensive income | Balance December 31 |
| Private equity investment | 37,630 | 35,000 | - | - | 27,466 | 100,096 |

The below table shows significant unobservable inputs used in the valuation of level 3 investments.

| | Fair value | | Unobservable inputs | | Range of inputs | | Relationship of unobservable inputs to FV |
|---|---|---|---|---|---|---|---|
| | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 | December 31, 2025 | December 31, 2024 | |
| **Description** | | | | | | | |
| Private equity investment | **220,365** | 100,096 | - Annual growth rate 18.5% (Years from 2025 to 2029) (2024: 9.3%)<br>- Terminal Growth rate 3.5% (2024: 2.5%)<br>- WACC 10.29 % (2024:10.02%) | | +/- 40% (illiquidity discount) (2024: +/- 30%) | | Annual growth rate is directly proportional<br>- Discount rate is inversely proportional |

**Sensitivity analysis of Level 3 investments**

| **December 31, 2025** | **Sensitivity factor** | **Impact on fair value due to increase in sensitivity factor** | **Impact on fair value due to increase in sensitivity factor** |
|---|---|---|---|
| Private equity investment | +/- 10% change in price | **22,037** | **(22,037)** |

| December 31, 2024 | Sensitivity factor | Impact on fair value due to increase in sensitivity factor | Impact on fair value due to increase in sensitivity factor |
|---|---|---|---|
| Private equity investment | +/- 10% change in price | 10,009 | (10,009) |

## 33. RISK MANAGEMENT

### Insurance risk

Insurance risk is the risk transferred from the policyholder to the company, other than financial risk. The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefits payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of long-term claims. 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 variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio, as well as unexpected outcomes. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. The underwriting strategy includes underwriting limits on the Company's total exposure to specific risks, together with limits on geographic and industry exposures. The aim is to ensure that a diversified book is maintained, with no over-exposure in any one geographic region.

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, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

Significant portion of reinsurance business ceded is placed on treaty and facultative basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the consolidated statement of financial position as reinsurance assets.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligation to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligation assumed under such reinsurance arrangements.

### Frequency and severity of claims

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

### Concentration of insurance risk

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

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

Since the Company operates majorly in Saudi Arabia, hence, all the insurance risks relate to policies written in Saudi Arabia.

## 33. RISK MANAGEMENT (continued)

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

| | 31 December 2025 | | | 31 December 2024 | | |
|---|---|---|---|---|---|---|
| | ⃁ '000 | | | | | |
| | Insurance | Reinsurance held | Net | Insurance | Reinsurance held | Net |
| Medical | **7,498,214** | **43,761** | **7,541,975** | 8,090,015 | (247,456) | 7,842,559 |
| Medical Umrah | - | - | - | - | - | - |
| Motor | **1,414,374** | **(219,902)** | **1,194,472** | 1,808,897 | (1,750) | 1,807,147 |
| Property and casualty | **3,983,187** | **(2,400,648)** | **1,582,539** | 4,305,259 | (2,655,703) | 1,649,556 |
| General Accident - Hajj & Umrah | - | - | - | 2,021 | - | 2,021 |
| Protection and Savings | **119,416** | **(58,190)** | **61,226** | 57,418 | (15,132) | 42,286 |
| Inherent Defects Insurance- GMM | **361,587** | **(205,615)** | **155,972** | 121,757 | (91,957) | 29,800 |
| | **13,376,778** | **(2,840,594)** | **10,536,184** | 14,385,367 | (3,011,998) | 11,373,369 |

**Sources of uncertainty in the estimation of future claim payments**

The key source of estimation uncertainty at the consolidated statement of financial position date relates to the valuation of liability for incurred claims and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

**Claims development table**

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

The Company considers 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.

***Gross undiscounted liabilities for incurred claims***

| | 31 December 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | ⃁ '000 | | | | | | |
| **Accident Year** | **2020 & earlier** | **2021** | **2022** | **2023** | **2024** | **2025** | **Total** |
| At the end of the Accident Year | **61,605,875** | **6,020,436** | **7,558,455** | **9,825,188** | **10,679,062** | **14,086,095** | - |
| One Year Later | **62,242,206** | **7,502,578** | **9,778,798** | **11,731,673** | **12,487,679** | - | - |
| Two Year Later | **61,996,742** | **7,579,134** | **9,695,585** | **11,695,322** | - | - | - |
| Three Year Later | **61,900,592** | **7,473,819** | **9,585,570** | - | - | - | - |
| Four Year Later | **61,746,527** | **7,485,019** | - | - | - | - | - |
| Five Year Later | **61,618,644** | - | - | - | - | - | - |
| **Gross estimates of the undiscounted amount of the claims reported** | **61,618,644** | **7,485,019** | **9,585,570** | **11,695,322** | **12,487,679** | **14,086,095** | **116,958,329** |
| Cumulative payments to date | **(61,431,147)** | **(7,421,938)** | **(9,473,952)** | **(11,417,489)** | **(12,279,825)** | **(13,112,026)** | **(115,136,377)** |
| **Gross undiscounted liabilities for incurred claims** | **187,497** | **63,081** | **111,618** | **277,833** | **207,854** | **974,069** | **1,821,952** |
| IBNR | **(142)** | **(886)** | **19,396** | **103,737** | **568,742** | **3,478,346** | **4,169,193** |
| Risk adjustment | **16,803** | **3,777** | **8,659** | **24,952** | **44,452** | **242,498** | **341,141** |
| Payables | | | | | | | **(198,644)** |
| Effect of discounting | | | | | | | **(163,014)** |
| | | | | | | | **5,970,628** |

**33. RISK MANAGEMENT (continued)**

***Gross undiscounted liabilities for incurred claims***

| | 31 December 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | ⃁ '000 | | | | | | |
| **Accident Year** | **2019 & earlier** | **2020** | **2021** | **2022** | **2023** | **2024** | **Total** |
| At the end of the Accident Year | 55,841,261 | 4,554,241 | 6,020,436 | 7,558,455 | 9,825,188 | 10,679,062 | - |
| One Year Later | 57,051,634 | 5,521,225 | 7,502,578 | 9,778,798 | 11,731,673 | - | - |
| Two Year Later | 56,720,981 | 5,601,323 | 7,579,134 | 9,695,585 | - | - | - |
| Three Year Later | 56,395,419 | 5,613,320 | 7,473,819 | - | - | - | - |
| Four Year Later | 56,287,272 | 5,613,557 | - | - | - | - | - |
| Five Year Later | 56,132,970 | - | - | - | - | - | - |
| **Gross estimates of the undiscounted amount of the claims reported** | 56,132,970 | 5,613,557 | 7,473,819 | 9,695,585 | 11,731,673 | 10,679,062 | 101,326,666 |
| Cumulative payments to date | (55,794,094) | (5,557,815) | (7,316,796) | (9,442,320) | (11,119,153) | (10,043,683) | (99,273,861) |
| **Gross undiscounted liabilities for incurred claims** | 338,876 | 55,742 | 157,023 | 253,265 | 612,520 | 635,379 | 2,052,805 |
| IBNR | 9,891 | 344 | 706 | 18,372 | 432,685 | 3,676,215 | 4,138,213 |
| Risk adjustment | 45,083 | 6,689 | 13,489 | 27,050 | 98,283 | 271,993 | 462,587 |
| Payables | | | | | | | 77,123 |
| Effect of discounting | | | | | | | (161,424) |
| | | | | | | | 6,569,304 |

The claim development table reconciles to the liability for incurred claims as disclosed in note 8 to the consolidated financial statements when adjusted for surplus payable, accrued attributable expenses, and impacts of shared pools including IDI.

***Net undiscounted liabilities for incurred claims***

| | 31 December 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | ⃁ '000 | | | | | | |
| **Accident Year** | **2020 & earlier** | **2021** | **2022** | **2023** | **2024** | **2025** | **Total** |
| At the end of the Accident Year | **50,415,042** | **5,764,220** | **6,897,968** | **8,986,407** | **10,251,034** | **13,205,081** | - |
| One Year Later | **51,160,438** | **6,727,233** | **8,319,484** | **10,472,393** | **12,026,554** | - | - |
| Two Year Later | **51,237,681** | **6,836,701** | **8,430,410** | **10,486,590** | - | - | - |
| Three Year Later | **51,233,608** | **6,841,225** | **8,409,809** | - | - | - | - |
| Four Year Later | **51,143,648** | **6,834,406** | - | - | - | - | - |
| Five Year Later | **51,113,756** | - | - | - | - | - | - |
| **Gross estimates of the undiscounted amount of the claims reported** | **51,113,756** | **6,834,406** | **8,409,809** | **10,486,590** | **12,026,554** | **13,205,081** | **102,076,196** |
| Cumulative payments to date | **(51,091,572)** | **(6,821,244)** | **(8,382,982)** | **(10,445,839)** | **(11,957,571)** | **(12,814,556)** | **(101,513,764)** |
| **Gross undiscounted liabilities for incurred claims** | **22,184** | **13,162** | **26,827** | **40,751** | **68,983** | **390,524** | **562,431** |
| IBNR | **(128)** | **(890)** | **11,900** | **84,896** | **534,775** | **3,067,170** | **3,697,723** |
| Risk adjustment | **1,215** | **386** | **2,352** | **6,853** | **31,309** | **171,154** | **213,269** |
| Payables | | | | | | | **(679,603)** |
| Effect of discounting | | | | | | | **(84,552)** |
| | | | | | | | **3,709,268** |

**33. RISK MANAGEMENT (continued)**

***Net undiscounted liabilities for incurred claims***

| | 31 December 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | ⃁ '000 | | | | | | |
| **Accident Year** | **2019 & earlier** | **2020** | **2021** | **2022** | **2023** | **2024** | **Total** |
| At the end of the Accident Year | 44,639,932 | 4,370,006 | 5,764,220 | 6,897,968 | 8,986,407 | 10,251,034 | - |
| One Year Later | 46,045,036 | 5,143,894 | 6,727,233 | 8,319,484 | 10,472,393 | - | - |
| Two Year Later | 46,016,544 | 5,261,332 | 6,836,701 | 8,430,410 | - | - | - |
| Three Year Later | 45,976,348 | 5,271,753 | 6,841,225 | - | - | - | - |
| Four Year Later | 45,961,854 | 5,267,627 | - | - | - | - | - |
| Five Year Later | 45,876,021 | - | - | - | - | - | - |
| **Gross estimates of the undiscounted amount of the claims reported** | 45,876,021 | 5,267,627 | 6,841,225 | 8,430,410 | 10,472,393 | 10,251,034 | 87,138,710 |
| Cumulative payments to date | (45,842,345) | (5,249,997) | (6,817,169) | (8,380,809) | (10,375,147) | (9,874,015) | (86,539,482) |
| **Gross undiscounted liabilities for incurred claims** | 33,676 | 17,630 | 24,056 | 49,601 | 97,246 | 377,019 | 599,228 |
| IBNR | 6,962 | 345 | 717 | 13,757 | 371,324 | 3,081,334 | 3,474,439 |
| Risk adjustment | 3,048 | 1,399 | 1,394 | 6,450 | 27,853 | 175,650 | 215,794 |
| Payables | | | | | | | (65,746) |
| Effect of discounting | | | | | | | (95,136) |
| | | | | | | | 4,128,579 |

**Reinsurance risk**

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

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

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

a. Minimum acceptable credit rating by recognised rating agencies (e.g. S&P) that is not lower than BBB or equivalent
b. Reputation of particular reinsurance companies
c. Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. As at December 31, 2025 and December 31, 2024 there is no significant concentration of reinsurance balances.

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

**Financial risk**

**Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market commission rates or the market price of securities or the instrument, change in market sentiments, speculative activities, supply and demand for securities and liquidity in the market. Market risk will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Market risk comprises of three types of risk: currency risk, commission rate risk and equity price risk.

**33. RISK MANAGEMENT (continued)**

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 a strategic direction and goals, risk management function related to market risk is mainly the responsibility of investment management team supported by risk management 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 diversified portfolio and performs regular monitoring of developments in related markets. 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 period.

**Currency Risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currencies of the Group.

Foreign currency transaction risk arising from insurance and reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities to the extent that it is deemed by local management to be both practical and appropriate. The company policy is to ensure that its net exposure is kept to an acceptable level. The Company also mitigates some of the foreign currency risk associated with insurance contracts by holding reinsurance contracts denominated in the same currencies as its insurance contract liabilities.

The Company's principal transactions are predominantly conducted in USD and SAR. The Company is not exposed to its dealing in USD since SAR is pegged with USD. The transactions in currencies other than SAR and USD are not significant and accordingly the Company is not exposed to currency risk.

**Commission 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.

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate-bearing securities. The Commission rate risk is limited by monitoring changes in commission rates and by investing in floating rate instruments. The company manages interest rate risk by closely matching, where possible, the durations of insurance contracts with fixed and guaranteed terms and the supporting financial assets. The company monitors its interest rate risk exposure through periodic reviews of asset and liability positions. Additionally, estimates of cash flows and the impact of interest rate fluctuations are reviewed every six months.. The commission and non-commission bearing investments of the Company and their maturities as at December 31, 2025 and 2024 are as follows:

| | Less than 1 year | More than 1 year | Non-commission bearing | Total |
|---|---|---|---|---|
| | ⃁ '000 | | | |
| **December 31, 2025** | | | | |
| Term deposits | **7,933,741** | **-** | **-** | **7,933,741** |
| Investments at FVPL | **-** | **1,916,833** | **2,584,226** | **4,501,059** |
| Investments at FVOCI | **-** | **-** | **79,686** | **79,686** |
| Cash and cash equivalents | **27,825** | **-** | **1,673,333** | **1,701,158** |
| **Total** | **7,961,566** | **1,916,833** | **4,337,245** | **14,215,644** |
| **December 31, 2024** | | | | |
| Term deposits | 9,251,676 | - | - | 9,251,676 |
| Investments at amortised cost | 47,630 | - | - | 47,630 |
| Investments at FVPL | - | 321,980 | 1,762,318 | 2,084,298 |
| Investments at FVOCI | - | - | 65,096 | 65,096 |
| Cash and cash equivalents | 1,207,500 | - | 869,968 | 2,077,468 |
| **Total** | 10,506,806 | 321,980 | 2,697,382 | 13,526,168 |

**33. RISK MANAGEMENT (continued)**

**Equity 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. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

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's risk committee regularly monitors equity price risk and manages material investments on an individual basis. Investment limits require business units to hold diversified portfolios of assets and restrict concentrations to geographies and industries. The Group does not have a significant concentration of equity price risk.

The Group's investments in underlying mutual funds amounting to SAR 944 million (2024: SAR 760 million) and underlying equities amounting to SAR 1,076 million (2024: SAR 908 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Group fund manager limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

This analysis was performed for reasonably possible movements in the market index with all other variables held constant. The correlation of variables will have a significant effect in determining the ultimate impact on price 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 period.

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments on the Group's income and other comprehensive would be as follows:

| | Fair value change | Effect on consolidated statement of income | Effect on Group's total equity |
|---|---|---|---|
| **December 31, 2025** | | | |
| Underlying mutual funds | **94,463** | **94,463** | **94,463** |
| Underlying equities | **107,663** | **107,663** | **107,663** |

| | Fair value change | Effect on consolidated statement of income | Effect on Group's total equity |
|---|---|---|---|
| **December 31, 2024** | | | |
| Underlying mutual funds | 76,043 | 76,043 | 76,043 |
| Underlying equities | 90,780 | 90,780 | 90,780 |

**Operational risk**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

The Company's objective in managing operational risk is to balance the avoidance of financial losses and damage to its reputation with overall cost-effectiveness and innovation. In all cases, the Company policy requires compliance with all applicable legal and regulatory requirements.

**33. RISK MANAGEMENT (continued)**

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. The Company's risk committee is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall company standards for the management of operational risk 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.

Senior Management ensures that the Company's staff has adequate training and experience and fosters effective communication related to operational risk management.

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

The Company have approved credit policies in consultation with business units, covering, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements. The Company's credit risk policy sets out the assessment and determination of what constitutes credit 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 seeks to manage its credit risk with respect to customers by following the Company's credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Company's exposure to doubtful debts. The Company seeks to limit its credit risk with respect to other counterparties by placing deposits and investments with reputable financial institutions. The Company enters into reinsurance contracts with recognised, creditworthy third parties (rated BBB- or above).

Credit risk relating to financial instruments is monitored by the Company's finance team. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

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

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

| | **31-Dec-25** | 31-Dec-24 |
|---|---|---|
| | **⃁ '000** | |
| Statutory deposits | **149,988** | 149,977 |
| Reinsurance contract assets | **2,884,355** | 3,011,998 |
| Term deposits | **7,933,741** | 9,251,676 |
| Investments including accrued investment income | **4,578,024** | 2,197,024 |
| Receivable from brokers/agents | **2,977,221** | 3,274,268 |
| Receivable from shared pool participants and other assets | **131,741** | 206,258 |
| Cash and cash equivalents | **1,701,158** | 2,077,468 |
| | **20,356,228** | 20,168,669 |

**33. RISK MANAGEMENT (continued)**

**Concentration of credit risk**

The concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. Approximately 99% (2024: approximately 99%) of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk. The Company has significant exposure amounting to SAR 1,917 million (2024: SAR 322 million) classified as debt instruments in Shariah Notes. The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

**Credit exposure by credit rating**

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade ratings refer to companies with sound credit standing of AA to BBB- (as per S&P) and/or Aaa to Baa3 (as per Moody's). Ratings below the mentioned threshold are considered sub-investment grade with a higher default risk.

| **December 31, 2025** | **Investment grade** | **Non-investment Grade** | **Not rated** | **Total** |
|---|---|---|---|---|
| Statutory deposits | **149,988** | - | - | **149,988** |
| Reinsurance contract assets | **2,884,355** | - | - | **2,884,355** |
| Term deposits | **7,933,741** | - | - | **7,933,741** |
| Receivable from brokers/agents | - | - | **2,977,221** | **2,977,221** |
| Investments (including accrued investment income) | - | - | **4,578,024** | **4,578,024** |
| Receivable from shared pool participants | - | - | **131,741** | **131,741** |
| Cash and cash equivalents | **1,701,158** | - | - | **1,701,158** |
| | **12,669,242** | - | **7,686,986** | **20,356,228** |

| December 31, 2024 | Investment grade | Non-investment Grade | Not rated | Total |
|---|---|---|---|---|
| Statutory deposits | 149,977 | - | - | 149,977 |
| Reinsurance contract assets | 3,011,998 | - | - | 3,011,998 |
| Term deposits | 9,251,676 | - | - | 9,251,676 |
| Receivable from brokers/agents | - | - | 3,274,268 | 3,274,268 |
| Investments (including accrued investment income) | - | - | 2,197,024 | 2,197,024 |
| Receivable from shared pool participants | - | - | 206,258 | 206,258 |
| Cash and cash equivalents | 2,077,468 | - | - | 2,077,468 |
| | 14,491,119 | - | 5,677,550 | 20,168,669 |

**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 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

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

**Expected credit loss**

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 100%. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

**33. RISK MANAGEMENT (continued)**

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

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross impairment allowances.

| | **31-Dec-25** | | | 31-Dec-24 | | |
|---|---|---|---|---|---|---|
| | | | **⃁ '000** | | | |
| | **12mECL** | **LTECL** | **Total** | 12mECL | LTECL | Total |
| High grade | **9,785,132** | **-** | **9,785,132** | 11,479,374 | - | 11,479,374 |
| Not rated | **-** | **3,089,644** | **3,089,644** | - | 3,548,600 | 3,548,600 |
| ECL | **(245)** | **(112,423)** | **(112,668)** | (253) | (274,332) | (274,585) |
| | **9,784,887** | **2,977,221** | **12,762,108** | 11,479,121 | 3,274,268 | 14,753,389 |

* The above exposure doesn't include investment including accrued investment income which is measured at fair value and reinsurance contract assets under IFRS 17.

The Group uses the provision matrix to measure the ECL of receivables from brokers / agents. The following table provides information about the exposure to credit risk and ECL for receivables from brokers / agents.

| | **31-Dec-25** | | | 31-Dec-24 | | |
|---|---|---|---|---|---|---|
| | | | **⃁ '000** | | | |
| | **Gross carrying amount** | **Weighted average loss rate** | **Loss allowance** | Gross carrying amount | Weighted average loss rate | Loss allowance |
| Current | **2,768,131** | **0%** | **1,275** | 2,353,743 | 0% | 1,334 |
| 1 to 30 days | **67,106** | **1%** | **571** | 621,185 | 0% | 2,060 |
| 31 to 60 days | **62,590** | **1%** | **499** | 144,371 | 1% | 1,069 |
| 61 to 90 days | **38,564** | **1%** | **389** | 76,057 | 1% | 444 |
| 91 to 365 days | **35,388** | **18%** | **6,239** | 155,357 | 39% | 60,229 |
| More than 365 days | **117,865** | **64%** | **75,862** | 197,887 | 65% | 128,328 |
| | **3,089,644** | | **84,835** | 3,548,600 | | 193,464 |
| Specific provision | | | **27,588** | | | 80,868 |
| Total ECL | | | **112,423** | | | 274,332 |

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The key drivers of credit risk include GDP growth and interest rates.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance 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.

Further, the Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on a regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets. 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. The Company also has committed lines of credit that it can access to meet liquidity needs.

**33. RISK MANAGEMENT (continued)**

***Maturity analysis for insurance & reinsurance contract liabilities and reinsurance contracts assets (present value of future cash flows basis) (discounted cashflows)***

The following table summarises the maturity profile of insurance & reinsurance contracts liabilities and reinsurance contract assets of the Company based on remaining discounted cash flows. Portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company are based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

| | 31-Dec-25 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ⃁ '000 | | | | | | | |
| | Up to 1 Year | 1-2 year | 2-3 year | 3-4 year | 4-5 year | > 5 years | No maturity | Total |
| **Insurance contract liabilities** | | | | | | | | |
| Medical | 6,954,385 | 427,235 | 107,678 | 8,916 | - | - | - | 7,498,214 |
| Motor | 1,394,416 | 12,327 | 5,992 | 859 | 780 | - | - | 1,414,374 |
| Property and casualty | 2,570,012 | 897,712 | 381,550 | 72,314 | 49,861 | 11,738 | - | 3,983,187 |
| General & Accident – Umrah | - | - | - | - | - | - | - | - |
| Protection & savings | 119,000 | 416 | - | - | - | - | - | 119,416 |
| Inherent Defect Insurance - GMM | - | - | - | - | - | 361,587 | - | 361,587 |
| | 11,037,813 | 1,337,690 | 495,220 | 82,089 | 50,641 | 373,325 | - | 13,376,778 |
| **Reinsurance contract assets** | | | | | | | | |
| Medical | (85,780) | 27,859 | 12,333 | 1,827 | - | - | - | (43,761) |
| Motor | 219,817 | 73 | 12 | - | - | - | - | 219,902 |
| Property and casualty | 1,531,662 | 444,566 | 316,588 | 59,129 | 42,757 | 5,946 | | 2,400,648 |
| General & Accident – Umrah | - | - | - | - | - | - | - | - |
| Protection & savings | 57,864 | 326 | - | - | - | - | - | 58,190 |
| Inherent Defect Insurance - GMM | - | - | - | - | - | 205,615 | - | 205,615 |
| | 1,723,563 | 472,824 | 328,933 | 60,956 | 42,757 | 211,561 | | 2,840,594 |

| | 31-Dec-24 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ⃁ '000 | | | | | | | |
| | Up to 1 Year | 1-2 year | 2-3 year | 3-4 year | 4-5 year | > 5 years | No maturity | Total |
| **Insurance contract liabilities** | | | | | | | | |
| Medical | 7,824,606 | 238,635 | 26,454 | 320 | - | - | - | 8,090,015 |
| Motor | 1,802,613 | (3,018) | 7,816 | 1,486 | - | - | - | 1,808,897 |
| Property and casualty | 3,397,852 | 600,605 | 188,839 | 32,089 | 33,746 | 52,128 | - | 4,305,259 |
| General & Accident – Umrah | 2,021 | - | - | - | - | - | - | 2,021 |
| Protection & savings | 48,219 | 7,152 | 2,047 | - | - | - | - | 57,418 |
| Inherent Defect Insurance - GMM | - | - | - | - | - | 121,757 | - | 121,757 |
| | 13,075,311 | 843,374 | 225,156 | 33,895 | 33,746 | 173,885 | - | 14,385,367 |
| **Reinsurance contract assets** | | | | | | | | |
| Medical | 208,958 | 30,623 | 7,875 | - | - | - | - | 247,456 |
| Motor | 1,559 | 140 | 51 | - | - | - | - | 1,750 |
| Property and casualty | 1,896,133 | 523,998 | 153,988 | 24,043 | 13,913 | 43,628 | - | 2,655,703 |
| General & Accident – Umrah | - | - | - | - | - | - | - | - |
| Protection & savings | 7,232 | 6,182 | 1,718 | - | - | - | - | 15,132 |
| Inherent Defect Insurance - GMM | - | - | - | - | - | 91,957 | - | 91,957 |
| | 2,113,882 | 560,943 | 163,632 | 24,043 | 13,913 | 135,585 | - | 3,011,998 |

**33. RISK MANAGEMENT (continued)**

***Maturity analysis for lease liability***

| | 31-Dec-2025 | | | |
|---|---|---|---|---|
| | ⃁ '000 | | | |
| | **Up to 1 year** | **2 – 5 years** | **>5 Years** | **Total** |
| Discounted Lease liability | **32,614** | **102,718** | **2,451** | **137,783** |
| Interest Payment to be made over lease term | **7,662** | **10,022** | **81** | **17,765** |
| Undiscounted lease liability | **40,276** | **112,740** | **2,532** | **155,548** |

| | 31-Dec-2024 | | | |
|---|---|---|---|---|
| | ⃁ '000 | | | |
| | **Up to 1 year** | **2 – 5 years** | **>5 Years** | **Total** |
| Lease liability | 17,500 | 93,482 | 7,827 | 118,809 |
| Interest Payment to be made over lease term | 6,982 | 11,644 | 81 | 18,707 |
| Undiscounted lease liability | 24,482 | 105,126 | 7,908 | 137,516 |

## 34. OPERATING SEGMENTS

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker.

Segment assets do not include insurance operations' Property, equipment and right-of-use assets, net, intangible assets, investment properties, investments, term deposits, prepaid expenses and other assets, accrued investment income and cash and cash equivalents. Accordingly, they are included in unallocated assets. Segment liabilities do not include insurance operations' defined benefits obligation, accrued expenses and other liabilities. Accordingly, they are included in unallocated liabilities These unallocated assets and liabilities (including depreciation on the Property, equipment and right-of-use assets, net) are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

### a) Statement of income

| | For the year ended December 31, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Operating Segments** | **Medical*** | **Medical - Umrah** | **Motor** | **Property & casualty** | **General accidents - Hajj & Umrah** | **Protection & Savings** | **Inherent Defects Insurance** | **Total - Insurance operations** |
| | ⃁ '000 | | | | | | | |
| **Gross written premiums** | **17,175,872** | **-** | **2,827,546** | **3,188,402** | **-** | **227,518** | **422,274** | **23,841,612** |
| Change in unearned premium reserve | **(1,286,000)** | **-** | **(334,586)** | **(397,810)** | **-** | **(16,639)** | **-** | **(2,035,035)** |
| Change in expected credit loss | **21,453** | **-** | **(2,422)** | **(4,851)** | **-** | **(3,962)** | **-** | **10,218** |
| IFRS 17 GMM adjustment | **-** | **-** | **-** | **-** | **-** | **-** | **(413,618)** | **(413,618)** |
| **Insurance revenue** | **15,911,325** | **-** | **2,490,538** | **2,785,741** | **-** | **206,917** | **8,656** | **21,403,177** |
| Insurance service expenses | **(14,920,293)** | **-** | **(2,438,879)** | **(417,157)** | **1,980** | **(230,778)** | **(11,234)** | **(18,016,361)** |
| **Insurance service result before reinsurance contracts held** | **991,032** | **-** | **51,659** | **2,368,584** | **1,980** | **(23,861)** | **(2,578)** | **3,386,816** |
| Allocation of reinsurance premiums | **(221,748)** | **-** | **(14,902)** | **(2,215,584)** | **-** | **(150,481)** | **(11,205)** | **(2,613,920)** |
| Amounts recoverable from reinsurers for incurred claims | **106,173** | **-** | **57** | **70,058** | **-** | **160,412** | **6,655** | **343,355** |
| **Net (expenses) / income from reinsurance contracts held** | **(115,575)** | **-** | **(14,845)** | **(2,145,526)** | **-** | **9,931** | **(4,550)** | **(2,270,565)** |
| **Insurance service result** | **875,457** | **-** | **36,814** | **223,058** | **1,980** | **(13,930)** | **(7,128)** | **1,116,251** |
| Net finance expenses from insurance contracts issued | **(81,378)** | **-** | **(9,261)** | **(65,134)** | **(35)** | **(1,518)** | **(15,983)** | **(173,309)** |
| Net finance income from reinsurance contracts held | **5,300** | **-** | **198** | **58,632** | **-** | **1,304** | **6,107** | **71,541** |
| **Net insurance finance (expenses) / income** | **(76,078)** | **-** | **(9,063)** | **(6,502)** | **(35)** | **(214)** | **(9,876)** | **(101,768)** |
| **Other non-insurance items** | | | | | | | | |
| Revenue from non-insurance service | | | | | | | | **265,742** |
| Less: Intra group | | | | | | | | **256,138** |
| | | | | | | | | **9,604** |
| Commission income | | | | | | | | **524,998** |
| Dividend income | | | | | | | | **3,080** |
| Net fair value losses on financial assets at FVPL | | | | | | | | **204,690** |
| Share of profit from equity accounted investments, net | | | | | | | | **31,023** |
| Expected credit loss allowance on financial assets | | | | | | | | **130,747** |
| Finance charge | | | | | | | | **(20,551)** |
| Other operating expenses | | | | | | | | **(691,665)** |
| Other income, net | | | | | | | | **20,212** |
| **Net profit for the year before zakat** | | | | | | | | **1,226,621** |

### 34. OPERATING SEGMENTS (continued)

The details of gross written premiums are as follows:

| | For the year ended December 31, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Medical*** | **Medical - Umrah** | **Motor** | **Property & casualty** | **General accidents - Hajj & Umrah** | **Protection & Savings** | **Inherent Defects Insurance** | **Total - Insurance operations** |
| | ⃁ '000 | | | | | | | |
| - Retail | **654,953** | - | **1,995,262** | **211,966** | - | **8,729** | - | **2,870,910** |
| - Micro Enterprises | **291,270** | - | **76,119** | - | - | - | - | **367,389** |
| - Small Enterprises | **945,624** | - | **105,093** | **891,225** | - | - | - | **1,941,942** |
| - Medium Enterprises | **1,508,698** | - | **193,025** | **1,028,727** | - | - | - | **2,730,450** |
| - Corporates | **13,775,327** | - | **458,047** | **1,056,484** | - | **218,789** | **422,274** | **15,930,921** |
| | **17,175,872** | - | **2,827,546** | **3,188,402** | - | **227,518** | **422,274** | **23,841,612** |

* Gross written premiums relating to the medical segment include medical compulsory business amounting to SAR 15,651 million.

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by the contracts entered during the accounting period, regardless of whether these are wholly due for payment in the accounting period, together with any adjustments arising in the accounting period to such premiums receivable in respect of business written in prior accounting periods. Gross written premium is not defined in the International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia. It is however a KPI and reconcile to insurance revenue.

## 34. OPRATING SEGMENTS (continued)

### a) Statement of income (continued)

| | For the year ended December 31, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Operating Segments** | **Medical*** | **Medical - Umrah** | **Motor** | **Property & casualty** | **General accidents - Hajj & Umrah** | **Protection & Savings** | **Inherent Defects Insurance** | **Total - Insurance & Shareholders' operations** |
| | ⃁ ’000 | | | | | | | |
| **Gross written premiums** | 13,962,720 | 17,459 | 2,631,350 | 3,065,560 | 6,027 | 109,857 | 28,573 | 19,821,546 |
| Change in unearned premium reserve | (1,042,430) | 84,757 | 250,155 | (658,619) | 29,252 | 3,998 | - | (1,332,887) |
| Change in expected credit loss | 25,341 | - | 2,837 | 4,642 | - | (1,000) | - | 31,820 |
| Elimination of shared pool participants share and others | - | (98,284) | (101,473) | - | (33,974) | - | - | (233,731) |
| IFRS 17 GMM adjustment | - | - | - | - | - | - | (13,791) | (13,791) |
| **Insurance revenue** | 12,945,631 | 3,932 | 2,782,869 | 2,411,583 | 1,305 | 112,855 | 14,782 | 18,272,957 |
| Insurance service expenses | (12,082,983) | (484) | (2,667,838) | (572,792) | 1,249 | (104,870) | (6,485) | (15,434,203) |
| **Insurance service result before reinsurance contracts held** | 862,648 | 3,448 | 115,031 | 1,838,791 | 2,554 | 7,985 | 8,297 | 2,838,754 |
| Allocation of reinsurance premiums | (222,865) | - | (17,370) | (1,881,062) | (240) | (88,845) | (1,519) | (2,211,901) |
| Amounts recoverable from reinsurers for incurred claims | 129,582 | - | (5,003) | 280,550 | (121) | 78,337 | 1,231 | 484,576 |
| **Net (expenses) / income from reinsurance contracts held** | (93,283) | - | (22,373) | (1,600,512) | (361) | (10,508) | (288) | (1,727,325) |
| **Insurance service result** | 769,365 | 3,448 | 92,658 | 238,279 | 2,193 | (2,523) | 8,009 | 1,111,429 |
| Net finance expenses from insurance contracts issued | (58,710) | (353) | (10,972) | (96,187) | (170) | (1,914) | (1,637) | (169,943) |
| Net finance income from reinsurance contracts held | 4,570 | - | 635 | 91,019 | 31 | 1,742 | 1,534 | 99,531 |
| **Net insurance finance (expenses) / income** | (54,140) | (353) | (10,337) | (5,168) | (139) | (172) | (103) | (70,412) |
| **Other non-insurance items** | | | | | | | | |
| Revenue from non-insurance services | | | | | | | | 63,920 |
| Less: intra group transactions | | | | | | | | (60,706) |
| | | | | | | | | 3,214 |
| Commission income | | | | | | | | 601,476 |
| Dividend income | | | | | | | | 1,953 |
| Net fair value losses on financial assets at fair value through profit or loss | | | | | | | | 55,340 |
| Share of profit from equity accounted investments, net | | | | | | | | 21,676 |
| Expected credit loss allowance on financial assets | | | | | | | | (91,737) |
| Finance charge | | | | | | | | (9,569) |
| Other operating expenses | | | | | | | | (538,620) |
| Other income, net | | | | | | | | 60,264 |
| **Net profit for the year before zakat** | | | | | | | | 1,145,014 |
| The details of gross written premiums are as follows: | | | | | | | | |
| - Retail | 531,359 | 17,459 | 2,054,507 | 203,800 | 6,027 | 708 | - | 2,813,860 |
| - Micro Enterprises | 210,451 | - | 63,480 | - | - | - | - | 273,931 |
| - Small Enterprises | 790,421 | - | 91,055 | 856,888 | - | - | - | 1,738,364 |
| - Medium Enterprises | 1,150,735 | - | 122,570 | 989,092 | - | - | - | 2,262,397 |
| - Corporates | 11,279,754 | - | 299,738 | 1,015,780 | - | 109,149 | 28,573 | 12,732,994 |
| | 13,962,720 | 17,459 | 2,631,350 | 3,065,560 | 6,027 | 109,857 | 28.573 | 19,821,546 |

* Gross written premiums relating to the medical segment include medical compulsory business amounting to SAR 14,138 million.

## 34. OPERATING SEGMENTS (continued)

### b) Statement of financial position

| | As at December 31, 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Operating Segments** | **Medical*** | **Medical - Umrah** | **Motor** | **Property & casualty** | **General accidents - Hajj & Umrah** | **Protection & Savings** | **Inherent Defects Insurance** | **Total - Insurance & Shareholders' operations** |
| | ⃁ '000 | | | | | | | |
| **Assets** | | | | | | | | |
| Reinsurance contract assets | **-** | **-** | **219,902** | **2,400,648** | **-** | **58,190** | **205,615** | **2,884,355** |
| Total unallocated assets | | | | | | | | **18,879,478** |
| **Total assets** | | | | | | | | **21,763,833** |
| **Liabilities** | | | | | | | | |
| Insurance contract liabilities | **7,498,214** | **-** | **1,414,374** | **3,983,187** | **-** | **119,416** | **361,587** | **13,376,778** |
| Reinsurance contract liabilities | **43,761** | **-** | **-** | **-** | **-** | **-** | **-** | **43,761** |
| Unallocated liabilities | | | | | | | | **2,985,794** |
| **Total liabilities** | | | | | | | | **16,406,333** |

| | As at December 31, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Operating Segments** | **Medical*** | **Medical - Umrah** | **Motor** | **Property & casualty** | **General accidents - Hajj & Umrah** | **Protection & Savings** | **Inherent Defects Insurance** | **Total Insurance & Shareholders' operations** |
| | ⃁ '000 | | | | | | | |
| **Assets** | | | | | | | | |
| Reinsurance contract assets | 247,456 | - | 1,750 | 2,655,703 | - | 15,132 | 91.957 | 3,011,998 |
| Total unallocated assets | | | | | | | | 17,983,703 |
| **Total assets** | | | | | | | | 20,995,701 |
| **Liabilities** | | | | | | | | |
| Insurance contract liabilities | 8,090,015 | - | 1,808,897 | 4,305,259 | 2,021 | 57,418 | 121,757 | 14,385,367 |
| Unallocated liabilities | | | | | | | | 2,132,091 |
| **Total liabilities** | | | | | | | | 16,517,458 |

## 35. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND APPROACH

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

1. To maintain the required level of stability of the Group thereby providing a degree of security to policyholders;
2. To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders;
3. To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
4. To align the profile of assets and liabilities, taking account of risks inherent in the business;
5. To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
6. To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The Group manages its capital to ensure that it is able to continue as a 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 shareholders comprising paid share capital, reserves and retained earnings. As per guidelines laid out by Insurance Authority in Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law 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 Insurance Authority Implementing Regulations:

a) Minimum Capital Requirement of SAR 300 million.
b) Premium Solvency Margin.
c) Claims Solvency Margin

The Group has complied with above requirement at each reporting date presented.

**Approach to capital management**
The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders. The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Insurance Authority is transitioning the insurance sector to a Risk-Based Capital (RBC) regime, with full adoption targeted for 2027. This initiative, following the establishment of the Insurance Authority in 2023, aims to enhance solvency regulation, ensuring companies hold capital proportional to their risks. This initiative builds upon previous regulatory advancements, including the implementation of IFRS 17, as highlighted in earlier communications with industry leaders regarding financial reporting and capital management.

## 36.1 CONTINGENCIES AND COMMITMENTS

As at December 31, 2025, the Group was contingently liable for letters of guarantees, issued on its behalf by the banks, amounting to ⃁ 587 million (December 31, 2024: ⃁ 422 million) occurring in the normal course of business.

The Company, in common with other insurers, is subject to litigation in the normal course of its business. Appropriate provisions have been made in relation to pending cases and management believes that finalization of these court cases is not expected to have a material impact on the consolidated financial statements.

## 36.2 EVENTS AFTER REPORTING DATE

In March 2026, geopolitical instability in the Middle East increased due to regional military actions. The Group has determined that these developments are non-adjusting events. While the Group's financial position remains unaffected at present, management continues to assess the potential for future impacts on its business.

## 37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors, on Ramadhan 08, 1447H, corresponding to February 25, 2026G.

## A. SUPPLEMENTARY INFORMATION (Unaudited)

### a. CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

| | 31 December 2025 | | | 31 December 2024 | | |
|---|---|---|---|---|---|---|
| | **Insurance operations** | **Shareholders' operation** | **Total** | Insurance operations | Shareholders' operation | Total |
| | | | | ⃁ '000 | | |
| Total Assets * | **15,320,859** | **6,442,974** | **21,763,833** | 16,091,144 | 4,904,557 | 20,995,701 |
| Total Liabilities * | **15,644,129** | **762,204** | **16,406,333** | 15,876,563 | 640,895 | 16,517,458 |
| Total Equities | **34,336** | **5,323,164** | **5,357,500** | 18,635 | 4,459,608 | 4,478,243 |

* The total assets and liabilities do not match to the face of the statement of financial position because of due to / due from insurance operations and shareholders operations respectively amounting to ⃁ 358 million (2024: ⃁ 195 million).

### b. CONSOLIDATED STATEMENT OF INCOME

| | 31-Dec-25 | | | 31-Dec-24 | | |
|---|---|---|---|---|---|---|
| | **Insurance operations** | **Shareholders' operation** | **Total** | Insurance operations | Shareholders' operation | Total |
| Insurance revenue | **21,403,177** | **-** | **21,403,177** | 18,272,957 | - | 18,272,957 |
| Insurance service expenses | **(18,016,361)** | **-** | **(18,016,361)** | (15,434,203) | - | (15,434,203) |
| **Insurance service result before reinsurance contracts held** | **3,386,816** | **-** | **3,386,816** | 2,838,754 | - | 2,838,754 |
| Allocation of reinsurance premiums | **(2,613,920)** | **-** | **(2,613,920)** | (2,211,901) | - | (2,211,901) |
| Amounts recoverable from reinsurers for incurred claims | **343,355** | **-** | **343,355** | 484,576 | - | 484,576 |
| **Net income from reinsurance contracts held** | **(2,270,565)** | **-** | **(2,270,565)** | (1,727,325) | - | (1,727,325) |
| **Insurance service result - net** | **1,116,251** | **-** | **1,116,251** | 1,111,429 | - | 1,111,429 |
| Revenue from non-insurance services | **-** | **9,604** | **9,604** | - | 3,214 | 3,214 |
| Commission income | **273,524** | **251,474** | **524,998** | 385,807 | 215,669 | 601,476 |
| Dividend income | **-** | **3,080** | **3,080** | - | 1,953 | 1,953 |
| Net fair value gains / (losses) on investments at FVPL | **161,436** | **43,254** | **204,690** | 14,388 | 40,952 | 55,340 |
| Share of profit from equity accounted investments, net | **-** | **31,023** | **31,023** | - | 21,676 | 21,676 |
| **Net profits on investments** | **434,960** | **338,435** | **773,395** | 400,195 | 283,464 | 683,659 |
| Expected credit loss allowance on financial assets | **130,747** | **-** | **130,747** | (91,737) | - | (91,737) |
| Finance (expense) / income from insurance contracts issued | **(173,309)** | **-** | **(173,309)** | (169,943) | - | (169,943) |
| Finance income / (expense) from reinsurance contracts held | **71,541** | **-** | **71,541** | 99,531 | - | 99,531 |
| Net insurance finance (expense) / income | **(101,768)** | **-** | **(101,768)** | (70,412) | - | (70,412) |
| **Net insurance financial result** | **1,580,190** | **338,435** | **1,918,625** | 1,349,475 | 283,464 | 1,632,939 |
| Finance Charge | **(16,006)** | **(4,545)** | **(20,551)** | (6,824) | (2,745) | (9,569) |
| Other operating expenses | **(437,566)** | **(254,099)** | **(691,665)** | (341,428) | (197,192) | (538,620) |
| Other income, net | **20,212** | **-** | **20,212** | 60,264 | - | 60,264 |
| **Net profit for the year before Zakat** | **1,146,830** | **79,791** | **1,226,621** | 1,061,487 | 83,527 | 1,145,014 |
| Zakat charge for the year | **-** | **(123,507)** | **(123,507)** | - | (122,989) | (122,989) |
| **Net profit for the year after Zakat** | **1,146,830** | **(43,716)** | **1,103,114** | 1,061,487 | (39,462) | 1,022,025 |

### c. CONSOLIDATED STATEMENT OF CASH FLOWS

| | 31 December 2025 | | | 31 December 2024 | | |
|---|---|---|---|---|---|---|
| | **Insurance operations** | **Shareholders' operation** | **Total** | Insurance operations | Shareholders' operation | Total |
| | | | | ⃁ '000 | | |
| Net cash generated from operating activities | **272,371** | **(135,824)** | **136,547** | 3,155,435 | (283,513) | 2,871,922 |
| Net cash used in investing activities | **(405,731)** | **(372,829)** | **(778,560)** | (1,711,924) | (955,692) | (2,667,616) |
| Net cash used in financing activities | **539,768** | **(274,065)** | **265,703** | (9,404) | (199,141) | (208,545) |
| Net change in cash and cash equivalents | **406,408** | **(782,718)** | **(376,310)** | 1,434,107 | (1,438,346) | (4,239) |
| Cash and cash equivalents at the beginning of the year | **3,063,509** | **(986,041)** | **2,077,468** | 1,629,402 | 452,305 | 2,081,707 |
| Cash and cash equivalents at the end of the year | **3,469,917** | **(1,768,759)** | **1,701,158** | 3,063,509 | (986,041) | 2,077,468 |