
**SAUDI REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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KPMG Professional Services

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Headquarters in Riyadh



الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Saudi Reinsurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

Key Audit Matters

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



INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)
(CONTINUED)

Valuation of Reinsurance and Retrocession contract assets and liabilities	
The key audit matter	How the matter was addressed in our audit
<p>On 1 January 2023, the Company adopted new accounting standard IFRS 17, 'Insurance Contracts' which replaced IFRS 4, 'Insurance Contracts'. The Company applied IFRS 17 retrospectively from 1 January 2022 and applied the General Measurement Model ("GMM") to both reinsurance contracts issued and retrocession contracts held.</p> <p>Transition to IFRS 17 is a material change to the recognition, measurement and presentation of insurance contracts. The Company has recognized the impact upon transition to the new standard within equity and has restated the comparative financial information. The new standard has also had a significant impact on the disclosures in the financial statements.</p> <p>As at 31 December 2023, the Company held reinsurance and retrocession contract assets and liabilities through the following components, as disclosed in note 8 to the financial statements:</p> <ul style="list-style-type: none"> • Reinsurance Contract Assets: SAR 77.8 million • Reinsurance Contract Liabilities: SAR 1,287.9 million • Retrocession Contract Assets: SAR 439.6 million • Retrocessions Contract Liabilities: SAR 0.19 million <p>The measurement of these components includes estimation of the present value of future cash flows, risk adjustment for non-financial risk together with the Contractual Service Margin ('CSM'). These balances involve highly complex calculations and data inputs that are susceptible to a higher degree of estimation i.e., estimated premium income.</p>	<p>Together with our actuarial specialist, on a sample basis, we:</p> <ul style="list-style-type: none"> • assessed the design and implementation and tested the operating effectiveness of key controls over management's processes for determining reinsurance and retrocession contract assets and liabilities; • tested key controls designed and operated by the Company over the transition; • considered of the Company's new accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice; • assessed the reasonableness of management's key judgements in estimates, including selection and application of methods / models, significant assumptions, for: <ul style="list-style-type: none"> • fulfillment cashflows and payment patterns used for calculation of fulfillment cashflows • discount rates applied for estimation of present value of fulfillment cashflows • risk adjustment for non-financial risk <p>We also analysed the actuarial reserve report issued by the Company's appointed actuary;</p>

**INDEPENDENT AUDITORS' REPORT****TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)
(CONTINUED)**

Valuation of Reinsurance and Retrocession contract assets and liabilities (continued)	
The key audit matter	How the matter was addressed in our audit
<p>While there is considerable judgment applied by management and inherent uncertainty in selecting assumptions, the assumptions with the greatest estimation uncertainty are related to estimating future cash flows and the risk adjustment. The determination of future cash flows and risk adjustment requires the use of complex formulas as well as models and other computational tools that may be incorrectly designed or configured, and for which inadequate assumptions and/or incomplete or inaccurate input data may be used.</p> <p>Accordingly, valuation of reinsurance and retrocession contract assets and liabilities was identified as a key audit matter due to the significance of the amount involved as well as significant judgements and assumptions used in estimating the reinsurance and retrocession contract assets and liabilities.</p> <p><i>Refer to the summary of material accounting policies in note 3 relating to the impact related to the initial application of IFRS 17, recognition, measurement, and presentation of reinsurance and retrocession contracts and note 8 for details relating to reinsurance and retrocession contracts.</i></p>	<ul style="list-style-type: none"> evaluated the appropriateness and tested the mathematical accuracy of models applied; assessed the reserving methodology on a gross and net of reinsurance basis and performed independent re-projections of Ultimate Loss Ratios (ULRs) and Incurred Expected Loss Ratios (IELRs) by applying our own assumptions, across selected lines of business; tested the completeness, accuracy and relevance of data used to estimate future cash flows associated with groups of contracts including agreeing a sample of claims to underlying information; and evaluated the completeness, accuracy and relevance of disclosures required by IFRS 17, including disclosures about assumptions and major sources of estimation uncertainty.

Other Information

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

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



KPMG Professional Services



الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) (CONTINUED)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards 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 Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



KPMG Professional Services



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INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)
(CONTINUED)**

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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Riyadh on 02 April 2024G
Corresponding to: 23 Ramadhan 1445H

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
ASSETS				
Cash and bank balances	6	87,905,002	31,556,652	27,807,294
Financial investments at fair value through income statement	7	154,455,986	272,653,544	762,723,099
Financial investments at fair value through other comprehensive income	7	141,632,674	119,921,195	92,870,664
Financial investments at amortized cost	7	1,127,330,016	1,030,133,715	496,236,101
Reinsurance contract assets	8	77,827,287	105,036,555	76,794,419
Retrocession contract assets	8	439,593,167	189,246,075	211,549,218
Prepaid expenses, deposits and other assets	10	303,917,481	199,271,601	136,319,128
Property and equipment, net	9	37,139,190	36,379,209	37,155,827
Investment in an equity accounted investee	11	208,989,740	160,687,437	132,579,526
Statutory deposit	12	89,100,000	89,100,000	89,100,000
Accrued income on statutory deposit	12	22,056,608	22,084,071	20,961,814
TOTAL ASSETS		2,689,947,151	2,256,070,054	2,084,097,090
LIABILITIES				
Margin loan payable	13	56,797,019	56,797,019	56,797,019
Reinsurance contract liabilities	8	1,287,902,032	919,991,787	864,300,186
Retrocession contract liabilities	8	189,653	12,155,744	--
Accrued expenses and other liabilities	14	112,072,472	195,321,888	159,608,162
Provision for employees' end of service benefits	15	18,633,092	13,867,730	12,288,391
Provision for zakat and tax	16	41,548,376	17,533,163	15,266,235
Accrued commission income payable to Insurance Authority	12	25,982,468	23,219,213	20,962,172
TOTAL LIABILITIES		1,543,125,112	1,238,886,544	1,129,222,165
EQUITY				
Share capital	17	891,000,000	891,000,000	891,000,000
Statutory reserve	18	67,931,207	43,045,308	34,749,555
Retained earnings		194,358,333	94,814,738	27,058,110
Other reserves		(6,467,501)	(11,676,536)	2,067,260
TOTAL EQUITY		1,146,822,039	1,017,183,510	954,874,925
TOTAL LIABILITIES AND EQUITY		2,689,947,151	2,256,070,054	2,084,097,090



Managing Director / Chief Executive
Officer



Chairman of the Board



Chief Financial Officer

Restricted 3

The accompanying notes 1 to 35 form an integral part of these financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF INCOME

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	31 December 2023	31 December 2022 (Restated)
Reinsurance revenue	19	627,187,025	696,997,918
Reinsurance service expenses	20	(509,774,279)	(591,168,190)
Net income / (expenses) from retrocession contracts	21	2,349,500	(22,240,463)
Reinsurance service result		119,762,246	83,589,265
Investment income calculated using effective profit rate	24	58,460,073	38,727,538
Net income / (loss) from financial investments measured at FVIS	25	6,243,412	(25,289,304)
Investment management expenses		(4,207,747)	(3,718,859)
Provision for expected credit losses		(108,091)	(1,339,952)
Net investment income		60,387,647	8,379,423
Net finance (expense) / income from reinsurance contracts issued	22	(54,850,549)	13,207,197
Net finance income / (expense) from retrocession contracts held	23	20,224,903	(11,722,803)
Net financial result		25,762,001	9,863,817
NET REINSURANCE AND INVESTMENT RESULT		145,524,247	93,453,082
Other income	26	6,335,975	613,580
Other finance costs		(1,677,423)	(1,207,363)
Other operating expenses	27	(31,691,313)	(34,645,986)
Share of profit of equity accounted investee	11	40,070,637	33,104,574
Net profit for the year before zakat and tax		158,562,123	91,317,887
Zakat for the year	16	(33,870,444)	(15,232,686)
Tax charge for the year	16	(262,185)	(32,820)
Net profit for the year after zakat and tax		124,429,494	76,052,381
Basic and diluted earnings per share	28	1.40	0.85
Weighted average number of shares in issue		89,100,000	89,100,000



 Managing Director / Chief Executive
 Officer



 Chairman of the Board



 Chief Financial Officer

Restricted 3

The accompanying notes 1 to 35 form an integral part of these financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Notes</u>	<u>31 December 2023</u>	<u>31 December 2022 (Restated)</u>
Net income for the year after zakat and tax		124,429,494	76,052,381
<i>Other comprehensive income</i>			
Items that will not be reclassified to income statement subsequently			
Financial investments at FVOCI – net change in fair value	7	711,479	(8,285,041)
Re-measurement loss on employees' end of service benefit obligations	15	(3,734,110)	(462,092)
Items that may be classified to income statement subsequently			
Share of foreign currency translation reserve of an equity accounted investee	11	5,038,135	(8,258,424)
		2,015,504	(17,005,557)
Total comprehensive income for the year		126,444,998	59,046,824



 Managing Director / Chief Executive
 Officer



 Chairman of the Board



 Chief Financial Officer

Restricted 3

The accompanying notes 1 to 35 form an integral part of these financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	GCC Shareholders and General Public				Non – GCC Shareholders				Total				
	Share Capital	Statutory reserve	Retained earnings	Other reserves	Share capital	Statutory reserve	Retained earnings	Other reserves	Share Capital	Statutory reserve	Retained earnings	Other reserves	Total
Balance as at 1 January 2022, as previously reported	851,538,402	33,210,528	33,923,132	2,629,562	39,461,598	1,539,027	1,572,050	121,858	891,000,000	34,749,555	35,495,182	2,751,420	963,996,157
Adjustment on initial application of IFRS 17 (Note 3 (iv))	--	--	2,475,635	--	--	--	104,042	--	--	--	2,579,677	--	2,579,677
Adjustment on initial application of IFRS 17 by equity accounted investee (Note 3 (iv))	--	--	(9,040,890)	--	--	--	(379,957)	--	--	--	(9,420,847)	--	(9,420,847)
Adjustment on initial application of IFRS 9 (Note 3 (iv))	--	--	(1,531,537)	(656,567)	--	--	(64,365)	(27,593)	--	--	(1,595,902)	(684,160)	(2,280,062)
Restated balance as at 1 January 2022	851,538,402	33,210,528	25,826,340	1,972,995	39,461,598	1,539,027	1,231,770	94,265	891,000,000	34,749,555	27,058,110	2,067,260	954,874,925
Transfer during the year	3,526,205	137,524	140,475	10,889	(3,526,205)	(137,524)	(140,475)	(10,889)	--	--	--	--	--
Net income for the year (restated)	--	--	72,985,072	--	--	--	3,042,095	--	--	--	76,052,381	--	76,052,381
Other comprehensive income (restated)	--	--	--	(16,319,697)	--	--	--	(680,222)	--	--	--	(17,005,557)	(17,005,557)
Total comprehensive income for the year (restated)	--	--	72,985,072	(16,319,697)	--	--	3,042,095	(680,222)	--	--	76,052,381	(17,005,557)	59,046,824
Transfer to statutory reserve	--	7,961,173	(7,961,173)	--	--	334,580	(334,580)	--	--	8,295,753	(8,295,753)	--	--
Share of capital contribution of investment in equity accounted investee	--	--	--	3,130,209	--	--	--	131,552	--	--	--	3,261,761	3,261,761
Restated balance as at 31 December 2022	855,064,607	41,309,225	90,990,714	(11,205,604)	35,935,393	1,736,083	3,798,810	(465,294)	891,000,000	43,045,308	94,814,738	(11,676,536)	1,017,183,510
Restated balance as at 1 January 2023	855,064,607	41,309,225	90,990,714	(11,205,604)	35,935,393	1,736,083	3,798,810	(465,294)	891,000,000	43,045,308	94,814,738	(11,676,536)	1,017,183,510
Transfer during the year	(10,156,037)	(490,651)	(1,080,742)	133,095	10,156,037	490,651	1,080,742	(133,095)	--	--	--	--	--
Net income for the year	--	--	117,992,756	--	--	--	6,436,738	--	--	--	124,429,494	--	124,429,494
Other comprehensive income	--	--	--	1,911,242	--	--	--	104,262	--	--	--	2,015,504	2,015,504
Total comprehensive income for the year	--	--	117,992,756	1,911,242	--	--	6,436,738	104,262	--	--	124,429,494	2,015,504	126,444,998
Transfer to statutory reserve	--	23,598,551	(23,598,551)	--	--	1,244,295	(1,244,295)	--	--	24,885,899	(24,885,899)	--	--
Share of capital contribution of investment in equity accounted investee	--	--	--	3,028,330	--	--	--	159,677	--	--	--	3,193,531	3,193,531
Balance as at 31 December 2023	844,908,570	64,417,125	184,304,177	(6,132,937)	46,091,430	3,471,029	10,071,995	(334,450)	891,000,000	67,931,207	194,358,333	(6,467,501)	1,146,822,039

Managing Director / Chief Executive Officer

Chairman of the Board
Restricted 3

Chief Financial Officer

The accompanying notes 1 to 35 form an integral part of these financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

	<i>Notes</i>	31 December 2023	31 December 2022 (Restated)
Cash flows (used in) / from operating activities			
Net profit for the year before zakat and tax		158,562,123	91,317,887
<i>Adjustments to reconcile net income for the period before zakat and tax to net cash generated from operating activities:</i>			
Provision for employees' end of service benefits	15	1,775,673	1,561,131
Special commission income from debt securities and sukuk		(16,778,661)	(19,332,886)
Special commission expense on margin loan payable		1,677,423	1,207,363
Special commission income from time deposits	24	(39,794,920)	(16,722,235)
Amortisation of discount and premium on financial investments at amortized cost, net		(1,886,492)	(2,672,417)
Depreciation of property and equipment	27	2,713,931	2,822,173
Realized losses / (gains) on financial investments at fair value through income statement	25	18,672	(6,529,722)
Unrealized (gains) / losses on financial investments at fair value through income statement	25	(4,871,961)	33,979,564
Share of profit of equity accounted investee	11	(40,070,637)	(33,104,574)
Dividend income	25	(1,390,123)	(2,160,538)
Provision of expected credit losses		108,091	1,339,952
Operating income before changes in operating assets and liabilities		60,063,119	51,705,698
<i>Changes in operating assets and liabilities:</i>			
Reinsurance contract assets		27,209,268	(28,242,136)
Reinsurance contract liabilities		367,910,245	55,691,601
Retrocession contract assets		(250,347,092)	22,303,143
Retrocession contract liabilities		(11,966,091)	12,155,744
Prepaid expenses, deposits and other assets		(104,645,880)	(62,952,473)
Accrued expenses and other liabilities		(83,249,416)	35,713,726
		4,974,153	86,375,303
Zakat and tax paid	16	(10,117,416)	(12,998,578)
Employees' end of service benefits paid	15	(744,421)	(443,884)
Net cash (used in) / from operating activities		(5,887,684)	72,932,841
Cash flows from / (used in) investing activities			
Placements in time deposits		(204,672,255)	(534,383,617)
Proceeds from maturity of time deposits		78,765,889	30,810,000
Receipt of special commission income from time deposits		31,363,856	11,573,182
Receipt of special commission income from debt securities and sukuk		17,698,191	20,967,464
Dividends received		1,390,123	2,160,538
Purchase of property and equipment, net		(3,473,912)	(2,045,555)
Additions to financial investments held at amortized cost		(10,000,000)	(49,477,415)
Proceeds from maturity of financial investments held at amortized cost		48,000,000	24,000,000
Additions to financial investments at fair value through income statement		(273,799,473)	(242,152,144)
Proceeds from disposal of financial investments fair value through income statement		396,850,320	704,771,857
Additions to financial investments at fair value through other comprehensive income		(21,000,000)	(35,335,572)
Net cash from / (used in) investing activities		61,122,739	(69,111,262)
FINANCING ACTIVITIES			
Special commission expense paid against margin loans		(1,677,423)	(1,207,363)
Net cash used in financing activities		(1,677,423)	(1,207,363)
INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		30,421,510	27,807,294
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	83,979,142	30,421,510

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

Restricted 3

The accompanying notes 1 to 35 form an integral part of these financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 (Entity number: 7001556021) dated 12 Jumad Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company's registered office is at 4130 Northern Ring Road Al Wadi, Unit number 1, Riyadh 13313-6684, Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative reinsurance and related activities inside and outside the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Company's statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, financial investments at fair value through income statement, prepaid expenses, deposits and other assets, accrued expenses and other liabilities, provision for zakat and tax and accumulated surplus. All other financial statement line items would generally be classified as noncurrent unless stated otherwise.

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for "Reinsurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective books of accounts.

During the year, 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.

Basis of measurement

These financial statements have been prepared under the going concern basis and the historical cost convention, except for reinsurance and retrocession contracts which are measured at the present value of estimated fulfilment cash flows that are expected to arise as the Company fulfils its contractual obligations and a contractual service margin ("CSM") in accordance with IFRS 17, the measurement at fair value of financial investments at fair value through income statement, financial investments at fair value through other comprehensive income, investment in an equity accounted investee which is accounted for under the equity method and employees' end of service benefits (EOSB) measured at present value of future obligations using projected unit credit method.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of Association/By-Laws to the shareholders/partners in their Extraordinary/Annual General Assembly meeting for their ratification.

Functional and presentation currency

These financial statements have been presented in Saudi Arabian Riyals (SR), which is the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest SR.

Fiscal year

The Company's fiscal year is aligned with the calendar year i.e. it begins at 1 January and ends at 31 December.

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****(All amounts in Saudi Riyals unless otherwise stated)****3. CHANGES IN MATERIAL ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	See note below
IFRS 9, 'Financial Instruments'	This standard replaces IAS 39.	See note below

New standards not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024

3. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

In addition, the Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for reinsurance and retrocession contracts and financial instruments. As a result, the Company has restated certain comparative amounts for the prior year.

Except for the changes below and accounting policies explained in Note 4, the Company has consistently applied the accounting policies used in the preparation of the annual financial statements for the year ended 31 December 2022.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below:

IFRS 17 – Insurance Contracts

i) Recognition, measurement, and presentation of reinsurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of reinsurance contracts, retrocession contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM).

Under IFRS 17, reinsurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in reinsurance revenue and reinsurance service expenses. Reinsurance finance income and expenses are presented separately from reinsurance revenue and reinsurance service expenses.

The Company applies the General Measurement Model (GMM) to both reinsurance contracts issued, and retrocession contracts held for all the segments.

Previously, all acquisition costs were recognised and presented as a separate asset from the related reinsurance contracts ('deferred acquisition costs') until those costs were included in income statement. Under IFRS 17, only reinsurance acquisition cash flows that arise before the recognition of the related reinsurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from retrocession contracts other than retrocession finance income and expenses are now presented as a single net amount in income statement. Previously, amounts recovered from retrocessionaires and retrocession expenses were presented separately.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

3. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

ii) Presentation and disclosures

For presentation in the statement of financial position, the line items for reinsurance contracts issued and retrocession contracts held have been changed significantly compared with last year. Previously balance sheet items related to reinsurance and retrocession contracts were split into the following line items:

- Assets
 - Accrued reinsurance premiums
 - Reinsurance premium receivables, net
 - Deferred policy acquisition costs
 - Retrocession balances receivable
 - Retroceded share of unearned premiums
 - Deferred excess of loss premiums
 - Retroceded share of outstanding claims
 - Retroceded share of claims incurred but not reported
- Liabilities
 - Accounts Payable
 - Retrocession balances payable
 - Accrued retroceded premiums
 - Unearned premiums
 - Outstanding claims
 - Claims incurred but not reported

Under IFRS 17, the Company aggregates reinsurance contracts issued, and retrocession contracts held, respectively and presents separately on the balance sheet:

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

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the statement of income and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Retroceded premiums
- Excess of loss expenses
- Change in net unearned premiums
- Retrocession commissions
- Gross claims paid
- Retroceded share of claims paid
- Change in outstanding claims, net
- Changes in incurred but not reported claims, net
- Policy acquisition costs and profit commissions
- Other underwriting expenses

Instead, IFRS 17 requires separate presentation of:

- Reinsurance revenue
- Reinsurance service expenses
- Net expenses from retrocession contracts
- Finance income/(expenses) from reinsurance contracts issued
- Finance income/(expenses) from retrocession contracts

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****(All amounts in Saudi Riyals unless otherwise stated)****3. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)****IFRS 17 – Insurance Contracts (continued)***ii) Presentation and disclosures (continued)*

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from reinsurance contracts and retrocession contracts; and
- Significant judgements, and changes in those judgements, when applying the standard.

iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a modified retrospective approach because it was impracticable to apply the full retrospective approach. The Company considered the full retrospective approach impracticable under the following circumstances;

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons. Such information included for certain contracts:
 - expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts;
 - information about historical cash flows and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;
 - information required to allocate fixed and variable overheads to groups of contracts, because the Company's previous accounting policies did not require such information; and
 - information about changes in assumptions and estimates, which might not have been documented on an ongoing basis.
- The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:
 - assumptions about discount rates, because the Company had not been subject to any accounting or regulatory framework that required reinsurance contracts to be measured on a present value basis;
 - assumptions about the risk adjustment for non-financial risk, because the Company had not been subject to any accounting or regulatory framework that required an explicit margin for non- financial risk.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

Impact on equity

Drivers of changes in equity	Impact on equity on transition to IFRS 17 at 1 January 2022
Changes in measurement of reinsurance contracts issued	(17,952,391)
Changes in measurement of retrocession contracts held	20,532,068
Total impact	2,579,677

Impact on reinsurance contracts liabilities

Drivers of changes in equity	Impact on liabilities on transition to IFRS 17 at 1 January 2022
Discounting	(65,064,828)
Risk adjustment	53,879,884
CSM, transition to best estimate liability and other drivers	29,137,335
Total impact	17,952,391

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

3. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

iii) Transition (continued)

Impact on retrocession contracts held

Drivers of changes in equity	Impact on assets on transition to IFRS 17 at 1 January 2022
Discounting	(12,917,611)
Risk adjustment	8,959,055
CSM, transition to best estimate liability and other drivers	24,490,624
Total impact	20,532,068

IFRS 9 – Financial Instruments

i) Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through income statement. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The comparative period has been restated. However, information about financial instruments that had already been derecognized at 1 January 2023 continues to be reported in accordance with IAS 39 for the comparative period.
- The following assessments have been made on the basis of the facts and circumstances that existed at initial application;
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.

The adoption of IFRS 9 has not had a material impact on the Company's basic or diluted EPS for the year ended 31 December 2023 and 2022. Details of the changes and implications resulting from the adoption of IFRS 9 are presented in (iv) below.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

3. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 9 – Financial Instruments (continued)

iv) *Effect of initial application*

a) *Classification of financial assets and financial liabilities on the date of initial application of IFRS 9*

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2023.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost	31,556,704	31,556,652
Time deposits including accrued special commission income from time deposits	Loans and receivables	Amortized cost	754,630,389	754,290,068
Statutory deposits including accrued commission income on statutory deposits	Loans and receivables	Amortized cost	111,184,429	111,184,071
Held-to-maturity investments	Held to maturity	Amortised cost	263,938,021	261,342,898
	Held to maturity	Fair value through other comprehensive income	128,890,396	119,921,195
Investments held at fair value through income statement	FVIS (Held for trading)	Fair value through income statement	272,653,544	272,653,544
		Amortised cost	14,500,749	14,500,749
Total financial assets			1,577,354,232	1,565,449,177

Financial liabilities	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Accrued expenses and other liabilities	Amortized cost	Amortised cost	80,591,465	80,591,465
Margin loan payable	Amortized cost	Amortised cost	56,797,019	56,797,019
Total financial liabilities			137,388,484	137,388,484

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

3. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 9 – Financial Instruments (continued)

iv) *Effect of initial application (continued)*

b) *Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9*

31 December 2022				
Financial assets	IAS 39 carrying amount as at 31 December 2022	Reclassification	Remeasurement	IFRS 9 carrying amount as at 31 December 2022
Bank balances and cash	31,556,704	(31,556,704)	--	--
Time deposits	746,955,702	(746,955,702)	--	--
Accrued commission income on time deposits	7,674,687	(7,674,687)	--	--
Investment held at fair value through income statement	287,154,293	(287,154,293)	--	--
Accrued special commission income from bonds, sukuk and held to maturity investments	5,175,895	(5,175,895)	--	--
Held to maturity investments	387,652,522	(387,652,522)	--	--
Statutory deposits	89,100,000	--	--	89,100,000
Accrued commission income on statutory deposits	22,084,429	--	(358)	22,084,071
Cash and cash equivalents	--	31,556,704	(52)	31,556,652
Financial investments at fair value through income statement	--	272,653,544	--	272,653,544
Financial investments at fair value through other comprehensive income	--	128,890,396	(8,969,201)	119,921,195
Financial investments at amortised cost	--	1,033,069,159	(2,935,444)	1,030,133,715
Total financial assets	1,577,354,232	--	(11,905,055)	1,565,449,177

There has not been any reclassification or remeasurement under financial liabilities.

1 January 2022				
Financial assets	IAS 39 carrying amount as at 1 January 2022	Reclassification	Remeasurement	IFRS 9 carrying amount as at 1 January 2022
Bank balances and cash	27,807,294	(27,807,294)	--	--
Time deposits	243,382,085	(243,382,085)	--	--
Accrued commission income on time deposits	2,310,102	(2,310,102)	--	--
Investment held at fair value through income statement	803,584,596	(803,584,596)	--	--
Accrued special commission income from bonds, sukuk and held to maturity investments	6,810,473	(6,810,473)	--	--
Held to maturity investments	298,022,312	(298,022,312)	--	--
Statutory deposits	89,100,000	--	--	89,100,000
Accrued commission income on statutory deposits	20,962,172	--	(358)	20,961,814
Cash and cash equivalents	--	27,807,294	--	27,807,294
Financial investments at fair value through income statement	--	762,723,099	--	762,723,099
Financial investments at fair value through other comprehensive income	--	93,554,824	(684,160)	92,870,664
Financial investments at amortised cost	--	497,831,645	(1,595,544)	496,236,101
Total financial assets	1,491,979,034	--	(2,280,062)	1,489,698,972

There has not been any reclassification or remeasurement under financial liabilities.

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****(All amounts in Saudi Riyals unless otherwise stated)****3. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)****IFRS 9 – Financial Instruments (continued)***iv) Effect of initial application (continued)*

- b) Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9 (continued)*

The following table summarises the effects of the reclassification of financial assets out of FVIS to the amortized cost category as a result of transition to IFRS 9.

	31 December 2022
Fair value	14,500,749
Fair value loss that would have been recognized in the statement of income during the year if the financial assets had not been reclassified	(498,774)
Effective interest rate determined	3.21%
Special commission income recognized	481,500

The financial assets reclassified out of FVIS to the amortized cost have matured during 2023.

c) Impact on retained earnings and other reserves

	Retained earnings	Other reserves
Closing balance at 31 December 2021	35,495,182	2,751,420
Recognition of expected credit losses under IFRS 9	(1,595,902)	--
Reclassification under IFRS 9	--	(684,160)
Adjustment on initial application of IFRS 17	2,579,677	--
Adjustment on initial application of IFRS 17 by equity accounted investee	(9,420,847)	--
Restated opening balance as at 1 January 2022	27,058,110	2,067,260

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below.

IFRS 17 – Insurance Contracts*i) Definition and classification*

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

The Company uses retrocession agreements, to reduce its exposure to risks assumed, to increase its aggregate underwriting capacity. The ceding of risk to retrocessionaires does not relieve the Company from its direct obligations to its ceding companies. All references to reinsurance contracts and retrocession contracts held in the financial statements apply to reinsurance contracts issued or acquired and retrocession contracts held unless specifically stated otherwise.

The Company has assessed that all contracts currently classified as reinsurance and retrocession contracts under IFRS 4 meet the definition of reinsurance and retrocession contracts under IFRS 17. The Company does not write any investment contracts with discretionary participation features or reinsurance contracts with direct participation features.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

ii) Level of aggregation

Reinsurance contracts

Reinsurance contracts are aggregated into groups for measurement purposes. Groups of reinsurance contracts are determined by identifying portfolios of reinsurance contracts, each comprising contracts subject to similar risks and managed together. The Company manages reinsurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. Each portfolio is further divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

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

These groups represent the level of aggregation at which reinsurance contracts are initially recognized and measured. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group. For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Retrocession contracts

Groups of retrocession contracts are established such that each group comprises a single contract. Some retrocession contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the retrocession contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the retrocession contract is not separated into multiple reinsurance components that relate to different underlying groups.

Portfolios of retrocession contracts held are assessed for aggregation separately from portfolios of reinsurance contracts issued. Applying the grouping requirements to retrocession contracts held, the Company aggregates retrocession contracts held concluded within a calendar year (annual cohorts) into groups of:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

iii) Recognition and derecognition

Groups of reinsurance contracts are initially recognized the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the insurer becomes due or, if there is no contractual due date, when it is received from the insurer; and
- when facts and circumstances indicate that the contract is onerous.

Retrocession contracts held are recognized as follows:

- A group of retrocession contracts held that provide proportionate coverage is recognized at the later of the beginning of the coverage period of the group and the initial recognition of any underlying reinsurance contract; and
- All other groups of retrocession contracts held are recognized from the beginning of the coverage period of the group of retrocession contracts held; unless the Company entered into the retrocession contract held at or before the date when an onerous group of underlying contracts is recognized prior to the beginning of the coverage period of the group of retrocession contracts held, in which case the retrocession contract held is recognized at the same time as the group of underlying reinsurance contracts is recognized.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

iv) Recognition and derecognition (continued)

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

The Company derecognises a contract when it is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On derecognition of a contract from within a group of contracts:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognized;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognized from the group.

If a contract is derecognized because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognized because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognized is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

v) Reinsurance acquisition cashflows

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting, and starting a group of reinsurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of reinsurance contracts to which the group belongs. Reinsurance acquisition cash flows are allocated to groups of reinsurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

vi) Contract boundaries

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of reinsurance contracts. The measurement of a group of contracts includes all the future cash flows within the boundary of each reinsurance and retrocession contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the insurer to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular insurer and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The Company writes contracts on both a risk-attaching and losses-occurring basis and distinction is made depending on the basis of the contract being valued for determining the contract boundary. In particular:

- For contracts written on a losses-occurring basis, the coverage period will be equal to the duration between the effective dates of the contract i.e., the term of the contract being valued.
- For contracts written on a risk-attaching basis, the coverage period will be equal to duration between the attachment point of first attaching risk and expiry date of last attaching risk i.e., the term of the contract being valued plus term of the last underlying risk that attaches to the contract.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

vi) Contract boundaries (continued)

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

A substantive right to receive services from the retrocessionaire ends when the retrocessionaire:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Treaty retrocession contracts are written on a losses-occurring and risk attaching basis, renewed annually. However, the facultative arrangement covering all risk written in the KSA region is written on a risk-attaching basis. At initial recognition of the risk-attaching retrocession contract, it would be necessary to allow for expected new business to be written over the year in the best estimate cash flows. Given the uncertainty in contract duration of the business expected to be written over the course of the year, this creates a contract boundary that depends on the duration of the underlying ceded risks. This facultative retrocession contract will thus be recognized on the earlier of when retrocession coverage starts or when onerous underlying contracts are recognized. However, to the extent that the group of underlying contracts are recognized after the group of retrocession contracts, the latter will only be recognized when the group of underlying contracts are recognized. These groups are recognized when the coverage of the first retrocession contract in that group starts or when onerous underlying contracts are recognized, depending on which is earlier.

The remaining treaty contracts, written on a losses-occurring basis and renewed annually, will lead to a 12-month contract boundary.

vii) Initial measurement

On initial recognition, the Company measures a group of reinsurance and retrocession 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 Contractual Service Margin (CSM).

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

The CSM of a group of reinsurance contracts represents the unearned profit that the Company will recognize as it provides services under those contracts. On initial recognition of a group of reinsurance contracts, if the total of

- the fulfilment cash flows,
- any cash flows arising at that date and
- any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group 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 recognized as a loss in statement of income. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in statement of income as reversals of losses on onerous contracts and are excluded from reinsurance revenue.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

vii) Initial measurement (continued)

A loss-recovery component is established or adjusted within the remaining coverage for retrocession contracts held for income recognized in statement of income when the entity recognizes a loss on initial recognition of an onerous group of underlying reinsurance contracts or on addition of onerous underlying reinsurance contracts to that group. This amount is calculated by multiplying the loss recognized on underlying reinsurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognized on the underlying insurance contracts. When underlying reinsurance contracts are included in the same group with reinsurance contracts issued that are not retroceded, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying reinsurance contracts.

Fulfilment cash flows (FCF) within contract boundary

Cash flows within the boundary of reinsurance contract are those that relate directly to the fulfilment of the contract, including cash flows for which the entity has discretion over the amount or timing. The cash flows within the boundary include:

- premiums (including premium adjustments and instalment premiums) from an insurer and any additional cash flows that result from those premiums.
- payments to (or on behalf of) an insurer, including claims that have already been reported but have not yet been paid (ie reported claims), incurred claims for events that have occurred but for which claims have not been reported and all future claims for which the entity has a substantive obligation.
- payments to (or on behalf of) an insurer that vary depending on returns on underlying items.
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.
- claim handling costs (i.e. the costs the entity will incur in investigating, processing and resolving claims under existing insurance contracts, including legal and loss-adjusters' fees and internal costs of investigating claims and processing claim payments).
- policy administration and maintenance costs, such as costs of premium billing and handling policy changes (for example, conversions and reinstatements). Such costs also include recurring commissions that are expected to be paid to intermediaries if a particular insurer continues to pay the premiums within the boundary of the insurance contract.
- transaction-based taxes (such as premium taxes, value added taxes and goods and services taxes) and levies (that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis.
- payments by the insurer in a fiduciary capacity to meet tax obligations incurred by the insurer, and related receipts.
- an allocation of fixed and variable overheads (such as the costs of accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities) 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.
- any other costs specifically chargeable to the insurer under the terms of the contract.

Risk of the Company's non-performance is not included in the measurement of groups of reinsurance contracts issued. In the measurement of retrocession contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the retrocessionaires to reflect the non-performance risk of the retrocessionaires. The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of retrocession contracts held and such estimates for the groups of underlying reinsurance contracts.

Discount rates

Discount rates refer to the interest rates used in discounting cash flows to determine the present value of future cash flows. Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and to accrete interest on the best estimate liability, and contractual service margin. After estimating the future cash flows arising from the insurance contracts, discounting shall be used to calculate the present value of these cash flows, to reflect the time value of money and the financial risks associated with these cash flows. This is done to the extent that the financial risks are not already included in the cash flow estimates.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

vii) Initial measurement (continued)

Risk Adjustment for non-financial Risk

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

viii) Subsequent measurement

The carrying amount of a group of reinsurance contracts issued at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims;

- the Liability for Remaining Coverage (LRC) comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date.
- the liability for incurred claims (LIC) 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.

The carrying amount of a group of retrocession 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 (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The fulfilment cash flows of groups of reinsurance and retrocession 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

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing, and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- changes that relate to current or past service are recognized in statement of income; and
- changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below (Changes to the CSM).

The following adjustments relate to future service and thus adjust the CSM:

- a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows (experience adjustments represents the differences between the estimate, at the beginning of the period, of amounts expected in the period and the actual payments during the period);
- b) changes in estimates of the present value of future cash flows in the LRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof;
- c) changes in the risk adjustment for non-financial risk that relate to future service.

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

- changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof.
- changes in the FCF relating to the LIC.
- experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as reinsurance acquisition cash flows; and
- experience adjustments relating to reinsurance service expenses (excluding insurance acquisition cash flows).

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

viii) Subsequent measurement (continued)

Changes to the Contractual Service Margin (CSM)

For reinsurance contracts issued, 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 period,
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and creates a loss component; or
 - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognized in statement of income;
- the effect of any currency exchange differences on the CSM; and
- the amount recognized as insurance revenue because of the services provided in the period.

For a group of retrocession contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying reinsurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in reinsurance service expenses by adjusting the loss component, respective changes in the FCF of retrocession contracts held are also recognized in the reinsurance service result. The contractual service margin for a retrocession contract held represents the cost of purchasing retrocession. This is different from the contractual service margin for underlying reinsurance contracts which represents unearned profit on those contracts. The cost of purchasing retrocession is recognized as services are received under the retrocession contract held. As an exception, if the retrocession contract held covers events that have already occurred, the net cost at initial recognition is recognized immediately in statement of income.

The Company applies year to date (YTD) approach. Any changes in estimates of cash flows relating to service during the current year relative to estimates at the start of the year are included as experience adjustments in statement of income, even if those estimates were updated at a previous interim reporting period.

Interest accretion on the CSM

Interest is accreted on the CSM using discount rates determined at initial recognition (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises the locked-in discount curves by calculating discount rate applicable at the initial recognition of the first contract over the period that contracts in the group are issued. The discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Release of the CSM to statement of income

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

The coverage period is defined as a period during which the entity provides reinsurance contract services. Reinsurance contract services include coverage for an reinsured event (reinsurance coverage). The coverage period used corresponds with the term of the contracts. The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

viii) Subsequent measurement (continued)

Release of the CSM to statement of income (continued)

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

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

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

For reinsurance contracts issued and retrocession contracts held, the CSM is released to statement of income as services, both provided and received, are recognized in the reporting period. Coverage units for the retrocession contracts are based on the insurance coverage provided by the retrocessionaires and are determined by the ceded policies' fixed face values considering new business projected within the retrocession contract boundary. The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

Onerous contracts – loss component

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

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

- a) expected incurred claims and other directly attributable expenses for the period;
- b) changes in the RA for the risk expired; and
- c) finance income or expenses from insurance recontracts issued.

The amounts of loss component allocation in point a) and b) above reduce the respective components of reinsurance revenue and are reflected in reinsurance service expenses. Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Loss recovery component

A loss-recovery component is established or adjusted within the remaining coverage for retrocession contracts held for the amount of income recognized when a loss component is set up for the group of onerous underlying reinsurance contracts.

This amount is calculated by multiplying the loss recognized on underlying reinsurance contracts by the percentage of claims on underlying reinsurance contracts that the Company expects to recover from the retrocession contracts held that are entered into before or at the same time as the loss is recognized on the underlying reinsurance contracts. When underlying reinsurance contracts are included in the same group with reinsurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying reinsurance contracts.

Subsequently, the loss recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying reinsurance contracts. The loss recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying reinsurance contracts that the Company expects to recover from the group of reinsurance contracts held.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

ix) Presentation

Reinsurance revenue

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

Contracts measured under the GMM, reinsurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
 - a) reinsurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - amounts related to the loss component.
 - repayments of investment components; and
 - reinsurance acquisition expenses.
 - b) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income (expenses);
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component.
 - c) amounts of the CSM recognized in statement of income for the services provided in the period; and
 - d) experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as reinsurance acquisition cash flows and premium-based taxes.
- Reinsurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

Reinsurance service expenses

Reinsurance service expenses arising from reinsurance contracts are recognized in statement of income generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses
- Amortization of reinsurance acquisition cash flows. This is equal to the amount of insurance revenue recognized in the year that relates to recovering insurance acquisition cash flows.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Net expenses from retrocession contracts

The Company presents financial performance of groups of retrocession contracts held on a net basis in net expenses or income from retrocession contracts held, comprising the following amounts:

- actual claims and other expenses recovered during the period;
- the effect of changes in the risk of retrocessionaires' non-performance;
- expected claims and other expenses recovery excluding amounts allocated to the loss-recovery component and repayments of investment components
- losses recovered on underlying contracts and reversal of such recoveries;
- changes that relate to past service adjustments to incurred claims component;
- other incurred directly attributable expenses;
- expected claims and other expenses recovery;
- changes in the RA recognised for the risk expired;
- CSM recognised for the services received; and
- premium (and other related cash flows) experience adjustments relating to current service.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 17 – Insurance Contracts (continued)

ix) Presentation (continued)

Reinsurance finance income or expenses

Reinsurance finance income or expenses comprise the change in the carrying amount of the group of reinsurance contracts arising from:

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

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 difference arising from contracts denominated in a foreign currency

IFRS 9 – Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. However, the Company had met the relevant criteria and applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. Consequently, the Company has applied IFRS 9 for the first time on 1 January 2023.

i) Classification

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (“AC”), fair value through other comprehensive income (“FVOCI”) and fair value through statement of income (“FVIS”). On initial recognition, a financial asset is either classified as measured at amortised cost, FVOCI or FVIS.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVIS:

- 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 Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortized cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Company’s business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 9 – Financial Instruments (continued)

i) Classification (continued)

Debt instruments (continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVIS.

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVIS, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Profit income from these financial assets is included in 'Special commission income' using the effective profit method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVIS, are designated as fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses on the instrument's amortized cost which are recognized in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income. Profit income from these financial assets is included in 'Special commission income' using the effective profit rate method.
- Fair value through statement of income (FVIS): Financial assets that are held for trading purpose or assets that do not meet the criteria for amortized cost or FVOCI are measured at FVIS. A gain or loss on a debt instrument that is subsequently measured at FVIS is presented in the statement of income in the period in which it arises.

Equity instruments

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

The Company will classify all equity investments at FVIS, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' included in "Net income / (loss) from financial investments measured at FVIS" when the Company's right to receive payments is established.

ii) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The Company applies the expected credit losses ('ECL') on its financial assets measured at amortized cost, and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognizes a loss allowance for such losses at each reporting date. The loss allowance is based on the Expected Credit Losses ("ECLs") associated with the Probability of Default ("PD") in the next twelve months unless there has been a Significant Increase in Credit Risk ("SICR") since origination.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IFRS 9 – Financial Instruments (continued)

ii) Impairment (continued)

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial assets, for which 12-month ECLs are recognized, are referred to as “Stage 1” financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL is the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as “Stage 2” financial instruments. Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial assets for which the lifetime ECLs are recognized and that are credit-impaired are referred to as “Stage 3” financial instruments.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks and time deposits with an original maturity of less than three months from the date of acquisition.

Investment in an equity accounted investee

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the financial statements include the share of the profit or loss and other comprehensive income of associates, until the date on which significant influence ceases.

End of service benefits

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

Short term employee benefits

Short term employee benefits obligation are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or any other benefits if the Company 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.

Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

Adjustments arising from the final zakat assessments are recorded in the period in which such assessments are made.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction.

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

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

Withholding tax

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

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 recognised 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 statement of income as expense.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Special commission income

Special commission income is recognized on an effective yield basis taking account of the principal outstanding and the applicable special commission rate.

Dividend income

Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the dividend.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Segmental reporting

An operating segment is a component of the Company that is engaged in business activities from which it may earn revenues, incur expenses, whose operating results are reviewed regularly by the Company management committee (being the Company's chief operating decision maker) to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company has following five strategic segments. These segments offer different products and services, and are managed separately because they require different operational, risk management and marketing strategies. The Company management committee reviews the internal management reports of each division at least every three months. The following summary describes products and services that each reportable segment offers.

Reportable segment	Products and services
Property and Casualty (P&C)	Contracts issued to medium and large businesses provide coverage for property and casualty risks, including Engineering, Fire, Marine, General Accident, Specialty and other business segments (Whole Accounts, Aviation, Energy, Agriculture and Political Risk etc).
Motor	Motor insurance pays for loss or damage to own motor vehicles involved in accidents. It also pays for losses caused by its use to third party properties and bodily injuries.
Protection	Protection includes term and credit life insurance. Term life insurance is used to provide financial aid for dependents in case of death and in certain cases of illness or disability. It can be an individual or a group policy with set duration limit on the coverage with the option to renew the policy or not. Credit life insurance is used to pay off a borrower's debt if that borrower dies, with set duration limit on coverage with the option to renew the policy or not.
Health	Contracts issued to businesses provide coverage for medical bills and hospitalization.
Inherent Defects Insurance (IDI)	Inherent Defects Insurance provides cover against inherent defects in the structural works or the Envelope weakening the strength and steadiness or stability of the Premises and attributable to a fault, error or omission in design, materials, geological investigation, or construction.

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

No inter-segment transactions occurred during the year. If any transaction were to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between business segments which will then be eliminated at the level of financial statements of the Company.

Contingencies and commitments

Contingent liability is:

- (a) 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
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognised in the consolidated financial statements and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date are discussed below:

i) Fulfilment cash flows

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

Estimates of future cash flows

The best estimate liability (BEL) includes the best estimate of future cash flows, the effects of discounting and financial risks, and a LIC relating to past coverage on subsequent valuation dates. The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

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

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of insurer), reinsurance acquisition cashflows and other costs that are incurred in fulfilling the contracts.

The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company applies the following principles:

- Where there is sufficient data, experience investigations are performed, with adjustments made or any trends as well as to account for external considerations and business strategy; or
- Where data is insufficient or lacks credibility, benchmarks and industry experience would be considered, with appropriate and justifiable adjustments.

The Company makes use of estimates that are current by ensuring that:

- Updates are made to assumptions such that they faithfully represent the conditions at the valuation date;
- The changes in estimates faithfully represent the changes in conditions during the period; and
- Future changes in legislation are not taken into account, unless they have been substantively enacted.

The Company makes use of the following assumptions to project the cash flows:

- Claims ratios and claims payment patterns;
- Expense ratios and expense payment patterns;
- Premium receipt patterns;
- Expected incidence of risk;
- Discount rates and;
- Measurement allocation assumptions, to the extent that there are differences between the modelling segmentation and the chosen level of aggregation.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

i) Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

Company's current methodology involves projecting the future cash flow expected to be paid for incurred claims (LIC) and Future Claims (LRC). The methodology is based on standard actuarial techniques and reflects the best estimate view required under IFRS 17.

For the measurement of the LIC, the Company uses different approaches (i.e. the chain-ladder, Bornhuetter Ferguson and expected loss ratio techniques) for estimating the Incurred But Not Reported Reserves (IBNR) and Incurred But Not Enough Reserves (IBNER). The Company performs the calculations using quarterly claims development for all portfolios.

Risk adjustment for non-financial risk

The Company adjusts the estimate of the present value of the future cashflows to reflect the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. The purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from reinsurance contracts, other than uncertainty arising from financial risk. The risk adjustment for non-financial risk relates to risk arising from insurance contracts other than financial risk. Financial risk is included in the estimates of the future cash flows, or the discount rate used to adjust the cash flows. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The risk adjustment was calculated at the line of business level and then allocated down to each group of contracts in accordance with the inherent uncertainty within the future cash-flows for that group. The Cost of Capital (CoC) approach was used to derive the overall risk adjustment for non-financial risk. In the CoC method, the Company uses Insurance Authority's capital model to calculate the required capital, and then applied a 6% per annum cost of capital to obtain the line of business level risk adjustment. The resulting amount of the calculated risk adjustment corresponds to the confidence level 66%.

Discount rates

The discount rates applied to the estimates of the future cash flows in discounting shall:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
- exclude the effect of factors that influence observable market prices but do not affect the future cash flows of the insurance contracts.

The bottom-up approach was used to derive the discount rate for the cash flows. Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The yield curve will be derived from each currency's risk-free yield curve, plus illiquidity premium as follows:

- the currencies will have its own curve if the currencies current reserves is more than 1% of the total. The remaining will be grouped into the USD currency.
- the risk-free curves for each currency are local government or semi-government issued bonds denominated in local currency. This methodology is followed for all currencies with the exception of SAR and AED for which the curves are based on the USD adjusted with the country risk premium.
- illiquidity premium will be calculated and applied to all the yield curves and it is assumed 0.5% based on the illiquidity premium using EIOPA's volatility adjustment.

	31 December 2023				31 December 2022			
	1 year	5 years	10 years	15 years	1 year	5 years	10 years	15 years
SAR	6.12%	4.71%	5.09%	5.15%	6.08%	6.16%	6.71%	6.94%
GBP	5.69%	4.13%	4.52%	4.61%	3.73%	4.23%	4.12%	5.15%
AED	6.12%	4.71%	5.09%	5.15%	6.15%	6.11%	6.97%	7.98%
INR	7.73%	7.96%	8.05%	7.31%	7.24%	7.89%	7.46%	9.18%
KRW	4.24%	3.89%	4.05%	3.79%	4.24%	4.24%	4.23%	4.13%

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

ii) Contractual service margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

iii) Measurement of the expected credit loss allowance

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL") requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

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

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

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognized in the financial statements.

i) Classification of investments

Management decides on acquisition of an investment whether it should be classified as investments carried at fair value or amortized cost on the basis of both:

- its business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

For equity investments carried at fair value, management decides whether it should be classified as financial assets carried at fair value through other comprehensive income (FVOCI) or fair value through statement of income (FVIS). Investments in equity instruments are classified and measured at FVIS except if the equity investment is not held for trading and is designated by the Company at FVOCI.

Further, even if the asset meets the amortized cost criteria the Company may choose at initial recognition to designate the financial asset as at FVIS if doing so eliminates or significantly reduces an accounting mismatch. For debt securities acquired to match its business model of development of the line of business, the Company classifies these investments as financial assets at fair value through other comprehensive income.

ii) Level of aggregation

Judgement is involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together).

Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for retrocession contracts held. Areas of potential judgements include:

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

For contracts measured under the GMM, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of potential judgement.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

iii) Recognition and derecognition

When contracts are modified, judgement might be applied to establish if the modification meets the criteria for recognition. In particular, after the modification, judgement is applied to determine whether:

- significant insurance risk still exists;
- there are elements that are to be distinct from the contract;
- contract boundaries have changed; and
- the contract would have to be included in a different group, subject to aggregation requirements.

iv) Contract boundary

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17. Judgements might be involved to determine when the Company is capable of repricing the entire contract to reflect the reassessed risks, when insurers are obliged to pay premiums, and when premiums reflect risks beyond the coverage period.

Where features such as options and guarantees are included in the reinsurance contracts, judgement might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

An entity can use judgement to determine which cash flows within the boundary of reinsurance contracts are those that relate directly to the fulfilment of the contracts.

The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognized insurance revenue and insurance service expenses, because investment components should be excluded from those.

v) Revenue recognition

Reinsurance revenue and retrocession expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognized in statement of income for the reinsurance contract services provided or retrocession services received in the period.

Areas of potential judgement are:

- the determination of the expected coverage period over which the CSM is allocated into statement of income for the services provided or received, that is, the determination of expected reinsurance coverage period;
- the determination of the coverage units provided or received in the current period and expected to be provided in future periods, including the determination of the relative weighting of the benefits provided by insurance coverage; and
- factoring in the time value of money when determining the equal allocation of the CSM to the coverage units provided or received.

An entity might apply judgement to determine whether the treatment of certain consequential insurance risks within Liability For Remaining Coverage (LRC) or Liability For Incurred Claims (LIC) reflects the most useful information about the reinsurance services provided by the entity to the insurer.

For contracts measured under the General Measurement Model (GMM) in which the Company has discretion over the cash flows to be paid to the insurers, judgement might be involved in the determination of what the Company considers its commitment on initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfilment cash flows (FCF) resulting from changes in the Group's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

vi) Determination of whether control exist over associate

The Company has investment in an associate which is not 'controlled' by the Company and therefore, the associate is not consolidated in these financial statements. Determining whether the Company controls the associate usually focuses on the assessment whether the Company is exposed to, or has the right to, variable returns from its involvement with the associate and has the ability to affect those returns through its power over the investee. The Company reassesses whether it has control if there are changes to one or more of the elements of control.

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6. CASH AND BANK BALANCES

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Cash in hand	39,410	59,710	52,781
Bank balances	83,939,732	30,361,800	27,754,513
Bank balance - restricted (accrued income on statutory deposit)	3,925,860	1,135,142	--
Total cash and bank balances	87,905,002	31,556,652	27,807,294
Less: Bank balance – restricted	(3,925,860)	(1,135,142)	--
Total cash and cash equivalents in the statement of cash flows	83,979,142	30,421,510	21,868,099

Bank balances and cash includes call account balance of SR 0.2 million (31 December 2022: SR 2.3 million, 1 January 2022: SR 1.4 million). Cash at banks are placed with counterparties which have credit ratings of BBB+ and above under Standard and Poor's and Moody's ratings methodology. Cash and bank balances are stated net of expected credit losses amounting to SR 702 (31 December 2022: SR 52, 1 January 2022: NIL).

7. FINANCIAL INVESTMENTS

i. Financial investments held by the Company consist of the following as at:

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Held at FVIS			
<i>Financial investments mandatorily measured at FVIS</i>			
Money market funds	146,156,801	71,560,649	404,334,650
Investment funds	8,299,185	9,391,200	145,093,747
<i>Financial investments designated at FVIS</i>			
Equity securities	--	41,143,329	41,318,244
Debt securities*	--	150,558,366	171,976,458
	154,455,986	272,653,544	762,723,099
Held at FVOCI			
<i>Financial investments designated at FVOCI</i>			
Tier 1 Sukuk	141,632,674	119,921,195	92,870,664
	141,632,674	119,921,195	92,870,664
Held at amortized cost			
Time deposits	888,894,412	754,630,389	245,692,187
Debt securities	241,478,489	278,438,770	252,139,458
Expected credit losses	(3,042,885)	(2,935,444)	(1,595,544)
	1,127,330,016	1,030,133,715	496,236,101
Total financial investments	1,423,418,676	1,422,708,454	1,351,829,864

Time deposits are placed with banks which have credit ratings of BBB and above. Such deposits earn special commission at an average effective commission rate of 5.21% (2022: 3.72%) per annum and have average term of 4 years (2022: 4 years).

*At 31 December 2022 and 1 January 2022, debt securities classified under financial investments designated at fair value through income statement comprised Funds at Lloyd's (FAL) amounting to SR 150,558,366 and SR 171,976,458 respectively. During the period, these investments have been liquidated and placed with Custodian from Lloyd's earning average interest ranging from 4.33% to 4.82%. These funds serve as collateral for participation in Lloyd's Syndicates for the underwriting years 2021, 2022, and 2023. Due to the restricted nature of these funds, they have been classified under prepaid expenses, deposits, and other assets as at 31 December 2023.

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7. FINANCIAL INVESTMENTS (CONTINUED)

ii. Movement in expected credit losses for financial investments held at amortized cost is as follows:

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	1,697,733	--	1,237,711	2,935,444
Charge during the year	719,656	--	(612,215)	107,441
	2,417,389	--	625,496	3,042,885

	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	1,595,544	--	--	1,595,544
Charge during the year	102,189	--	1,237,711	1,339,900
	1,697,733	--	1,237,711	2,935,444

The value of investments classified at stage 1 and stage 3 amounts to SR 1,128,895,377 and SR 1,477,524 respectively (31 December 2022: Stage 1 - SR 1,031,694,663 Stage 3 - SR 1,374,496).

iii. The movement of financial investments is as follows:

	31 December 2023			
	FVIS	FVOCI	Amortized cost	Total
Opening balance	272,653,544	119,921,195	1,030,133,715	1,422,708,454
Additions	273,799,473	21,000,000	214,672,255	509,471,728
Disposals / Maturity	(396,850,320)	--	(126,765,889)	(523,616,209)
Unrealized gains	4,871,961	711,479	--	5,583,440
Realized losses	(18,672)	--	--	(18,672)
Accrued interest	--	--	7,510,884	7,510,884
Amortization of discount / (premium), net	--	--	1,886,492	1,886,492
Expected credit losses	--	--	(107,441)	(107,441)
Closing balance	154,455,986	141,632,674	1,127,330,016	1,423,418,676

	31 December 2022 (Restated)			
	FVIS	FVOCI	Amortized cost	Total
Opening balance	762,723,099	92,870,664	496,236,101	1,351,829,864
Additions	242,152,144	35,335,572	583,645,142	861,132,858
Disposals / Maturity	(704,771,857)	--	(54,810,000)	(759,581,857)
Unrealized losses	(33,979,564)	(8,285,041)	--	(42,264,605)
Realized gains	6,529,722	--	--	6,529,722
Accrued interest	--	--	3,729,955	3,729,955
Amortization of discount / (premium), net	--	--	2,672,417	2,672,417
Expected credit losses	--	--	(1,339,900)	(1,339,900)
Closing balance	272,653,544	119,921,195	1,030,133,715	1,422,708,454

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8. REINSURANCE AND RETROCESSION CONTRACTS

	Property and Casualty (P&C)	Motor	Protection	Health	Inherent Defects Insurance (IDI)	Total
31 December 2023						
Reinsurance contracts						
Reinsurance contract assets	(75,907,622)	(468,928)	(1,417,258)	(33,479)	--	(77,827,287)
Reinsurance contract liabilities	922,782,045	100,492,575	27,119,549	7,868,292	229,639,571	1,287,902,032
Reinsurance contract balances	846,874,423	100,023,647	25,702,291	7,834,813	229,639,571	1,210,074,745
Retrocession contracts						
Retrocession contract assets	(239,011,184)	(13,565)	--	--	(200,568,418)	(439,593,167)
Retrocession contract liabilities	--	--	189,653	--	--	189,653
Retrocession contract balances	(239,011,184)	(13,565)	189,653	--	(200,568,418)	(439,403,514)
31 December 2022						
Reinsurance contracts						
Reinsurance contract assets	(70,687,379)	(10,041,750)	(8,830,227)	(327,466)	(15,149,733)	(105,036,555)
Reinsurance contract liabilities	710,527,979	97,344,652	40,889,018	71,230,138	--	919,991,787
Reinsurance contract balances	639,840,600	87,302,902	32,058,791	70,902,672	(15,149,733)	814,955,232
Retrocession contracts						
Retrocession contract assets	(189,193,925)	(52,150)	--	--	--	(189,246,075)
Retrocession contract liabilities	--	--	52,341	--	12,103,403	12,155,744
Retrocession contract balances	(189,193,925)	(52,150)	52,341	--	12,103,403	(177,090,331)
1 January 2022						
Reinsurance contracts						
Reinsurance contract assets	(61,964,902)	(7,879,227)	(6,457,488)	(326,826)	(165,976)	(76,794,419)
Reinsurance contract liabilities	613,793,913	105,971,685	59,179,945	85,354,643	--	864,300,186
Reinsurance contract balances	551,829,011	98,092,458	52,722,457	85,027,817	(165,976)	787,505,767
Retrocession contracts						
Retrocession contract assets	(211,404,395)	(62,017)	(74,499)	--	(8,307)	(211,549,218)
Retrocession contract liabilities	--	--	--	--	--	--
Retrocession contract balances	(211,404,395)	(62,017)	(74,499)	--	(8,307)	(211,549,218)

A. Movements in reinsurance and retrocession contract balances

Description	Reinsurance contracts	Description	Retrocession Contracts
1 January 2023	814,955,232	1 January 2023	(177,090,331)
Premiums, net of ceding commission, received	1,148,415,668	Premiums paid	(356,396,108)
Claims and other reinsurance service expenses paid	(671,010,836)	Amounts received	116,657,328
Acquisition cash flows	(19,723,122)	Retrocession expenses	(2,349,500)
Reinsurance revenue	(627,187,025)	Retrocession finance income	(20,224,903)
Reinsurance service expenses	509,774,279		
Reinsurance finance expenses	54,850,549		
31 December 2023	1,210,074,745	31 December 2023	(439,403,514)

The following reconciliations show how the net carrying amounts of reinsurance and retrocession contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of income.

For each segment, the Company 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 statement of income.

A second reconciliation is presented, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

i. Property and Casualty

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract liabilities	(140,872,072)	14,283,817	806,459,788	30,656,446	710,527,979	(97,671,200)	11,607,862	670,382,418	29,474,833	613,793,913
Reinsurance contract assets	(18,291,500)	291,820	(58,081,491)	5,393,792	(70,687,379)	(30,827,025)	135,250	(37,784,041)	6,510,914	(61,964,902)
Net opening balance	(159,163,572)	14,575,637	748,378,297	36,050,238	639,840,600	(128,498,225)	11,743,112	632,598,377	35,985,747	551,829,011
Changes in the statement of income										
Reinsurance revenue	(547,578,499)	--	--	--	(547,578,499)	(546,057,276)	--	--	--	(546,057,276)
Reinsurance service expenses										
Incurred claims and other directly attributable expenses	--	(107,151,106)	589,588,663	29,092,921	511,530,478	--	(57,737,122)	505,183,973	21,809,867	469,256,718
Amortisation of insurance acquisition cash flows	12,285,728	--	--	--	12,285,728	8,509,118	--	--	--	8,509,118
Losses and reversals of losses on onerous contracts, net	--	127,962,193	--	--	127,962,193	--	59,131,662	--	--	59,131,662
Adjustments to liabilities for incurred claims	--	--	(205,154,291)	(22,498,481)	(227,652,772)	--	--	(54,745,549)	(19,985,461)	(74,731,010)
	12,285,728	20,811,087	384,434,372	6,594,440	424,125,627	8,509,118	1,394,540	450,438,424	1,824,406	462,166,488
Investment components	(2,915,450)	--	2,915,450	--	--	(5,516,142)	--	5,516,142	--	--
Reinsurance service result – Gross	(538,208,221)	20,811,087	387,349,822	6,594,440	(123,452,872)	(543,064,300)	1,394,540	455,954,566	1,824,406	(83,890,788)
Net finance expenses from reinsurance contracts	(28,501,417)	7,098,472	53,856,164	--	32,453,219	(5,586,128)	1,437,985	13,434,701	--	9,286,558
Effect of movement in exchange rates	780,428	--	(4,351,085)	16,543	(3,554,114)	7,464,677	--	(24,500,535)	(1,759,915)	(18,795,773)
Total changes in the statement of income	(565,929,210)	27,909,559	436,854,901	6,610,983	(94,553,767)	(541,185,751)	2,832,525	444,888,732	64,491	(93,400,003)
Cash flows										
Premiums, net of ceding commission, received	390,694,468	--	427,685,949	--	818,380,417	222,241,165	--	268,391,403	--	490,632,568
Claims and other reinsurance service expenses paid	--	--	(499,872,441)	--	(499,872,441)	--	--	(298,424,371)	--	(298,424,371)
Reinsurance acquisition cash flows	(16,920,386)	--	--	--	(16,920,386)	(10,796,605)	--	--	--	(10,796,605)
	373,774,082	--	(72,186,492)	--	301,587,590	211,444,560	--	(30,032,968)	--	181,411,592
Changes that relate to premium receivables — premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	395,345,865	--	(395,345,865)	--	--	299,075,844	--	(299,075,844)	--	--
Net closing balance	44,027,165	42,485,196	717,700,841	42,661,221	846,874,423	(159,163,572)	14,575,637	748,378,297	36,050,238	639,840,600
Reinsurance contract liabilities	42,185,996	42,312,616	805,840,955	32,442,478	922,782,045	(140,872,072)	14,283,817	806,459,788	30,656,446	710,527,979
Reinsurance contract assets	1,841,169	172,580	(88,140,114)	10,218,743	(75,907,622)	(18,291,500)	291,820	(58,081,491)	5,393,792	(70,687,379)
Net closing balance	44,027,165	42,485,196	717,700,841	42,661,221	846,874,423	(159,163,572)	14,575,637	748,378,297	36,050,238	639,840,600

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

i. Property and Casualty (continued)

Reinsurance contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts								
Reinsurance contract liabilities	609,695,291	35,122,585	65,710,103	710,527,979	522,463,209	34,561,590	56,769,114	613,793,913
Reinsurance contract assets	(110,772,152)	6,983,578	33,101,195	(70,687,379)	(106,535,589)	9,278,224	35,292,463	(61,964,902)
Net opening balance	498,923,139	42,106,163	98,811,298	639,840,600	415,927,620	43,839,814	92,061,577	551,829,011
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(181,192,109)	(181,192,109)	--	--	(199,861,770)	(199,861,770)
Change in the risk adjustment for non-financial risk for the risk expired	--	(156,699)	--	(156,699)	--	(30,913)	--	(30,913)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	29,092,922	--	29,092,922	--	21,809,871	--	21,809,871
Experience adjustments	128,493,593	--	--	128,493,593	109,791,372	--	--	109,791,372
Changes that relate to future services								
Contracts initially recognised in the period	(66,534,640)	19,966,234	165,767,925	119,199,519	(124,736,085)	10,276,491	172,882,931	58,423,337
Changes in estimates that adjust the CSM	43,156,046	(8,696,920)	(34,459,126)	--	(19,746,690)	(9,523,721)	29,270,411	--
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	14,127,321	(5,364,647)	--	8,762,674	3,071,057	(2,362,732)	--	708,325
Changes that relate to past services								
Adjustments to liabilities for incurred claims	(205,154,292)	(22,498,480)	--	(227,652,772)	(54,745,550)	(19,985,460)	--	(74,731,010)
Reinsurance service result – Gross	(85,911,972)	12,342,410	(49,883,310)	(123,452,872)	(86,365,896)	183,536	2,291,572	(83,890,788)
Net finance expenses from reinsurance contracts	19,589,303	162,084	12,701,832	32,453,219	4,828,409	--	4,458,149	9,286,558
Effect of movement in exchange rates	(3,630,307)	76,193	--	(3,554,114)	(16,878,586)	(1,917,187)	--	(18,795,773)
Total changes in the statement of income	(69,952,976)	12,580,687	(37,181,478)	(94,553,767)	(98,416,073)	(1,733,651)	6,749,721	(93,400,003)
Cash flows								
Premiums, net of ceding commission, received	818,380,417	--	--	818,380,417	490,632,568	--	--	490,632,568
Claims and other reinsurance service expenses paid	(499,872,441)	--	--	(499,872,441)	(298,424,371)	--	--	(298,424,371)
Reinsurance acquisition cash flows	(16,920,386)	--	--	(16,920,386)	(10,796,605)	--	--	(10,796,605)
	301,587,590	--	--	301,587,590	181,411,592	--	--	181,411,592
Net closing balance	730,557,753	54,686,850	61,629,820	846,874,423	498,923,139	42,106,163	98,811,298	639,840,600
Reinsurance contract liabilities	827,473,320	40,185,943	55,122,782	922,782,045	609,695,291	35,122,585	65,710,103	710,527,979
Reinsurance contract assets	(96,915,567)	14,500,907	6,507,038	(75,907,622)	(110,772,152)	6,983,578	33,101,195	(70,687,379)
Net closing balance	730,557,753	54,686,850	61,629,820	846,874,423	498,923,139	42,106,163	98,811,298	639,840,600

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(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

i. Property and Casualty (continued)

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022				
	Assets for remaining coverage		Assets for incurred claims			Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Retrocession contracts										
Retrocession contract assets	13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)	(35,563,093)	(96,007)	(167,585,936)	(8,159,359)	(211,404,395)
Retrocession contract liabilities	--	--	--	--	--	--	--	--	--	--
Net opening balance	13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)	(35,563,093)	(96,007)	(167,585,936)	(8,159,359)	(211,404,395)
Allocation of reinsurance premiums paid	42,108,668	--	--	--	42,108,668	123,662,175	--	--	--	123,662,175
Income on initial recognition of onerous underlying reinsurance contracts	--	(31,224,779)	--	--	(31,224,779)	--	(24,947,905)	--	--	(24,947,905)
Amounts recoverable from retrocessionaires										
Recoveries of incurred claims and other reinsurance services	--	--	(76,960,290)	(4,861,866)	(81,822,156)	--	--	(94,022,326)	(6,798,518)	(100,820,844)
Recoveries and reversals of recoveries of losses on onerous underlying contracts, net	--	27,830,578	--	--	27,830,578	--	22,087,801	--	--	22,087,801
Adjustments to assets for incurred claims	--	--	42,858,100	10,264,260	53,122,360	--	--	3,320,741	352,296	3,673,037
	--	27,830,578	(34,102,190)	5,402,394	(869,218)	--	22,087,801	(90,701,585)	(6,446,222)	(75,060,006)
Changes that relate to future service	--	2,997,509	--	--	2,997,509	--	2,337,534	--	--	2,337,534
Effect of changes in the risk of retrocessionaires' non-performance	29,207	--	237,165	--	266,372	--	--	--	--	--
Net expenses / (income) from retrocession contracts	42,137,875	(396,692)	(33,865,025)	5,402,394	13,278,552	123,662,175	(522,570)	(90,701,585)	(6,446,222)	25,991,798
Net finance income from retrocession contracts	3,923,985	(1,869,665)	(9,825,037)	--	(7,770,717)	328,982	(338,376)	(1,215,018)	--	(1,224,412)
Effect of movement in exchange rates	--	--	(23,209)	1,490	(21,719)	37,488	--	424,856	122,126	584,470
Total changes in the statement of income	46,061,860	(2,266,357)	(43,713,271)	5,403,884	5,486,116	124,028,645	(860,946)	(91,491,747)	(6,324,096)	25,351,856
Cash flows										
Premiums, net of ceding commissions, paid	(51,087,184)	--	(118,546,490)	--	(169,633,674)	(40,689,206)	--	(22,951,184)	--	(63,640,390)
Recoveries from retrocession	--	--	114,330,299	--	114,330,299	--	--	60,499,004	--	60,499,004
	(51,087,184)	--	(4,216,191)	--	(55,303,375)	(40,689,206)	--	37,547,820	--	(3,141,386)
Changes that relate to premium payables — premiums expected to be paid transferred from the liabilities for remaining coverage to the liabilities for incurred claims	(18,595,142)	--	18,595,142	--	--	(34,134,901)	--	34,134,901	--	--
Net closing balance	(9,979,021)	(3,223,310)	(216,729,282)	(9,079,571)	(239,011,184)	13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)
Retrocession contract assets	(9,979,021)	(3,223,310)	(216,729,282)	(9,079,571)	(239,011,184)	13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)
Retrocession contract liabilities	--	--	--	--	--	--	--	--	--	--
Net closing balance	(9,979,021)	(3,223,310)	(216,729,282)	(9,079,571)	(239,011,184)	13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

i. Property and Casualty (continued)

Retrocession contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts								
Retrocession contract assets	(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)	(168,682,099)	(9,185,729)	(33,536,567)	(211,404,395)
Retrocession contract liabilities	--	--	--	--	--	--	--	--
Net opening balance	(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)	(168,682,099)	(9,185,729)	(33,536,567)	(211,404,395)
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	54,984,219	54,984,219	--	--	42,970,094	42,970,094
Change in the risk adjustment for non-financial risk for the risk expired	--	6,152	--	6,152	--	6,485	--	6,485
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	(4,681,209)	--	(4,681,209)	--	(6,798,518)	--	(6,798,518)
Experience adjustments	(62,192,072)	--	--	(62,192,072)	8,751,071	--	--	8,751,071
Changes that relate to future services								
Contracts initially recognised in the period	35,984,826	(1,281,283)	(65,928,322)	(31,224,779)	47,646,069	(1,818,633)	(70,775,341)	(24,947,905)
Changes in recoveries of losses on onerous contracts that adjust the CSM	1,909,909	(1,280,204)	(629,705)	--	(22,197,723)	(2,032,552)	24,230,275	--
Changes in estimates that adjust the CSM	(2,138,749)	(707,665)	2,846,414	--	(1,682,034)	(482,905)	2,164,939	--
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	(2,843,890)	3,247,062	2,594,337	2,997,509	(11,224,994)	3,790,414	9,772,114	2,337,534
Changes that relate to past services								
Adjustments to liabilities for incurred claims	42,858,100	10,264,260	--	53,122,360	3,320,741	352,296	--	3,673,037
Effect of changes in the risk of reinsurers non-performance	266,372	--	--	266,372	--	--	--	--
Net expenses / (income) from retrocession contracts	13,844,496	5,567,113	(6,133,057)	13,278,552	24,613,130	(6,983,413)	8,362,081	25,991,798
Net finance (income) / expense from retrocession contracts	(3,422,289)	--	(4,348,428)	(7,770,717)	141,742	--	(1,366,154)	(1,224,412)
Effect of movement in exchange rates	(23,209)	1,490	--	(21,719)	462,344	122,126	--	584,470
Total changes in the statement of income	10,398,998	5,568,603	(10,481,485)	5,486,116	25,217,216	(6,861,287)	6,995,927	25,351,856
Cash flows								
Premiums, net of ceding commissions, paid	(169,633,674)	--	--	(169,633,674)	(63,640,390)	--	--	(63,640,390)
Recoveries from retrocession	114,330,299	--	--	114,330,299	60,499,004	--	--	60,499,004
	(55,303,375)	--	--	(55,303,375)	(3,141,386)	--	--	(3,141,386)
Net closing balance	(191,510,646)	(10,478,413)	(37,022,125)	(239,011,184)	(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)
Retrocession contract assets	(191,510,646)	(10,478,413)	(37,022,125)	(239,011,184)	(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)
Retrocession contract liabilities	--	--	--	--	--	--	--	--
Net closing balance	(191,510,646)	(10,478,413)	(37,022,125)	(239,011,184)	(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)

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(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

ii. Motor

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract liabilities	(23,884,886)	4,753,741	113,863,102	2,612,695	97,344,652	(13,566,864)	740,490	116,247,398	2,550,661	105,971,685
Reinsurance contract assets	(127,241)	--	(10,020,793)	106,284	(10,041,750)	(389,247)	--	(7,635,652)	145,672	(7,879,227)
Net opening balance	(24,012,127)	4,753,741	103,842,309	2,718,979	87,302,902	(13,956,111)	740,490	108,611,746	2,696,333	98,092,458
Changes in the statement of income										
Reinsurance revenue	(44,815,065)	--	--	--	(44,815,065)	(82,155,260)	--	--	--	(82,155,260)
Reinsurance service expenses										
Incurred claims and other directly attributable expenses	--	(7,696,188)	40,960,936	651,362	33,916,110	--	(2,109,414)	69,932,212	1,296,451	69,119,249
Amortisation of insurance acquisition cash flows	698,286	--	--	--	698,286	861,521	--	--	--	861,521
Losses and reversals of losses on onerous contracts, net	--	2,708,111	--	--	2,708,111	--	6,080,067	--	--	6,080,067
Adjustments to liabilities for incurred claims	--	--	4,651,137	(1,550,135)	3,101,002	--	--	(11,416,240)	(1,224,531)	(12,640,771)
	698,286	(4,988,077)	45,612,073	(898,773)	40,423,509	861,521	3,970,653	58,515,972	71,920	63,420,066
Investment components	(21,110)	--	21,110	--	--	(893,251)	--	893,251	--	--
Reinsurance service result – Gross	(44,137,889)	(4,988,077)	45,633,183	(898,773)	(4,391,556)	(82,186,990)	3,970,653	59,409,223	71,920	(18,735,194)
Net finance expenses / (income) from reinsurance contracts	(679,322)	573,436	8,376,198	--	8,270,312	(1,004,429)	42,598	611,368	--	(350,463)
Effect of movement in exchange rates	1,278	--	(236,628)	(16,692)	(252,042)	10,825	--	4,608,472	(49,274)	4,570,023
Total changes in the statement of income	(44,815,933)	(4,414,641)	53,772,753	(915,465)	3,626,714	(83,180,594)	4,013,251	64,629,063	22,646	(14,515,634)
Cash flows										
Premiums, net of ceding commission, received	26,690,428	--	1,159,766	--	27,850,194	27,251,641	--	26,207,175	--	53,458,816
Claims and other reinsurance service expenses paid	--	--	(18,141,532)	--	(18,141,532)	--	--	(48,988,503)	--	(48,988,503)
Reinsurance acquisition cash flows	(614,631)	--	--	--	(614,631)	(744,235)	--	--	--	(744,235)
	26,075,797	--	(16,981,766)	--	9,094,031	26,507,406	--	(22,781,328)	--	3,726,078
Changes that relate to premium receivables — premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	47,646,522	--	(47,646,522)	--	--	46,617,172	--	(46,617,172)	--	--
Net closing balance	4,894,259	339,100	92,986,774	1,803,514	100,023,647	(24,012,127)	4,753,741	103,842,309	2,718,979	87,302,902
Reinsurance contract liabilities	4,894,259	339,100	93,462,801	1,796,415	100,492,575	(23,884,886)	4,753,741	113,863,102	2,612,695	97,344,652
Reinsurance contract assets	--	--	(476,027)	7,099	(468,928)	(127,241)	--	(10,020,793)	106,284	(10,041,750)
Net closing balance	4,894,259	339,100	92,986,774	1,803,514	100,023,647	(24,012,127)	4,753,741	103,842,309	2,718,979	87,302,902

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

ii. Motor (continued)

Reinsurance contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts								
Reinsurance contract liabilities	87,235,597	2,955,039	7,154,016	97,344,652	99,115,959	3,020,824	3,834,902	105,971,685
Reinsurance contract assets	(10,180,722)	107,678	31,294	(10,041,750)	(8,067,248)	154,307	33,714	(7,879,227)
Net opening balance	77,054,875	3,062,717	7,185,310	87,302,902	91,048,711	3,175,131	3,868,616	98,092,458
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(14,662,348)	(14,662,348)	--	--	(15,973,250)	(15,973,250)
Change in the risk adjustment for non-financial risk for the risk expired	--	(9,169)	--	(9,169)	--	(5,168)	--	(5,168)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	651,362	--	651,362	--	1,296,451	--	1,296,451
Experience adjustments	3,819,486	--	--	3,819,486	2,507,477	--	--	2,507,477
Changes that relate to future services								
Contracts initially recognised in the period	(6,920,710)	595,887	11,473,797	5,148,974	(9,586,731)	889,776	10,569,766	1,872,811
Changes in estimates that adjust the CSM	3,328,102	(729,715)	(2,598,387)	--	(7,541,537)	(933,708)	8,475,245	--
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	(2,334,066)	(106,797)	--	(2,440,863)	4,293,128	(85,872)	--	4,207,256
Changes that relate to past services								
Adjustments to liabilities for incurred claims	4,651,137	(1,550,135)	--	3,101,002	(11,416,240)	(1,224,531)	--	(12,640,771)
Reinsurance service result – Gross	2,543,949	(1,148,567)	(5,786,938)	(4,391,556)	(21,743,903)	(63,052)	3,071,761	(18,735,194)
Net finance expenses / (income) from reinsurance contracts	7,374,472	159	895,681	8,270,312	(595,396)	--	244,933	(350,463)
Effect of movement in exchange rates	(235,335)	(16,707)	--	(252,042)	4,619,385	(49,362)	--	4,570,023
Total changes in the statement of income	9,683,086	(1,165,115)	(4,891,257)	3,626,714	(17,719,914)	(112,414)	3,316,694	(14,515,634)
Cash flows								
Premiums, net of ceding commission, received	27,850,194	--	--	27,850,194	53,458,816	--	--	53,458,816
Claims and other reinsurance service expenses paid	(18,141,532)	--	--	(18,141,532)	(48,988,503)	--	--	(48,988,503)
Reinsurance acquisition cash flows	(614,631)	--	--	(614,631)	(744,235)	--	--	(744,235)
	9,094,031	--	--	9,094,031	3,726,078	--	--	3,726,078
Net closing balance	95,831,992	1,897,602	2,294,053	100,023,647	77,054,875	3,062,717	7,185,310	87,302,902
Reinsurance contract liabilities	96,308,019	1,890,503	2,294,053	100,492,575	87,235,597	2,955,039	7,154,016	97,344,652
Reinsurance contract assets	(476,027)	7,099	--	(468,928)	(10,180,722)	107,678	31,294	(10,041,750)
Net closing balance	95,831,992	1,897,602	2,294,053	100,023,647	77,054,875	3,062,717	7,185,310	87,302,902

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Saudi Reinsurance Company (A Saudi Joint Stock Company)

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For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

ii. Motor (continued)

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022					
	Assets for remaining coverage		Assets for incurred claims			Assets for remaining coverage		Assets for incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		
Retrocession contracts											
Retrocession contract assets	31,366	--	(79,061)	(4,455)	(52,150)	56,049	--	(114,431)	(3,635)	(62,017)	
Net opening balance	31,366	--	(79,061)	(4,455)	(52,150)	56,049	--	(114,431)	(3,635)	(62,017)	
Allocation of reinsurance premiums paid	(22,359)	--	--	--	(22,359)	(25,729)	--	--	--	(25,729)	
Amounts recoverable from retrocessionaires	--	--	--	--	--	--	--	--	--	--	
Recoveries of incurred claims and other reinsurance services	--	--	(24,051)	(865)	(24,916)	--	--	(70,682)	(3,986)	(74,668)	
Adjustments to assets for incurred claims	--	--	82,191	4,437	86,628	--	--	108,349	3,166	111,515	
Net expenses / (income) from retrocession contracts	(22,359)	--	58,140	3,572	39,353	(25,729)	--	37,667	(820)	11,118	
Net finance income from retrocession contracts	923	--	(4,341)	--	(3,418)	1,046	--	(2,272)	-	(1,226)	
Effect of movement in exchange rates	--	--	--	--	--	--	--	(25)	-	(25)	
Total changes in the statement of income	(21,436)	--	53,799	3,572	35,935	(24,683)	--	35,370	(820)	9,867	
Cash flows											
Recoveries from retrocession	--	--	2,650	--	2,650	--	--	--	--	--	
	--	--	2,650	--	2,650	--	--	--	--	--	
Net closing balance	9,930	--	(22,612)	(883)	(13,565)	31,366	--	(79,061)	(4,455)	(52,150)	
Retrocession contract assets	9,930	--	(22,612)	(883)	(13,565)	31,366	--	(79,061)	(4,455)	(52,150)	
Net closing balance	9,930	--	(22,612)	(883)	(13,565)	31,366	--	(79,061)	(4,455)	(52,150)	

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

ii. Motor (continued)

Retrocession contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts								
Retrocession contract assets	(79,089)	(4,455)	31,394	(52,150)	(114,431)	(3,635)	56,049	(62,017)
Net opening balance	(79,089)	(4,455)	31,394	(52,150)	(114,431)	(3,635)	56,049	(62,017)
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(42,191)	(42,191)	--	--	(83,200)	(83,200)
Change in the risk adjustment for non-financial risk for the risk expired	--	5	--	5	--	19	--	19
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	(865)	--	(865)	--	(3,986)	--	(3,986)
Experience adjustments	(4,224)	--	--	(4,224)	(13,230)	--	--	(13,230)
Changes that relate to future services								
Contracts initially recognised in the period	(24,122)	(929)	25,051	--	(79,253)	(3,986)	83,239	--
Changes in estimates that adjust the CSM	--	--	--	--	21	(17)	(4)	--
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	5,759	924	(6,683)	--	23,132	3,984	(27,116)	--
Changes that relate to past services								
Adjustments to liabilities for incurred claims	82,191	4,437	--	86,628	108,349	3,166	--	111,515
Net expenses / (income) from retrocession contracts	59,604	3,572	(23,823)	39,353	39,019	(820)	(27,081)	11,118
Net finance income from retrocession contracts	(5,805)	--	2,387	(3,418)	(3,652)	--	2,426	(1,226)
Effect of movement in exchange rates	--	--	--	--	(25)	--	--	(25)
Total changes in the statement of income	53,799	3,572	(21,436)	35,935	35,342	(820)	(24,655)	9,867
Cash flows								
Recoveries from retrocession	2,650	--	--	2,650	--	--	--	--
	2,650	--	--	2,650	--	--	--	--
Net closing balance	(22,640)	(883)	9,958	(13,565)	(79,089)	(4,455)	31,394	(52,150)
Retrocession contract assets	(22,640)	(883)	9,958	(13,565)	(79,089)	(4,455)	31,394	(52,150)
Net closing balance	(22,640)	(883)	9,958	(13,565)	(79,089)	(4,455)	31,394	(52,150)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

iii. Protection

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract liabilities	(5,400,194)	72,536	45,532,445	684,231	40,889,018	(4,650,734)	9,530	62,586,521	1,234,628	59,179,945
Reinsurance contract assets	(5,545,719)	49	(3,521,022)	236,465	(8,830,227)	(10,886,897)	2,592,477	1,638,333	198,599	(6,457,488)
Net opening balance	(10,945,913)	72,585	42,011,423	920,696	32,058,791	(15,537,631)	2,602,007	64,224,854	1,433,227	52,722,457
Changes in the statement of income										
Reinsurance revenue	(6,564,203)	--	--	--	(6,564,203)	(17,207,163)	--	--	--	(17,207,163)
Reinsurance service expenses										
Incurring claims and other directly attributable expenses	--	(161,128)	15,924,409	141,623	15,904,904	--	(2,883,905)	14,675,550	529,083	12,320,728
Amortisation of insurance acquisition cash flows	684,839	--	--	--	684,839	656,567	--	--	--	656,567
Losses and reversals of losses on onerous contracts, net	--	1,172,605	--	--	1,172,605	--	66,392	--	--	66,392
Adjustments to liabilities for incurred claims	--	--	(11,620,331)	(439,965)	(12,060,296)	--	--	3,831,286	(902,171)	2,929,115
	684,839	1,011,477	4,304,078	(298,342)	5,702,052	656,567	(2,817,513)	18,506,836	(373,088)	15,972,802
Investment components	(2,363)	--	2,363	--	--	(68,057)	--	68,057	--	--
Reinsurance service result – Gross	(5,881,727)	1,011,477	4,306,441	(298,342)	(862,151)	(16,618,653)	(2,817,513)	18,574,893	(373,088)	(1,234,361)
Net finance expenses from reinsurance contracts	(2,787,706)	28,486	4,940,489	--	2,181,269	(1,058,094)	288,091	2,301,597	--	1,531,594
Effect of movement in exchange rates	108,812	--	(536,007)	(12,415)	(439,610)	3,799,312	--	(1,714,524)	(139,443)	1,945,345
Total changes in the statement of income	(8,560,621)	1,039,963	8,710,923	(310,757)	879,508	(13,877,435)	(2,529,422)	19,161,966	(512,531)	2,242,578
Cash flows										
Premiums, net of ceding commission, received	9,945,674	--	31,624,950	--	41,570,624	4,941,046	--	56,081,523	--	61,022,569
Claims and other reinsurance service expenses paid	--	--	(48,143,398)	--	(48,143,398)	--	--	(82,966,860)	--	(82,966,860)
Reinsurance acquisition cash flows	(663,234)	--	--	--	(663,234)	(961,953)	--	--	--	(961,953)
	9,282,440	--	(16,518,448)	--	(7,236,008)	3,979,093	--	(26,885,337)	--	(22,906,244)
Changes that relate to premium receivables — premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	9,240,236	--	(9,240,236)	--	--	14,490,060	--	(14,490,060)	--	--
Net closing balance	(983,858)	1,112,548	24,963,662	609,939	25,702,291	(10,945,913)	72,585	42,011,423	920,696	32,058,791
Reinsurance contract liabilities	(991,187)	1,112,548	26,465,597	532,591	27,119,549	(5,400,194)	72,536	45,532,445	684,231	40,889,018
Reinsurance contract assets	7,329	--	(1,501,935)	77,348	(1,417,258)	(5,545,719)	49	(3,521,022)	236,465	(8,830,227)
Net closing balance	(983,858)	1,112,548	24,963,662	609,939	25,702,291	(10,945,913)	72,585	42,011,423	920,696	32,058,791

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

iii. Protection (continued)

Reinsurance contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts								
Reinsurance contract liabilities	40,085,048	731,233	72,737	40,889,018	57,425,537	1,255,440	498,968	59,179,945
Reinsurance contract assets	(10,463,904)	251,219	1,382,458	(8,830,227)	(7,331,499)	222,379	651,632	(6,457,488)
Net opening balance	29,621,144	982,452	1,455,195	32,058,791	50,094,038	1,477,819	1,150,600	52,722,457
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(1,365,673)	(1,365,673)	--	--	(8,669,280)	(8,669,280)
Change in the risk adjustment for non-financial risk for the risk expired	--	(2,309)	--	(2,309)	--	(769)	--	(769)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	141,623	--	141,623	--	528,847	--	528,847
Experience adjustments	11,251,899	--	--	11,251,899	3,911,334	--	--	3,911,334
Changes that relate to future services								
Contracts initially recognised in the period	(1,103,027)	181,426	1,079,250	157,649	(1,573,669)	137,536	1,504,459	68,326
Changes in estimates that adjust the CSM	1,095,442	(147,847)	(947,595)	--	(7,328,579)	(96,564)	7,425,143	--
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	1,056,303	(41,347)	--	1,014,956	12,922	(14,856)	--	(1,934)
Changes that relate to past services								
Adjustments to liabilities for incurred claims	(11,620,330)	(439,966)	--	(12,060,296)	3,831,287	(902,172)	--	2,929,115
Reinsurance service result – Gross	680,287	(308,420)	(1,234,018)	(862,151)	(1,146,705)	(347,978)	260,322	(1,234,361)
Net finance expenses from reinsurance contracts	2,072,414	6,952	101,903	2,181,269	1,487,321	--	44,273	1,531,594
Effect of movement in exchange rates	(421,965)	(17,645)	--	(439,610)	2,092,734	(147,389)	--	1,945,345
Total changes in the statement of income	2,330,736	(319,113)	(1,132,115)	879,508	2,433,350	(495,367)	304,595	2,242,578
Cash flows								
Premiums, net of ceding commission, received	41,570,624	--	--	41,570,624	61,022,569	--	--	61,022,569
Claims and other reinsurance service expenses paid	(48,143,398)	--	--	(48,143,398)	(82,966,860)	--	--	(82,966,860)
Reinsurance acquisition cash flows	(663,234)	--	--	(663,234)	(961,953)	--	--	(961,953)
	(7,236,008)	--	--	(7,236,008)	(22,906,244)	--	--	(22,906,244)
Net closing balance	24,715,872	663,339	323,080	25,702,291	29,621,144	982,452	1,455,195	32,058,791
Reinsurance contract liabilities	26,261,115	585,732	272,702	27,119,549	40,085,048	731,233	72,737	40,889,018
Reinsurance contract assets	(1,545,243)	77,607	50,378	(1,417,258)	(10,463,904)	251,219	1,382,458	(8,830,227)
Net closing balance	24,715,872	663,339	323,080	25,702,291	29,621,144	982,452	1,455,195	32,058,791

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Saudi Reinsurance Company (A Saudi Joint Stock Company)

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

iii. Protection (continued)

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022					
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		
Retrocession contracts											
Retrocession contract assets	--	--	--	--	--	--	--	(71,074)	(3,425)	(74,499)	
Retrocession contract liabilities	351	(363)	53,374	(1,021)	52,341	--	--	--	--	--	
Net opening balance	351	(363)	53,374	(1,021)	52,341	--	--	(71,074)	(3,425)	(74,499)	
Allocation of reinsurance premiums paid	110,500	--	--	--	110,500	272,217	--	--	--	272,217	
Income on initial recognition of onerous underlying reinsurance contracts	--	(788)	--	--	(788)	--	(342)	--	--	(342)	
Amounts recoverable from retrocessionaires											
Recoveries of incurred claims and other reinsurance services	--	--	(874)	--	(874)	--	--	(1,529)	--	(1,529)	
Recoveries and reversals of recoveries of losses on onerous underlying reinsurance contracts, net	--	806	--	--	806	--	81	--	--	81	
Adjustments to assets for incurred claims	--	--	263,867	360	264,227	--	--	195,745	2,404	198,149	
	--	806	262,993	360	264,159	--	81	194,216	2,404	196,701	
Changes that relate to future service	--	(5,075)	--	--	(5,075)	--	(96)	--	--	(96)	
Effect of changes in the risk of reinsurers non-performance	--	--	(402)	--	(402)	--	--	--	--	--	
Net expenses / (income) from retrocession contracts	110,500	(5,057)	262,591	360	368,394	272,217	(357)	194,216	2,404	468,480	
Net finance expense / (income) from retrocession contracts	6,975	(142)	419	--	7,252	9	(6)	(913)	--	(910)	
Effect of movement in exchange rates	--	--	(3)	--	(3)	--	--	--	--	--	
Total changes in the statement of income	117,475	(5,199)	263,007	360	375,643	272,226	(363)	193,303	2,404	467,570	
Cash flows											
Premiums, net of ceding commissions, paid	(113,696)	--	(125,509)	--	(239,205)	(271,875)	--	(70,214)	--	(342,089)	
Recoveries from retrocession	--	--	874	--	874	--	--	1,359	--	1,359	
	(113,696)	--	(124,635)	--	(238,331)	(271,875)	--	(68,855)	--	(340,730)	
Changes that relate to premium payables — premiums expected to be paid transferred from the liabilities for remaining coverage to the liabilities for incurred claims	(2,822)	--	2,822	--	--	--	--	--	--	--	
Net closing balance	1,308	(5,562)	194,568	(661)	189,653	351	(363)	53,374	(1,021)	52,341	
Retrocession contract liabilities	1,308	(5,562)	194,568	(661)	189,653	351	(363)	53,374	(1,021)	52,341	
Net closing balance	1,308	(5,562)	194,568	(661)	189,653	351	(363)	53,374	(1,021)	52,341	

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

iii. Protection (continued)

Retrocession contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts								
Retrocession contract assets	--	--	--	--	(71,074)	(3,425)	--	(74,499)
Retrocession contract liabilities	53,346	(1,021)	16	52,341	--	--	--	--
Net opening balance	53,346	(1,021)	16	52,341	(71,074)	(3,425)	--	(74,499)
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	108,403	108,403	--	--	10,402	10,402
Experience adjustments	2,029	--	--	2,029	260,367	--	--	260,367
Changes that relate to future services								
Contracts initially recognised in the period	201,308	--	(202,096)	(788)	258,266	--	(258,608)	(342)
Changes in recoveries of losses on onerous contracts that adjust the CSM	--	--	--	--	--	--	--	--
Changes in estimates that adjust the CSM	(1,457)	(207)	1,664	--	163	(67)	(96)	--
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	(105,318)	207	100,036	(5,075)	(252,988)	67	252,825	(96)
Changes that relate to past services								
Adjustments to liabilities for incurred claims	263,867	360	--	264,227	195,745	2,404	--	198,149
Effect of changes in the risk of reinsurers non-performance	(402)	--	--	(402)	--	--	--	--
Net expenses / (income) from retrocession contracts	360,027	360	8,007	368,394	461,553	2,404	4,523	468,480
Net finance income from retrocession contracts	19,530	--	(12,278)	7,252	3,597	--	(4,507)	(910)
Effect of movement in exchange rates	(3)	--	--	(3)	--	--	--	--
Total changes in the statement of income	379,554	360	(4,271)	375,643	465,150	2,404	16	467,570
Cash flows								
Premiums, net of ceding commissions, paid	(239,205)	--	--	(239,205)	(342,089)	--	--	(342,089)
Recoveries from retrocession	874	--	--	874	1,359	--	--	1,359
	(238,331)	--	--	(238,331)	(340,730)	--	--	(340,730)
Net closing balance	194,569	(661)	(4,255)	189,653	53,346	(1,021)	16	52,341
Retrocession contract liabilities	194,569	(661)	(4,255)	189,653	53,346	(1,021)	16	52,341
Net closing balance	194,569	(661)	(4,255)	189,653	53,346	(1,021)	16	52,341

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

iv. Medical

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract liabilities	(5,339,325)	--	74,596,901	1,972,562	71,230,138	446,575	4,953,570	76,476,830	3,477,668	85,354,643
Reinsurance contract assets	--	--	(327,529)	63	(327,466)	--	--	(326,964)	138	(326,826)
Net opening balance	(5,339,325)	--	74,269,372	1,972,625	70,902,672	446,575	4,953,570	76,149,866	3,477,806	85,027,817
Changes in the statement of income										
Reinsurance revenue	(16,336,497)	--	--	--	(16,336,497)	(48,195,625)	--	--	--	(48,195,625)
Reinsurance service expenses										
Incurred claims and other directly attributable expenses	--	(477,269)	19,334,001	768,037	19,624,769	--	(5,028,566)	44,437,809	1,832,963	41,242,206
Amortisation of insurance acquisition cash flows	968,347	--	--	--	968,347	1,154,185	--	--	--	1,154,185
Losses and reversals of losses on onerous contracts, net	--	1,034,425	--	--	1,034,425	--	(10,363)	--	--	(10,363)
Adjustments to liabilities for incurred claims	--	--	(11,312,152)	(1,581,992)	(12,894,144)	--	--	4,711,804	(3,338,156)	1,373,648
	968,347	557,156	8,021,849	(813,955)	8,733,397	1,154,185	(5,038,929)	49,149,613	(1,505,193)	43,759,676
Reinsurance service result – Gross	(15,368,150)	557,156	8,021,849	(813,955)	(7,603,100)	(47,041,440)	(5,038,929)	49,149,613	(1,505,193)	(4,435,949)
Net finance expenses from reinsurance contracts	(1,776,457)	52,969	3,564,518	--	1,841,030	(1,620,353)	85,359	2,746,157	--	1,211,163
Effect of movement in exchange rates	--	--	8,945	(479)	8,466	--	--	314,656	12	314,668
Total changes in the statement of income	(17,144,607)	610,125	11,595,312	(814,434)	(5,753,604)	(48,661,793)	(4,953,570)	52,210,426	(1,505,181)	(2,910,118)
Cash flows										
Premiums, net of ceding commission, received	5,656,898	--	33,800,924	--	39,457,822	1,737,937	--	38,848,855	--	40,586,792
Claims and other reinsurance service expenses paid	--	--	(95,425,860)	--	(95,425,860)	--	--	(50,869,946)	--	(50,869,946)
Reinsurance acquisition cash flows	(1,346,217)	--	--	--	(1,346,217)	(931,873)	--	--	--	(931,873)
	4,310,681	--	(61,624,936)	--	(57,314,255)	806,064	--	(12,021,091)	--	(11,215,027)
Changes that relate to premium receivables — premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	18,401,457	--	(18,401,457)	--	--	42,069,829	--	(42,069,829)	--	--
Net closing balance	228,206	610,125	5,838,291	1,158,191	7,834,813	(5,339,325)	--	74,269,372	1,972,625	70,902,672
Reinsurance contract liabilities	228,206	610,125	5,873,662	1,156,299	7,868,292	(5,339,325)	--	74,596,901	1,972,562	71,230,138
Reinsurance contract assets	--	--	(35,371)	1,892	(33,479)	--	--	(327,529)	63	(327,466)
Net closing balance	228,206	610,125	5,838,291	1,158,191	7,834,813	(5,339,325)	--	74,269,372	1,972,625	70,902,672

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

iv. Medical (continued)

Reinsurance contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts								
Reinsurance contract liabilities	68,788,130	2,041,689	400,319	71,230,138	78,573,647	5,386,672	1,394,324	85,354,643
Reinsurance contract assets	(327,529)	63	--	(327,466)	(326,964)	138	--	(326,826)
Net opening balance	68,460,601	2,041,752	400,319	70,902,672	78,246,683	5,386,810	1,394,324	85,027,817
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(654,004)	(654,004)	--	--	(3,907,116)	(3,907,116)
Change in the risk adjustment for non-financial risk for the risk expired	--	(70,517)	--	(70,517)	--	(21,436)	--	(21,436)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	768,037	--	768,037	--	1,832,964	--	1,832,964
Experience adjustments	4,213,103	--	--	4,213,103	(3,703,646)	--	--	(3,703,646)
Changes that relate to future services								
Contracts initially recognised in the period	(625,496)	935,866	600,563	910,933	(507,036)	230,603	444,506	168,073
Changes in estimates that adjust the CSM	681,879	(350,600)	(331,279)	--	(568,359)	(1,870,609)	2,438,968	--
Changes in estimates that result in losses and reversals of losses on onerous contracts	349,358	(225,866)	--	123,492	--	(178,436)	--	(178,436)
Changes that relate to past services								
Adjustments to liabilities for incurred claims	(11,312,152)	(1,581,992)	--	(12,894,144)	4,711,804	(3,338,156)	--	1,373,648
Reinsurance service result – Gross	(6,693,308)	(525,072)	(384,720)	(7,603,100)	(67,237)	(3,345,070)	(1,023,642)	(4,435,949)
Net finance expenses from reinsurance contracts	1,793,479	--	47,551	1,841,030	1,181,526	--	29,637	1,211,163
Effect of movement in exchange rates	8,944	(478)	--	8,466	314,656	12	--	314,668
Total changes in the statement of income	(4,890,885)	(525,550)	(337,169)	(5,753,604)	1,428,945	(3,345,058)	(994,005)	(2,910,118)
Cash flows								
Premiums, net of ceding commission, received	39,457,822	--	--	39,457,822	40,586,792	--	--	40,586,792
Claims and other insurance service expenses paid	(95,425,860)	--	--	(95,425,860)	(50,869,946)	--	--	(50,869,946)
Insurance acquisition cash flows	(1,346,217)	--	--	(1,346,217)	(931,873)	--	--	(931,873)
	(57,314,255)	--	--	(57,314,255)	(11,215,027)	--	--	(11,215,027)
Net closing balance	6,255,461	1,516,202	63,150	7,834,813	68,460,601	2,041,752	400,319	70,902,672
Reinsurance contract liabilities	6,290,832	1,514,310	63,150	7,868,292	68,788,130	2,041,689	400,319	71,230,138
Reinsurance contract assets	(35,371)	1,892	--	(33,479)	(327,529)	63	--	(327,466)
Net closing balance	6,255,461	1,516,202	63,150	7,834,813	68,460,601	2,041,752	400,319	70,902,672

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

v. Inherent Defects Insurance

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets	(15,604,481)	--	415,524	39,224	(15,149,733)	(166,313)	--	311	26	(165,976)
Net opening balance	(15,604,481)	--	415,524	39,224	(15,149,733)	(166,313)	--	311	26	(165,976)
Changes in the statement of income										
Reinsurance revenue	(11,892,761)	--	--	--	(11,892,761)	(3,382,594)	--	--	--	(3,382,594)
Reinsurance service expenses										
Incurred claims and other directly attributable expenses	--	--	28,449,364	1,780,345	30,229,709	--	--	5,559,191	39,224	5,598,415
Amortisation of insurance acquisition cash flows	265,973	--	--	--	265,973	251,085	--	--	--	251,085
Adjustments to liabilities for incurred claims	--	--	333,236	(39,224)	294,012	--	--	(316)	(26)	(342)
	265,973	--	28,782,600	1,741,121	30,789,694	251,085	--	5,558,875	39,198	5,849,158
Reinsurance service result – Gross	(11,626,788)	--	28,782,600	1,741,121	18,896,933	(3,131,509)	--	5,558,875	39,198	2,466,564
Net finance expenses / (income) from reinsurance contracts	14,301,964	--	40,055	--	14,342,019	(12,920,317)	--	5	--	(12,920,312)
Total changes in the statement of income	2,675,176	--	28,822,655	1,741,121	33,238,952	(16,051,826)	--	5,558,880	39,198	(10,453,748)
Cash flows										
Premiums, net of ceding commission, received	220,584,554	--	572,057	--	221,156,611	3,626,617	--	--	--	3,626,617
Claims and other reinsurance service expenses paid	--	--	(9,427,605)	--	(9,427,605)	--	--	(5,143,667)	--	(5,143,667)
Reinsurance acquisition cash flows	(178,654)	--	--	--	(178,654)	(3,012,959)	--	--	--	(3,012,959)
	220,405,900	--	(8,855,548)	--	211,550,352	613,658	--	(5,143,667)	--	(4,530,009)
Net closing balance	207,476,595	--	20,382,631	1,780,345	229,639,571	(15,604,481)	--	415,524	39,224	(15,149,733)
Reinsurance contract liabilities	207,476,595	--	20,382,631	1,780,345	229,639,571	--	--	--	--	--
Reinsurance contract assets	--	--	--	--	--	(15,604,481)	--	415,524	39,224	(15,149,733)
Net closing balance	207,476,595	--	20,382,631	1,780,345	229,639,571	(15,604,481)	--	415,524	39,224	(15,149,733)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

v. Inherent Defects Insurance (continued)

Reinsurance contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts								
Reinsurance contract assets	(138,978,866)	18,959,197	104,869,936	(15,149,733)	(210,850)	310	44,564	(165,976)
Net opening balance	(138,978,866)	18,959,197	104,869,936	(15,149,733)	(210,850)	310	44,564	(165,976)
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(12,086,926)	(12,086,926)	--	--	(481,974)	(481,974)
Change in the risk adjustment for non-financial risk for the risk expired	--	(1,278)	--	(1,278)	--	--	--	--
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	1,780,345	--	1,780,345	--	39,224	--	39,224
Experience adjustments	28,910,780	--	--	28,910,780	2,909,656	--	--	2,909,656
Changes that relate to future services								
Contracts initially recognised in the period	(121,040,047)	18,043,203	102,996,844	--	(111,879,169)	17,818,183	94,060,986	--
Changes in estimates that adjust the CSM	(31,547,188)	(2,208,541)	33,755,729	--	(10,707,998)	1,101,506	9,606,492	--
Changes that relate to past services								
Adjustments to liabilities for incurred claims	333,236	(39,224)	--	294,012	(316)	(26)	--	(342)
Reinsurance service result – Gross	(123,343,219)	17,574,505	124,665,647	18,896,933	(119,677,827)	18,958,887	103,185,504	2,466,564
Net finance expenses / (income) from reinsurance contracts	5,223,511	--	9,118,508	14,342,019	(14,560,180)	--	1,639,868	(12,920,312)
Total changes in the statement of income	(118,119,708)	17,574,505	133,784,155	33,238,952	(134,238,007)	18,958,887	104,825,372	(10,453,748)
Cash flows								
Premiums, net of ceding commission, received	221,156,611	--	--	221,156,611	3,626,617	--	--	3,626,617
Claims and other reinsurance service expenses paid	(9,427,605)	--	--	(9,427,605)	(5,143,667)	--	--	(5,143,667)
Reinsurance acquisition cash flows	(178,654)	--	--	(178,654)	(3,012,959)	--	--	(3,012,959)
	211,550,352	--	--	211,550,352	(4,530,009)	--	--	(4,530,009)
Net closing balance	(45,548,222)	36,533,702	238,654,091	229,639,571	(138,978,866)	18,959,197	104,869,936	(15,149,733)
Reinsurance contract liabilities	(45,548,222)	36,533,702	238,654,091	229,639,571	--	--	--	--
Reinsurance contract assets	--	--	--	--	(138,978,866)	18,959,197	104,869,936	(15,149,733)
Net closing balance	(45,548,222)	36,533,702	238,654,091	229,639,571	(138,978,866)	18,959,197	104,869,936	(15,149,733)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

v. Inherent Defects Insurance (continued)

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023					31 December 2022				
	Liabilities (assets) for remaining coverage		Assets for incurred claims			Liabilities (assets) for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Retrocession contracts										
Retrocession contract assets	--	--	--	--	--	379,113	--	(387,411)	(9)	(8,307)
Retrocession contract liabilities	12,543,326	--	(401,978)	(37,945)	12,103,403	--	--	--	--	--
Net opening balance	12,543,326	--	(401,978)	(37,945)	12,103,403	379,113	--	(387,411)	(9)	(8,307)
Allocation of reinsurance premiums paid	4,184,437	--	--	--	4,184,437	(4,028,337)	--	--	--	(4,028,337)
Amounts recoverable from retrocessionaires										
Recoveries of incurred claims and other reinsurance services	--	--	(20,011,892)	(1,722,105)	(21,733,997)	--	--	(558,335)	(37,945)	(596,280)
Adjustments to assets for incurred claims	--	--	333,054	37,945	370,999	--	--	393,675	9	393,684
	--	--	(19,678,838)	(1,684,160)	(21,362,998)	--	--	(164,660)	(37,936)	(202,596)
Effect of changes in the risk of reinsurers non-performance	1,142,762	--	--	--	1,142,762	--	--	--	--	--
Net expenses / (income) from retrocession contracts	5,327,199	--	(19,678,838)	(1,684,160)	(16,035,799)	(4,028,337)	--	(164,660)	(37,936)	(4,230,933)
Net finance (income) / expense from retrocession contracts	(12,397,549)	--	(38,749)	--	(12,436,298)	12,371,170	--	(6,264)	--	12,364,906
Total changes in the statement of income	(7,070,350)	--	(19,717,587)	(1,684,160)	(28,472,097)	8,342,833	--	(170,924)	(37,936)	8,133,973
Cash flows										
Premiums, net of ceding commissions, paid	(184,652,204)	--	(1,871,025)	--	(186,523,229)	3,821,380	--	--	--	3,821,380
Recoveries from retrocession	--	--	2,323,505	--	2,323,505	--	--	156,357	--	156,357
	(184,652,204)	--	452,480	--	(184,199,724)	3,821,380	--	156,357	--	3,977,737
Net closing balance	(179,179,228)	--	(19,667,085)	(1,722,105)	(200,568,418)	12,543,326	--	(401,978)	(37,945)	12,103,403
Retrocession contract assets	(179,179,228)	--	(19,667,085)	(1,722,105)	(200,568,418)	--	--	--	--	--
Retrocession contract liabilities	--	--	--	--	--	12,543,326	--	(401,978)	(37,945)	12,103,403
Net closing balance	(179,179,228)	--	(19,667,085)	(1,722,105)	(200,568,418)	12,543,326	--	(401,978)	(37,945)	12,103,403

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

A. Movements in reinsurance and retrocession contract balances (continued)

v. Inherent Defects Insurance (continued)

Retrocession contracts

Analysis by measurement component

	31 December 2023				31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts								
Retrocession contract assets	--	--	--	--	(355,293)	(113)	347,099	(8,307)
Retrocession contract liabilities	134,773,085	(18,341,127)	(104,328,555)	12,103,403	--	--	--	--
Net opening balance	134,773,085	(18,341,127)	(104,328,555)	12,103,403	(355,293)	(113)	347,099	(8,307)
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	9,039,213	9,039,213	--	--	666,078	666,078
Change in the risk adjustment for non-financial risk for the risk expired	--	1,237	--	1,237	--	--	--	--
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	--	(1,722,105)	--	(1,722,105)	--	(37,945)	--	(37,945)
Experience adjustments	(24,867,905)	--	--	(24,867,905)	(5,252,750)	--	--	(5,252,750)
Changes that relate to future services								
Contracts initially recognised in the period	98,668,701	(17,142,888)	(81,525,813)	98,668,701	109,681,234	(17,237,310)	(92,443,924)	--
Changes in estimates that adjust the CSM	154,901,526	--	(154,901,526)	154,901,526	--	--	--	--
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(167,624,714)	2,138,427	165,486,287	(167,624,714)	12,358,037	(1,065,768)	(11,292,269)	--
Changes that relate to past services								
Adjustments to liabilities for incurred claims	333,054	37,945	--	370,999	393,675	9	--	393,684
Effect of changes in the risk of reinsurers non-performance	1,142,762	--	--	1,142,762	--	--	--	--
Net expenses / (income) from retrocession contracts	62,553,424	(16,687,384)	(61,901,839)	(16,035,799)	117,180,196	(18,341,014)	(103,070,115)	(4,230,933)
Net finance (income) / expense from retrocession contracts	(4,651,549)	--	(7,784,749)	(12,436,298)	13,970,445	--	(1,605,539)	12,364,906
Effect of movement in exchange rates	--	--	--	--	--	--	--	--
Total changes in the statement of income	57,901,875	(16,687,384)	(69,686,588)	(28,472,097)	131,150,641	(18,341,014)	(104,675,654)	8,133,973
Cash flows								
Premiums, net of ceding commissions, paid	(186,523,229)	--	--	(186,523,229)	3,821,380	--	--	3,821,380
Recoveries from retrocession	2,323,505	--	--	2,323,505	156,357	--	--	156,357
	(184,199,724)	--	--	(184,199,724)	3,977,737	--	--	3,977,737
Net closing balance	8,475,236	(35,028,511)	(174,015,143)	(200,568,418)	134,773,085	(18,341,127)	(104,328,555)	12,103,403
Retrocession contract assets	8,475,236	(35,028,511)	(174,015,143)	(200,568,418)	--	--	--	--
Retrocession contract liabilities	--	--	--	--	134,773,085	(18,341,127)	(104,328,555)	12,103,403
Net closing balance	8,475,236	(35,028,511)	(174,015,143)	(200,568,418)	134,773,085	(18,341,127)	(104,328,555)	12,103,403

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

B. Effect of contracts initially recognized in the year

i. Property and Casualty

	31 December 2023			31 December 2022		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Reinsurance contracts						
Claims and other directly attributable expenses	545,628,004	243,317,035	788,945,039	515,824,503	144,349,744	660,174,247
Reinsurance acquisition cash flows	14,231,943	1,877,216	16,109,159	9,922,426	731,227	10,653,653
Estimates of present value of cash outflows	559,859,947	245,194,251	805,054,198	525,746,929	145,080,971	670,827,900
Estimates of present value of cash inflows	(739,349,143)	(132,239,695)	(871,588,838)	(706,046,214)	(89,517,771)	(795,563,985)
Risk adjustment for non- financial risk	13,721,271	6,244,963	19,966,234	7,416,354	2,860,137	10,276,491
CSM	165,767,925	--	165,767,925	172,882,931	--	172,882,931
Losses recognised on initial recognition	--	119,199,519	119,199,519	--	58,423,337	58,423,337

	31 December 2023			31 December 2022		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component
Retrocession contracts						
Estimates of present value of cash inflows	(62,513,688)	(14,333,891)	(76,847,579)	(42,681,018)	(35,734,995)	(78,416,013)
Estimates of present value of cash outflows	109,996,083	2,836,322	112,832,405	125,004,782	1,057,300	126,062,082
Risk adjustment for non- financial risk	(708,132)	(573,151)	(1,281,283)	(1,281,935)	(536,698)	(1,818,633)
Income recognized on initial recognition	28,343,207	2,881,572	31,224,779	3,019,604	21,928,301	24,947,905
CSM	75,117,470	(9,189,148)	65,928,322	84,061,433	(13,286,092)	70,775,341

ii. Motor

	31 December 2023			31 December 2022		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Reinsurance contracts						
Claims and other directly attributable expenses	35,256,515	5,165,941	40,422,456	73,037,629	4,796,819	77,834,448
Reinsurance acquisition cash flows	577,738	1,281	579,019	704,268	24,732	729,000
Estimates of present value of cash outflows	35,834,253	5,167,222	41,001,475	73,741,897	4,821,551	78,563,448
Estimates of present value of cash inflows	(47,816,240)	(105,945)	(47,922,185)	(85,143,405)	(3,006,774)	(88,150,179)
Risk adjustment for non- financial risk	508,190	87,697	595,887	831,742	58,034	889,776
CSM	11,473,797	--	11,473,797	10,569,766	--	10,569,766
Losses recognised on initial recognition	--	5,148,974	5,148,974	--	1,872,811	1,872,811

	31 December 2023			31 December 2022		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component
Retrocession contracts						
Estimates of present value of cash inflows	--	(24,122)	(24,122)	--	(79,253)	(79,253)
Risk adjustment for non- financial risk	--	(929)	(929)	--	(3,986)	(3,986)
CSM	--	(25,051)	(25,051)	--	(83,239)	(83,239)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

B. Effect of contracts initially recognized in the year (continued)

iii. Protection

	31 December 2023			31 December 2022		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Reinsurance contracts						
Claims and other directly attributable expenses	8,673,887	3,759,611	12,433,498	9,209,074	4,541,048	13,750,122
Reinsurance acquisition cash flows	430,245	179,213	609,458	652,142	259,856	911,998
Estimates of present value of cash outflows	9,104,132	3,938,824	13,042,956	9,861,216	4,800,904	14,662,120
Estimates of present value of cash inflows	(10,308,098)	(3,837,885)	(14,145,983)	(11,450,472)	(4,785,317)	(16,235,789)
Risk adjustment for non- financial risk	124,716	56,710	181,426	84,797	52,739	137,536
CSM	1,079,250	--	1,079,250	1,504,459	--	1,504,459
Losses recognised on initial recognition	--	157,649	157,649	--	68,326	68,326

	31 December 2023			31 December 2022		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component
Retrocession contracts						
Estimates of present value of cash inflows	(774)	--	(774)	(1,298)	--	(1,298)
Estimates of present value of cash outflows	202,082	--	202,082	259,564	--	259,564
Risk adjustment for non- financial risk	--	--	--	--	--	--
Income recognized on initial recognition	788	--	788	342	--	342
CSM	202,096	--	202,096	258,608	--	258,608

iv. Health

	31 December 2023			31 December 2022		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Reinsurance contracts						
Claims and other directly attributable expenses	13,192,853	15,439,307	28,632,160	11,859,784	3,524,452	15,384,236
Reinsurance acquisition cash flows	621,168	654,198	1,275,366	720,644	196,587	917,231
Estimates of present value of cash outflows	13,814,021	16,093,505	29,907,526	12,580,428	3,721,039	16,301,467
Estimates of present value of cash inflows	(14,870,399)	(15,662,623)	(30,533,022)	(13,205,969)	(3,602,534)	(16,808,503)
Risk adjustment for non- financial risk	455,815	480,051	935,866	181,035	49,568	230,603
CSM	600,563	--	600,563	444,506	--	444,506
Losses recognised on initial recognition	--	910,933	910,933	--	168,073	168,073

v. Inherent Defects Insurance

	31 December 2023			31 December 2022		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Reinsurance contracts						
Claims and other directly attributable expenses	206,566,230	--	206,566,230	231,492,214	--	231,492,214
Reinsurance acquisition cash flows	169,252	--	169,252	2,965,619	--	2,965,619
Estimates of present value of cash outflows	206,735,482	--	206,735,482	234,457,833	--	234,457,833
Estimates of present value of cash inflows	(327,775,529)	--	(327,775,529)	(346,337,002)	--	(346,337,002)
Risk adjustment for non- financial risk	18,043,203	--	18,043,203	17,818,183	--	17,818,183
CSM	102,996,844	--	102,996,844	94,060,986	--	94,060,986
Losses recognised on initial recognition	--	--	--	--	--	--

	31 December 2023			31 December 2022		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component
Retrocession contracts						
Estimates of present value of cash inflows	(211,767,721)	--	(211,767,721)	(225,365,181)	--	(225,365,181)
Estimates of present value of cash outflows	310,436,422	--	310,436,422	335,046,415	--	335,046,415
Risk adjustment for non- financial risk	(17,142,888)	--	(17,142,888)	(17,237,310)	--	(17,237,310)
CSM	81,525,813	--	81,525,813	92,443,924	--	92,443,924

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

C. Contractual service margin

The following table sets out when the Company expects to recognize the remaining CSM in after the reporting date:

Reinsurance contracts	31 December 2023						Total
	1 year	2 years	3 years	4 years	5 years	More than 5 years	
Property and Casualty	54,285,886	6,387,803	847,705	108,426	--	--	61,629,820
Motor	2,050,099	243,954	--	--	--	--	2,294,053
Protection	294,330	21,088	6,953	139	156	414	323,080
Health	58,292	4,858	--	--	--	--	63,150
Inherent Defects							
Insurance	11,885,755	14,406,654	16,011,280	17,505,669	19,446,614	159,398,119	238,654,091
Total	68,574,362	21,064,357	16,865,938	17,614,234	19,446,770	159,398,533	302,964,194

Reinsurance contracts	31 December 2022						Total
	1 year	2 years	3 years	4 years	5 years	More than 5 years	
Property and Casualty	83,286,463	14,155,749	1,161,910	181,504	25,672	--	98,811,298
Motor	7,012,023	173,287	--	--	--	--	7,185,310
Protection	1,345,516	94,042	9,268	6,229	20	120	1,455,195
Health	367,736	32,583	--	--	--	--	400,319
Inherent Defects							
Insurance	6,378,780	7,052,956	7,465,321	7,909,313	8,334,942	67,728,624	104,869,936
Total	98,390,518	21,508,617	8,636,499	8,097,046	8,360,634	67,728,744	212,722,058

Retrocession contracts	31 December 2023						Total
	1 year	2 years	3 years	4 years	5 years	More than 5 years	
Property and Casualty	(30,322,934)	(4,784,848)	(1,412,011)	(502,332)	--	--	(37,022,125)
Motor	9,958	--	--	--	--	--	9,958
Protection	(436)	(370)	(394)	(416)	(446)	(2,193)	(4,255)
Inherent Defects							
Insurance	(8,771,263)	(10,602,602)	(11,759,553)	(12,841,911)	(14,254,822)	(115,784,992)	(174,015,143)
Total	(39,084,675)	(15,387,820)	(13,171,958)	(13,344,659)	(14,255,268)	(115,787,185)	(211,031,565)

Retrocession contracts	31 December 2022						Total
	1 year	2 years	3 years	4 years	5 years	More than 5 years	
Property and Casualty	(22,240,701)	(3,794,115)	(388,938)	(106,336)	(10,550)	--	(26,540,640)
Motor	31,394	--	--	--	--	--	31,394
Protection	16	--	--	--	--	--	16
Inherent Defects							
Insurance	(6,373,861)	(7,043,912)	(7,447,508)	(7,886,171)	(8,309,656)	(67,267,447)	(104,328,555)
Total	(28,583,152)	(10,838,027)	(7,836,446)	(7,992,507)	(8,320,206)	(67,267,447)	(130,837,785)

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NOTES TO THE FINANCIAL STATEMENTS

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

D. Claims development table

The table below illustrates how estimates of cumulative claims have developed over time on a gross and net of retrocession basis. Each table shows how the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position.

Gross of retrocession

Underwriting year	2013 and prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimates of undiscounted gross cumulative claims												
At end of underwriting year	326,968,477	184,231,909	242,728,277	166,267,303	323,560,488	282,831,889	248,740,712	280,902,478	328,909,284	262,523,206	407,329,820	
One year later	807,986,514	360,219,868	1,074,743,558	324,048,753	576,963,497	539,563,402	422,832,375	516,532,228	703,048,055	610,929,239	--	
Two years later	834,852,120	350,425,942	1,095,518,847	352,196,791	607,942,353	532,756,041	435,145,795	578,110,183	736,721,740	--	--	
Three years later	834,092,900	370,528,846	1,068,163,227	360,149,086	635,391,519	530,496,344	441,480,622	515,640,443	--	--	--	
Four years later	851,903,428	363,998,517	1,064,368,673	351,483,662	652,240,936	527,369,936	434,045,275	--	--	--	--	
Five years later	833,672,525	365,260,904	1,057,430,481	365,444,867	655,870,563	540,855,987	--	--	--	--	--	
Six years later	839,691,477	364,410,626	1,060,179,866	357,061,503	678,245,717	--	--	--	--	--	--	
Seven years later	831,859,149	364,475,688	1,057,901,476	350,059,009	--	--	--	--	--	--	--	
Eight years later	829,899,368	363,362,558	1,054,468,442	--	--	--	--	--	--	--	--	
Nine years later	826,438,813	360,962,825	--	--	--	--	--	--	--	--	--	
Ten years later	822,877,520	--	--	--	--	--	--	--	--	--	--	
Current estimate of cumulative claims incurred	822,877,520	360,962,825	1,054,468,442	350,059,009	678,245,717	540,855,987	434,045,275	515,640,443	736,721,740	610,929,239	407,329,820	6,512,136,017
Cumulative payments to date	(802,887,923)	(348,445,213)	(1,038,374,640)	(324,687,011)	(636,518,814)	(471,716,253)	(370,510,526)	(403,986,934)	(431,611,849)	(110,379,909)	(4,457,402)	(4,943,576,474)
Effect of discounting												(143,447,799)
Effect of risk adjustment												48,013,210
Payable claims and other expenses												515,597,793
Reinstatement premium												(80,307,455)
LIC Others												(998,529,883)
Gross liabilities for incurred claims												909,885,409

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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8. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

D. Claims development table (continued)

Net of retrocession

Underwriting year	2013 and prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimates of undiscounted net cumulative claims												
At end of underwriting year	276,426,974	156,137,999	231,126,743	165,314,261	219,104,644	218,615,217	151,400,260	231,961,998	307,192,228	215,086,418	334,673,045	
One year later	601,917,370	316,800,613	994,226,860	325,244,631	410,535,835	427,567,472	316,464,005	438,505,220	636,767,141	521,999,478	--	
Two years later	636,828,522	311,680,480	1,008,411,285	341,080,047	455,321,351	451,638,168	331,955,503	507,552,513	673,959,705	--	--	
Three years later	647,342,057	342,110,021	985,848,692	355,423,583	444,474,595	450,490,700	350,965,654	463,387,245	--	--	--	
Four years later	654,319,612	339,134,581	987,086,976	346,698,613	458,098,595	437,779,889	345,884,952	--	--	--	--	
Five years later	644,531,968	341,005,938	984,113,721	360,667,432	454,219,162	447,974,785	--	--	--	--	--	
Six years later	650,910,013	328,684,468	986,861,970	352,206,856	457,401,150	--	--	--	--	--	--	
Seven years later	648,524,320	329,226,785	984,563,442	345,096,168	--	--	--	--	--	--	--	
Eight years later	649,675,072	328,118,429	981,145,075	--	--	--	--	--	--	--	--	
Nine years later	647,644,992	325,728,065	--	--	--	--	--	--	--	--	--	
Ten years later	645,564,036	--	--	--	--	--	--	--	--	--	--	
Current estimate of cumulative claims incurred	645,564,036	325,728,065	981,145,075	345,096,168	457,401,150	447,974,785	345,884,952	463,387,245	673,959,705	521,999,478	334,673,045	5,542,813,704
Cumulative payments to date	(626,757,126)	(314,933,212)	(967,998,037)	(321,014,275)	(420,267,732)	(397,591,844)	(288,703,612)	(380,963,990)	(388,044,351)	(109,604,334)	(4,454,908)	(4,220,333,421)
Effect of discounting												(121,861,425)
Effect of risk adjustment												37,209,990
Payable claims and other expenses												480,525,072
Reinstatement premium												(58,807,428)
LIC Others												(996,688,714)
Net liabilities for incurred claims												662,857,778

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

9. PROPERTY AND EQUIPMENT, NET

	31 December 2023								
	Land	Building	Computers and Equipment	Furniture and Fixtures	Motor Vehicles	Leasehold Improvements	Work-in - Progress*	Right of Use Assets	Total
Cost									
As at 1 January 2023	18,329,960	11,454,040	16,019,934	5,601,695	1,144,711	982,013	5,849,089	692,419	60,073,861
Additions during the year	--	--	7,251,332	537,756	--	--	3,473,912	--	11,263,000
Transfers during the year	--	--	--	--	--	--	(7,789,088)	--	(7,789,088)
As at 31 December 2023	18,329,960	11,454,040	23,271,266	6,139,451	1,144,711	982,013	1,533,913	692,419	63,547,773
Accumulated depreciation									
As at 1 January 2023	--	3,094,905	14,752,673	4,409,284	809,230	475,025	--	153,535	23,694,652
Charge for the year	--	347,092	1,368,991	527,128	143,775	96,141	--	230,804	2,713,931
As at 31 December 2023	--	3,441,997	16,121,664	4,936,412	953,005	571,166	--	384,339	26,408,583
Net book value									
As at 31 December 2023	18,329,960	8,012,043	7,149,602	1,203,039	191,706	410,847	1,533,913	308,080	37,139,190
	31 December 2022								
	Land	Building	Computers and Equipment	Furniture and Fixtures	Motor Vehicles	Leasehold Improvements	Work-in - Progress*	Right of Use Assets	Total
Cost									
As at 1 January 2022	18,329,960	11,454,040	17,582,988	5,493,505	1,144,711	982,013	5,273,162	660,129	60,920,508
Additions during the year	--	--	657,565	119,644	--	--	575,927	692,419	2,045,555
Disposals during the year	--	--	(2,220,619)	(11,454)	--	--	--	(660,129)	(2,892,202)
As at 31 December 2022	18,329,960	11,454,040	16,019,934	5,601,695	1,144,711	982,013	5,849,089	692,419	60,073,861
Accumulated depreciation									
As at 1 January 2022	--	2,720,754	15,545,680	3,856,141	665,464	366,595	--	610,047	23,764,681
Charge for the year	--	374,151	1,427,549	564,660	143,766	108,430	--	203,617	2,822,173
Disposals during the year	--	--	(2,220,556)	(11,517)	--	--	--	(660,129)	(2,892,202)
As at 31 December 2022	--	3,094,905	14,752,673	4,409,284	809,230	475,025	--	153,535	23,694,652
Net book value									
As at 31 December 2022	18,329,960	8,359,135	1,267,261	1,192,411	335,481	506,988	5,849,089	538,884	36,379,209

*Work-in-progress represents certain advances for the IT infrastructure

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

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10. PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Funds at Lloyds* (refer note 7)	149,740,267	--	--
Retroceded share of deposits received against IDI	--	62,115,699	--
Premium and claim deposits	67,756,502	50,853,839	61,714,784
Refundable deposit (refer note 16)	40,032,377	37,857,490	37,857,490
Value added tax	40,559,340	44,767,148	34,215,590
Prepaid expenses	1,071,795	1,448,207	1,475,008
Advances to employees	1,250,778	1,344,516	574,371
Others	3,506,422	884,702	481,885
	303,917,481	199,271,601	136,319,128

Funds at Lloyds are neither past due nor impaired and are classified in Stage 1.

11. INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Opening balance	160,687,437	132,579,526	120,141,077
Share of profit of equity accounted investee	40,070,637	33,104,574	18,657,921
Company's share of Other comprehensive income - Impact of foreign currency exchange	5,038,135	(8,258,424)	(1,429,969)
Share of capital contribution of investment in equity accounted investee	3,193,531	3,261,761	4,631,344
Transition to IFRS 17	--	--	(9,420,847)
Closing balance	208,989,740	160,687,437	132,579,526

The Company, on 6 October 2017, acquired 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL"). The Company has accounted for this investment as an associate (equity accounted investee). PHBL operates in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

The Company has recognized its share of the management shareholders' share of capital contribution of investment in equity accounted investee amounting to SR 3.2 million during the year, relating to the share options that were granted to certain employees of PHBL by the management shareholders that are funded into an Employee Benefit Trust by them. The following table summarizes the financial information of PHBL as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in PHBL.

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Percentage ownership interest	49.90%	49.90%	49.90%
Total assets	1,333,803,750	1,123,927,500	1,360,963,729
Total liabilities	944,321,994	831,243,947	1,105,729,202
Net assets (100%)	389,481,756	292,683,553	255,234,527
Company's share of net assets (49.90%)	194,351,396	146,049,093	127,362,029
Goodwill	14,638,344	14,638,344	14,638,344
Transition to IFRS 17	--	--	(9,420,847)
Carrying amount of interest in associate	208,989,740	160,687,437	132,579,526
Profit for the year	80,301,878	66,341,831	37,390,624
Other comprehensive income - Impact of foreign currency translation	10,096,463	(16,549,948)	(2,865,670)
Total comprehensive income (100%)	90,398,341	49,791,883	34,524,954
Company's share of profit for the year	40,070,637	33,104,574	18,657,921
Company's share of Other comprehensive income - Impact of foreign currency translation	5,038,135	(8,258,424)	(1,429,969)
Company's share of total comprehensive income (49.90%)	45,108,772	24,846,150	17,227,952

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****(All amounts in Saudi Riyals unless otherwise stated)****12. STATUTORY DEPOSIT**

The Company has deposited an amount of SR 89.1 million (31 December 2022: SR 89.1 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by Insurance Authority. This statutory deposit cannot be withdrawn without the consent of Insurance Authority. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Accrued commission income payable to Insurance Authority". The accrued commission on the deposit as at 31 December 2023 is SR 22,056,608 (31 December 2022: SR 22,084,071) whereas accrued commission income payable to Insurance Authority as at 31 December 2023 is SR 25,982,468 (31 December 2022: SR 23,219,213). The balance of SR 3,925,860 at 31 December 2023 which is the difference between the accrued commission on deposit and the accrued commission payable to Insurance Authority (31 December 2022: SR 1,135,142) is maintained in a separate account and presented within cash and bank balances as restricted cash.

13. MARGIN LOAN PAYABLE

In 2020, the Company obtained a margin loan amounting to SR 23,116,816. During 2021, additional drawdown was made amounting to SR 33,680,203. Both of margin loans were fully collateralized against underlying bonds and sukuk. As at 31 December 2023, the fair value of collateral against margin loan payable amount to SR 149,055,664 (31 December 2022: SR 148,772,872).

As at 31 December 2023, the outstanding balance of margin loan payable is SR 56,797,019 (31 December 2022: SR 56,797,019). The loan has no fixed maturity and carries a floating special commission payable on quarterly basis. Average commission rate for the year ended 31 December 2023 ranged from 2.75% to 3.05% (31 December 2022: 0.98% to 1.75%)

14. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Deposits received against IDI	--	63,926,709	--
Surplus payable	28,833,321	18,908,904	13,549,575
Unallocated cash	20,904,948	75,709,557	116,161,361
Value added tax payable	23,203,294	19,644,096	9,638,298
Employees bonus	15,200,003	6,153,163	5,235,299
Withholding tax payable	9,359,644	467,866	199,745
Professional fees payable	3,984,394	2,146,425	1,961,432
Directors' remunerations	2,157,534	1,900,000	1,900,000
Consultancy fees	4,138,971	941,210	1,338,250
Meetings fees and expenses	1,200,000	955,000	--
Others	3,090,363	4,568,958	9,624,202
	112,072,472	195,321,888	159,608,162

15. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

	31 December 2023	31 December 2022
Balance at beginning of the year	13,867,730	12,288,391
Current service cost	1,138,684	1,106,079
Interest cost	636,989	455,052
Amount recognized in income statement	1,775,673	1,561,131
Re-measurement loss recognized in other comprehensive income	3,734,110	462,092
Benefits paid during the year	(744,421)	(443,884)
Balance at the end of the year	18,633,092	13,867,730

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15. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

Principal actuarial assumptions

The principal actuarial assumptions used are as follows:

	31 December 2023	31 December 2022
Salary growth rate	5%	2.90%
Mortality rates	Permanent Assurances, Males, Combined - A1967/70 Mortality Table	Permanent Assurances, Males, Combined - A1967/70 Mortality Table
Disability rates	10% of the assumed mortality rate	10% of the assumed mortality rate
Discount rate	5.10%	4.72%

Assumption on withdrawal rates are as follows:

	31 December 2023	31 December 2022
Employees' age		
20 – 35	30%	30%
35 – 40	20%	20%
40 – 45	20%	20%
45 – 100	--	--

Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Salary growth (0.5% movement)	776,387	(735,451)	571,871	(541,514)
Mortality rates (10% movement)	(8,436)	8,485	350	(356)
Discount rate (0.5% movement)	(698,665)	743,293	(507,337)	539,421
Withdrawal rate (50% movement)	(603,848)	592,999	(327,207)	217,092

Risks associated with defined benefit plans

Salary increase risk:

The retirement benefit of the Company is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

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16. PROVISION FOR ZAKAT AND TAX

a) Zakat

Zakat charge for the year of SR 33,870,444 (31 December 2022: SR 15,232,686) is based on the following:

	31 December 2023	31 December 2022
Share Capital	891,000,000	891,000,000
Statutory reserve – beginning of the year	43,045,308	34,749,555
Retained earnings – beginning of the year	94,814,738	35,495,182
Adjusted net income for the year	120,375,250	52,852,924
Accumulated surplus – beginning of the year	18,908,904	13,549,575
Other reserves – beginning of the year	(11,676,536)	2,751,420
Provisions	26,793,071	15,223,428
	1,183,260,735	1,045,622,084
Deductions:		
Statutory deposit	(89,100,000)	(89,100,000)
Other non-current assets	(403,853,450)	(412,299,524)
Zakat base	690,307,285	544,222,560
Zakat base for Saudi shareholders 99.60% (2022: 99.60%)	687,546,056	542,045,670
Zakat provision for the year	33,870,444	15,232,686

b) Income tax

Income tax for the year of SR 77,588 (31 December 2022: SR 32,820) is based on the following:

	31 December 2023	31 December 2022
Net income for the year	158,562,123	62,103,602
Adjusted profit	129,352,761	54,699,387
Portion of net taxable income for non-Saudi shareholders 0.40% (2022: 0.40%)	517,411	218,798
Non-GCC share in losses carried forward up to 25% of their share from the portion of taxable income	(129,314)	(54,699)
KSA operations' income tax base	388,097	164,098
Labuan branch income tax base	6,153,234	--
Income tax provision for the year	262,185	32,820

c) The movement of the provision for zakat and income tax is as follows:

	31 December 2023	31 December 2022
Opening balance	17,533,163	15,266,235
Income tax provision for the year	262,185	32,820
Zakat provision for the year	33,870,444	15,232,686
Paid during the year	(10,117,416)	(12,998,578)
Closing balance	41,548,376	17,533,163

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the Zakat, Tax, and Customs Authority (ZATCA), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.6% and 0.4% respectively as at 31 December 2023 and 99.6% and 0.4% as at 31 December 2022.

16. PROVISION FOR ZAKAT AND TAX (CONTINUED)

Status of assessment

The Company has filed its tax / Zakat returns for the year ended 31 December 2022 and obtained the final Zakat certificate up to 2022. However, it is Zakat, Tax, and Customs Authority ZATCA's discretion to issue further assessments for 2021 and 2022. In October 2021, the ZATCA has issued assessments for the years 2019 and 2020 with additional zakat and income tax liability amounting to SR 3.1 million and SR 4.2 million, respectively. The Company filed an appeal with Tax Committee for Resolution of Tax Violations and Disputes (Level 1) against this additional amount. On 8 September 2022, the Tax Violations and Disputes Committee (Level 1) concluded its hearing with the Company and ZATCA by issuing its verbal ruling wherein it overturned the ZATCA's assessment and ruled in favor of the Company. Following the issuance of the written ruling, the ZATCA submitted an appeal to the Appellate Committee for Tax Violations and Disputes at the GSZTCC (i.e., GSZTCC level 2) on 30 October 2022 and 10 November 2022. The GSZTCC level 2 notified the Company about the appeal for the Company to submit a response. The Company responded to this on 27 December 2022. In December 2023, the GSZTCC (Level 2) issued its final ruling whereby it upheld ZATCA's appeal and cancelled the ruling issued in favor of the Company. The Company is in process of settling this amount. Considering this decision, the Company has recorded provision for zakat for the years 2021 and 2022 amounting to SR 4.6 million and SR 6.3 million, respectively against non-deduction of deferred acquisition costs and excess of loss premiums from zakat base.

Status of VAT assessment

As at 31 December 2023, other assets include payment made by the Company in relation to VAT assessment raised by Zakat, Tax and Customs Authority (ZATCA) for 2018 and 2019 financial years amounting to SR 35 million (2022: SR 35 million). The ZATCA accepted the Company's objection regarding local and standard rated purchases and refunded the full amount of SR 3.5 million in early 2021 and rejected the objection for remaining amount. The Company has filed an appeal with The General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC") against the ZATCA's rejection decision. ZATCA filed a counter-reply to the Company's appeal with GSZTCC in April 2021. The Company has filed a counter reply to ZATCA's counter claim. Simultaneously, an appeal to the Alternative Dispute Resolution Committee ("ADRC") has also been filed to present the Company's perspective to ADRC. Following ADRC's rejection, the Company continued with the appeal with GSZTCC.

In June 2022, the Tax Violations and Disputes committee at the GSZTCC (i.e., GSZTCC Level 1) concluded its hearing with the Company and ZATCA by issuing its verbal ruling for which it has overturned the ZATCA's decision and ruled in favour of the Company. In September 2022, the Company received the written ruling from the GSZTCC. Following the issuance of the written ruling, the ZATCA submitted an appeal to the Appellate Committee for Tax Violations and Disputes at the GSZTCC (i.e., GSZTCC level 2) on 6 October 2022. The GSZTCC level 2 notified the Company about the appeal on 9 October 2022 and had set a deadline of 45 business days for the Company to submit a response.

The Company submitted its response on 8 December 2022 to GSZTCC level 2. GSZTCC level 2 hearing took place on 19 September 2023. On 30 October 2023, the Company received a favorable final ruling from GSZTCC level 2 regarding the additional assessments for the VAT years 2018 and 2019 case, resulting in a total of SR 35 million in the Company's favor. The Company proceeded with the refund request from the ZATCA for the amounts accepted by the GSZTCC and is awaiting response to the refund request.

On 31 May 2023, the ZATCA issued an assessment amounting to SR 1.4 million for the 2020 tax period, specifically regarding retrocession commissions categorized as standard rated sales. To avoid penalties, the Company settled this amount under objection by taking advantage of the amnesty scheme provided by ZATCA. On 27 July 2023, the Company submitted the appeal against ZATCA assessment for the 6 tax periods of 2020. On 2 August 2023, the Company had a hearing session with ZATCA appeal committee. On 16 October 2023, ZATCA issued a result notification accepting SR 0.2 million and rejected SR 1.2 million of the objection amount. The Company is considering appealing the rejected amount at GSZTCC level 1 to further escalate the merits of objection of RI commission as per article 33 of the KSA VAT Regulations. Considering the circumstances of the case and outcomes from the previous cases, the Company is of the view that there are appropriate grounds to defend the position against the ZATCA's assessment.

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17. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SR 891 million at 31 December 2023 (31 December 2022: SR 891 million) consisting of 89.1 million shares (31 December 2022: 89.1 million shares) of SR 10 each.

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

	31 December 2023		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaiabi Brothers Co.	4,455,000	10	44,550,000
Others	84,645,000	10	846,450,000
	89,100,000	10	891,000,000

	31 December 2022		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaiabi Brothers Co.	4,455,000	10	44,550,000
Others	84,645,000	10	846,450,000
	89,100,000	10	891,000,000

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

On 7 October 2023 (corresponding to 22/03/1445H) the Company executed a non-binding Memorandum of Understanding (MoU) with the Public Investment Fund ("PIF") pursuant to which PIF intends to subscribe to new cash shares in the Company by way of capital increase (the "Proposed transaction"). The implementation of the Proposed Transaction is subject to Company and PIF entering into the Subscription Agreement. The terms and conditions of the Subscription Agreement will include obtaining all the required regulatory approvals, including the approvals of the Capital Market Authority, Insurance Authority, and the approval of Company's extraordinary general assembly.

18. STATUTORY RESERVE

In accordance with the Company's by-laws and Article 70 (2g) of the Insurance Implementing Regulations issued by Insurance Authority, a minimum of 20% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up capital of the Company. This reserve is not available for distribution.

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19. REINSURANCE REVENUE

	31 December 2023					
	P&C	Motor	Protection	Health	IDI	Total
Amounts relating to changes in liabilities for remaining coverage						
CSM recognised for services provided	181,192,109	14,662,348	1,365,673	654,004	12,086,926	209,961,060
Change in risk adjustment for non-financial risk for the risk expired after loss component allocation	133,970	8,083	2,285	69,428	1,278	215,044
Expected incurred claims and other expenses	456,398,587	49,102,420	13,287,533	22,455,767	22,869,491	564,113,798
Experience adjustments	(102,431,895)	(19,656,072)	(8,776,127)	(7,811,049)	(23,330,907)	(162,006,050)
Reinsurance acquisition cash flows recovery	12,285,728	698,286	684,839	968,347	265,973	14,903,173
	547,578,499	44,815,065	6,564,203	16,336,497	11,892,761	627,187,025
	31 December 2022					
	P&C	Motor	Protection	Health	IDI	Total
Amounts relating to changes in liabilities for remaining coverage						
CSM recognised for services provided	199,861,770	15,973,250	8,669,280	3,907,116	481,974	228,893,390
Change in risk adjustment for non-financial risk for the risk expired after loss component allocation	24,431	5,002	547	20,878	--	50,858
Expected incurred claims and other expenses	391,846,414	73,604,466	8,521,187	57,875,133	15,451	531,862,651
Experience adjustments	(54,184,457)	(8,288,979)	(640,418)	(14,761,687)	2,634,084	(75,241,457)
Reinsurance acquisition cash flows recovery	8,509,118	861,521	656,567	1,154,185	251,085	11,432,476
	546,057,276	82,155,260	17,207,163	48,195,625	3,382,594	696,997,918

20. REINSURANCE SERVICE EXPENSES

	31 December 2023					
	P&C	Motor	Protection	Health	IDI	Total
Incurring claims and other directly attributable expenses	(511,530,478)	(33,916,110)	(15,904,904)	(19,624,769)	(30,229,709)	(611,205,970)
Changes that relate to past service - adjustments to the LIC	227,652,772	(3,101,002)	12,060,296	12,894,144	(294,012)	249,212,198
Losses on onerous contracts and reversal of those losses	(127,962,193)	(2,708,111)	(1,172,605)	(1,034,425)	--	(132,877,334)
Reinsurance acquisition cash flows amortisation	(12,285,728)	(698,286)	(684,839)	(968,347)	(265,973)	(14,903,173)
	(424,125,627)	(40,423,509)	(5,702,052)	(8,733,397)	(30,789,694)	(509,774,279)

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20. REINSURANCE SERVICE EXPENSES (CONTINUED)

	31 December 2022					
	P&C	Motor	Protection	Health	IDI	Total
Incurring claims and other directly attributable expenses	(469,256,718)	(69,119,249)	(12,320,728)	(41,242,206)	(5,598,415)	(597,537,316)
Changes that relate to past service - adjustments to the LIC	74,731,010	12,640,771	(2,929,115)	(1,373,648)	342	83,069,360
Losses on onerous contracts and reversal of those losses	(59,131,662)	(6,080,067)	(66,392)	10,363	--	(65,267,758)
Reinsurance acquisition cash flows amortisation	(8,509,118)	(861,521)	(656,567)	(1,154,185)	(251,085)	(11,432,476)
	(462,166,488)	(63,420,066)	(15,972,802)	(43,759,676)	(5,849,158)	(591,168,190)

21. NET INCOME FROM RETROCESSION CONTRACTS

	31 December 2023				
	P&C	Motor	Protection	IDI	Total
Allocation of retrocession premiums paid	(42,108,668)	22,359	(110,500)	(4,184,437)	(46,381,246)
Income on initial recognition of onerous underlying reinsurance contracts	31,224,779	--	788	--	31,225,567
Reversals of a loss-recovery component	(27,830,578)	--	(806)	--	(27,831,384)
Effect of changes in the risk of retrocessionaires non-performance	(266,372)	--	402	(1,142,762)	(1,408,732)
Claims and other insurance service expenses recovered	81,822,156	24,916	874	21,733,997	103,581,943
Changes that relate to future service - changes in the FCF of retrocession contracts	(2,997,509)	--	5,075	--	(2,992,434)
Changes that relate to past service - adjustments to incurred claims	(53,122,360)	(86,628)	(264,227)	(370,999)	(53,844,214)
	(13,278,552)	(39,353)	(368,394)	16,035,799	2,349,500

	31 December 2022				
	P&C	Motor	Protection	IDI	Total
Allocation of retrocession premiums paid	(123,662,175)	25,729	(272,217)	4,028,337	(119,880,326)
Income on initial recognition of onerous underlying reinsurance contracts	24,947,905	--	342	--	24,948,247
Reversals of a loss-recovery component	(22,087,801)	--	(81)	--	(22,087,882)
Effect of changes in the risk of retrocessionaires non-performance	--	--	--	--	--
Claims and other insurance service expenses recovered	100,820,844	74,668	1,529	596,280	101,493,321
Changes that relate to future service - changes in the FCF of retrocession contracts	(2,337,534)	--	96	--	(2,337,438)
Changes that relate to past service - adjustments to incurred claims	(3,673,037)	(111,515)	(198,149)	(393,684)	(4,376,385)
	(25,991,798)	(11,118)	(468,480)	4,230,933	(22,240,463)

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22. NET FINANCE (EXPENSE) / INCOME FROM REINSURANCE CONTRACTS ISSUED

	31 December 2023					
	P&C	Motor	Protection	Health	IDI	Total
Interest accreted	(34,420,578)	(8,039,127)	(3,003,073)	(1,721,471)	5,659,896	(41,524,353)
Effect of changes in interest rates and other financial assumptions	(2,577,194)	(236,165)	21,802	(119,559)	(22,937,473)	(25,848,589)
Effects of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	4,544,553	4,980	800,002	--	2,935,558	8,285,093
Foreign exchange differences	3,554,114	252,042	439,610	(8,466)	--	4,237,300
	(28,899,105)	(8,018,270)	(1,741,659)	(1,849,496)	(14,342,019)	(54,850,549)
	31 December 2022					
	P&C	Motor	Protection	Health	IDI	Total
Interest accreted	(19,807,576)	(4,005,930)	(3,907,389)	(1,937,732)	314,826	(29,343,801)
Effect of changes in interest rates and other financial assumptions	(10,585,449)	2,439,734	1,849,507	726,569	(6,336,559)	(11,906,198)
Effects of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	21,106,467	1,916,659	526,288	-	18,942,045	42,491,459
Foreign exchange differences	18,795,773	(4,570,023)	(1,945,345)	(314,668)	-	11,965,737
	9,509,215	(4,219,560)	(3,476,939)	(1,525,831)	12,920,312	13,207,197

23. NET FINANCE INCOME / (EXPENSE) FROM RETROCESSION CONTRACTS HELD

	31 December 2023				
	P&C	Motor	Protection	IDI	Total
Interest accreted	7,796,332	3,418	(6,592)	(5,379,118)	2,414,040
Effect of changes in interest rates and other financial assumptions	101,459	--	(659)	14,426	115,226
Effect of measuring changes in estimates at current rates and adjusting the CSM at locked-in rates	(127,074)	--	(1)	17,800,990	17,673,915
Foreign exchange differences	21,719	--	3	--	21,722
	7,792,436	3,418	(7,249)	12,436,298	20,224,903
	31 December 2022				
	P&C	Motor	Protection	IDI	Total
Interest accreted	4,205,195	789	857	(297,587)	3,909,254
Effect of changes in interest rates and other financial assumptions	2,534,544	437	973	--	2,535,954
Effect of measuring changes in estimates at current rates and adjusting the CSM at locked-in rates	(5,515,327)	--	(920)	(12,067,319)	(17,583,566)
Foreign exchange differences	(584,470)	25	--	--	(584,445)
	639,942	1,251	910	(12,364,906)	(11,722,803)

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2023****(All amounts in Saudi Riyals unless otherwise stated)****24. INVESTMENT INCOME CALCULATED USING EFFECTIVE PROFIT RATE**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Special commission income from time deposits	39,794,920	16,722,235
Special commission income from debt securities	18,665,153	22,005,303
	<u>58,460,073</u>	<u>38,727,538</u>

25. NET INCOME / (LOSS) FROM FINANCIAL INVESTMENTS MEASURED AT FVIS

	<u>31 December 2023</u>	<u>31 December 2022</u>
Realized (losses) / gains on investments held at fair value statement of income	(18,672)	6,529,722
Unrealized gains / (losses) on investments held at fair value statement of income	4,871,961	(33,979,564)
Dividend income	1,390,123	2,160,538
	<u>6,243,412</u>	<u>(25,289,304)</u>

26. OTHER INCOME

	<u>31 December 2023</u>	<u>31 December 2022</u>
Special commission income from Funds at Lloyds (FAL)	5,829,047	--
Bonus subscriptions from financial investments held at FVIS	41,681	156,581
Human resources development fund	314,250	202,345
Others	150,997	254,654
	<u>6,335,975</u>	<u>613,580</u>

27. OTHER OPERATING EXPENSES

	<u>31 December 2023</u>	<u>31 December 2022</u> (Restated)
Salaries and related benefits	58,180,326	43,021,673
Professional fees	8,832,191	5,573,858
Consulting fees	5,061,011	7,830,828
Depreciation	2,713,931	2,822,173
Computer expenses	1,105,743	2,254,537
Rent and premises expenses	792,007	1,190,256
Licensing Fees	2,081,452	688,379
Advertising	775,513	903,673
Training	--	776,006
Withholding tax	244,355	260,711
Travelling expenses	1,404,715	709,082
(Reversal) / charge for doubtful debts	(9,610,640)	4,801,603
Board of directors' remunerations, meetings fees and expenses	4,419,618	3,660,415
Income attributed to reinsurance operations	9,924,417	5,359,329
Others	6,504,548	4,873,124
	<u>92,429,187</u>	<u>84,725,647</u>
Amount attributed to reinsurance contracts	(60,737,874)	(50,079,661)
Other operating expenses	<u>31,691,313</u>	<u>34,645,986</u>

27.1 Auditors' remuneration for the statutory audit of the Company's financial statements for the year ended 31 December 2023 amounted to SR 2.36 million (2022: SR 1.15 million). Auditors' remuneration for the review of the Company's interim financial statements during the year ended 31 December 2023 amounted to SR 1.18 million (2022: SR 0.70 million).

28. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2023 and 31 December 2022 have been calculated by dividing net income after zakat and tax attributable to the shareholders for the year by the weighted average number of ordinary shares issued and outstanding at the end of the year. Basic and diluted earnings per share are same as there are no instruments which will dilute the basic earnings per share. The earnings per share for the year ended 31 December 2022 has been restated on account of adoption of IFRS 17 and IFRS 9.

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29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associate and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business at commercial rates, which are approved by the management.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. Balances with related parties are included in accrued expenses and other liabilities and provision for employees' end of service benefits as shown in the statement of financial position. Details of transactions and balances with related parties during the period are disclosed below.

Related party	Nature of transactions	Terms	Amount of transactions for the year ended		Balance as at	
			31 December 2023	31 December 2022	31 December 2023	31 December 2022
Board of Directors	- Consulting fees		--	188,983	--	--
	- Remunerations, meetings fees and expenses	As per Company's policy	4,419,618	3,660,415	3,357,534	2,855,000
Key management Personnel	- Short term benefits	As per employment contract	12,938,492	11,829,980	700,000	2,230,311
	- End of service benefits		629,180	1,181,869	6,729,909	6,100,729
Associate	- Reinsurance revenue		127,986,637	121,496,210	--	--
	- Reinsurance service expenses	As per reinsurance contract	102,286,679	89,973,336	--	--
	- Reinsurance contract assets		--	--	66,628,343	47,008,367
	- Reinsurance contract liabilities		--	--	2,442,468	7,118,411

30. SEGMENTAL INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief decision maker in order to allocate resources to the segments and to assess its performance. Consistent with the Company's internal reporting process, business and geographical segments have been approved by the Management Committee in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include special commission income from time deposits, bonds and sukuks, realized and unrealized gains on investments held at fair value through income statement, other income, investment management expenses and all general and administrative expenses.

Segment assets do not include cash and cash equivalents of reinsurance operations, time deposits, accrued special commission income from time deposits, investments held at fair value through income statement, accrued special commission income from bonds and sukuk, retrocession balances receivable, investments held at amortized cost, prepaid expenses, deposits and other assets, and property and equipment (net). Segment liabilities do not include accrued expenses and other liabilities and employees' end of service benefits.

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30. SEGMENTAL INFORMATION (CONTINUED)

30.1 Business segments

	For the year ended 31 December 2023										
	Property and Casualty (P&C)					Motor	Protection	Health	IDI		
	Engineering	Fire	Marine	General Accident	Speciality	Others	Motor	Protection	Health	Inherent Defects Insurance	Total
Reinsurance revenue	58,866,064	150,415,811	26,100,322	40,380,019	127,997,079	143,819,204	44,815,065	6,564,203	16,336,497	11,892,761	627,187,025
Reinsurance service expenses	(19,849,005)	(147,376,488)	(50,028,599)	(31,587,520)	(101,733,680)	(73,550,335)	(40,423,509)	(5,702,052)	(8,733,397)	(30,789,694)	(509,774,279)
Net (expense) / income from retrocession contracts held	(25,221,285)	13,635,916	37,823,034	(3,196,360)	(341)	(36,319,516)	(39,353)	(368,394)	--	16,035,799	2,349,500
Reinsurance service results	13,795,774	16,675,239	13,894,757	5,596,139	26,263,058	33,949,353	4,352,203	493,757	7,603,100	(2,861,134)	119,762,246
Net finance (expense) / income from reinsurance contracts	(965,113)	(14,886,025)	(1,609,487)	(2,254,644)	1,782,453	(10,966,289)	(8,018,270)	(1,741,659)	(1,849,496)	(14,342,019)	(54,850,549)
Net finance (expense) / income from retrocession contracts	(334,114)	4,713,263	(250,109)	889,329	23	2,774,044	3,418	(7,249)	--	12,436,298	20,224,903
Net reinsurance finance (expense) / income	(1,299,227)	(10,172,762)	(1,859,596)	(1,365,315)	1,782,476	(8,192,245)	(8,014,852)	(1,748,908)	(1,849,496)	(1,905,721)	(34,625,646)
Other non-reinsurance items											
Investment income calculated using effective profit rate											58,460,073
Net income from financial investments measured at FVIS											6,243,412
Investment management expenses											(4,207,747)
Net expected credit losses											(108,091)
Other income											6,335,975
Other finance costs											(1,677,423)
Other operating expenses											(31,691,313)
Share of profit of equity accounted investee											40,070,637
Net profit for the year before zakat and tax											158,562,123

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30. SEGMENTAL INFORMATION (CONTINUED)

30.1 Business segments (continued)

	For the year ended 31 December 2022										
	Property and Casualty (P&C)					Motor	Protection	Health	IDI		Total
	Engineering	Fire	Marine	General Accident	Speciality	Others	Motor	Protection	Health	Inherent Defects Insurance	
Reinsurance revenue	51,613,167	172,446,658	36,142,186	35,536,334	122,410,275	127,908,656	82,155,260	17,207,163	48,195,625	3,382,594	696,997,918
Reinsurance service expenses	(24,860,040)	(211,531,904)	3,191,990	(24,569,429)	(91,060,567)	(113,336,538)	(63,420,066)	(15,972,802)	(43,759,676)	(5,849,158)	(591,168,190)
Net (expense) / income from retrocession contracts held	(16,312,810)	16,286,803	(29,808,091)	(5,468,645)	--	9,310,945	(11,118)	(468,480)	--	4,230,933	(22,240,463)
Reinsurance service results	10,440,317	(22,798,443)	9,526,085	5,498,260	31,349,708	23,883,063	18,724,076	765,881	4,435,949	1,764,369	83,589,265
Net finance (expense) / income from reinsurance contracts	(295,959)	13,250,323	153,908	4,378,448	(12,189,711)	4,212,206	(4,219,560)	(3,476,939)	(1,525,831)	12,920,312	13,207,197
Net finance (expense) / income from retrocession contracts	341,244	1,543,546	1,152,199	(1,095,502)	--	(1,301,545)	1,251	910	--	(12,364,906)	(11,722,803)
Net reinsurance finance (expense) / income	45,285	14,793,869	1,306,107	3,282,946	(12,189,711)	2,910,661	(4,218,309)	(3,476,029)	(1,525,831)	555,406	1,484,394
Other non-reinsurance items											
Investment income calculated using effective profit rate											38,727,538
Net loss from financial investments measured at FVIS											(25,289,304)
Investment management expenses											(3,718,859)
Net expected credit losses											(1,339,952)
Other income											613,580
Other finance costs											(1,207,363)
Other operating expenses											(34,645,986)
Share of profit of equity accounted investee											33,104,574
Net profit for the year before zakat and tax											<u>91,317,887</u>

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30. SEGMENTAL INFORMATION (CONTINUED)

30.1 Business segments (continued)

	As at 31 December 2023												
	Property and Casualty (P&C)					Motor	Protection	Health	IDI				
	Engineering	Fire	Marine	General Accident	Speciality	Others	Motor	Protection	Health	Inherent Defects Insurance	Unallocated	Shareholders	Total
As at 31 December 2023													
ASSETS													
Cash and bank balances	--	--	--	--	--	--	--	--	--	--	83,661,367	4,243,635	87,905,002
Financial investments at fair value through income statement	--	--	--	--	--	--	--	--	--	--	132,698,094	21,757,892	154,455,986
Financial investments at fair value through other comprehensive income	--	--	--	--	--	--	--	--	--	--	21,000,000	120,632,674	141,632,674
Financial investments at amortized cost	--	--	--	--	--	--	--	--	--	--	529,836,263	597,493,753	1,127,330,016
Reinsurance contract assets	910,046	614,626	749,431	593,995	66,734,438	6,305,086	468,928	1,417,258	33,479	--	--	--	77,827,287
Retrocession contract assets	3,983,524	126,995,109	57,513,908	7,947,089	--	42,571,554	13,565	--	--	200,568,418	--	--	439,593,167
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	--	197,222,775	106,694,706	303,917,481
Property and equipment, net	--	--	--	--	--	--	--	--	--	--	10,013,189	27,126,001	37,139,190
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	--	208,989,740	208,989,740
Statutory deposit	--	--	--	--	--	--	--	--	--	--	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	--	22,056,608	22,056,608
TOTAL ASSETS	4,893,570	127,609,735	58,263,339	8,541,084	66,734,438	48,876,640	482,493	1,417,258	33,479	200,568,418	974,446,251	1,198,080,446	2,689,947,151
LIABILITIES													
Margin loan payable	--	--	--	--	--	--	--	--	--	--	--	56,797,019	56,797,019
Reinsurance contract liabilities	90,310,423	463,592,588	89,517,648	71,527,846	2,777,011	205,056,529	100,492,575	27,119,549	7,868,292	229,639,571	--	--	1,287,902,032
Retrocession contract liabilities	--	--	--	--	--	--	--	189,653	--	--	--	--	189,653
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	--	101,533,513	10,538,959	112,072,472
Provision for employees' end of service benefits	--	--	--	--	--	--	--	--	--	--	18,633,092	--	18,633,092
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	--	41,548,376	41,548,376
Accrued commission income payable to Insurance Authority	--	--	--	--	--	--	--	--	--	--	--	25,982,468	25,982,468
TOTAL LIABILITIES	90,310,423	463,592,588	89,517,648	71,527,846	2,777,011	205,056,529	100,492,575	27,309,202	7,868,292	229,639,571	120,166,605	134,866,822	1,543,125,112

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30. SEGMENTAL INFORMATION (CONTINUED)

30.1 Business segments (continued)

	As at 31 December 2022												Total	
	Property and Casualty (P&C)					Motor	Protection	Health	IDI		Unallocated	Shareholders		
	Engineering	Fire	Marine	General Accident	Speciality	Others	Motor	Protection	Health	Inherent Defects Insurance				
As at 31 December 2022														
ASSETS														
Cash and bank balances	--	--	--	--	--	--	--	--	--	--	20,507,026	11,049,626	31,556,652	
Financial investments at fair value through income statement	--	--	--	--	--	--	--	--	--	--	156,476,356	116,177,188	272,653,544	
Financial investments at fair value through other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	119,921,195	119,921,195	
Financial investments at amortized cost	--	--	--	--	--	--	--	--	--	--	488,815,506	541,318,209	1,030,133,715	
Reinsurance contract assets	551,808	609,027	9,267,726	989,457	47,109,650	12,159,711	10,041,750	8,830,227	327,466	15,149,733	--	--	105,036,555	
Retrocession contract assets	1,401,640	97,355,376	25,296,841	13,783,470	--	51,356,598	52,150	--	--	--	--	--	189,246,075	
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	--	160,997,711	38,273,890	199,271,601	
Property and equipment, net	--	--	--	--	--	--	--	--	--	--	8,418,502	27,960,707	36,379,209	
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	--	160,687,437	160,687,437	
Statutory deposit	--	--	--	--	--	--	--	--	--	--	--	89,100,000	89,100,000	
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	--	22,084,071	22,084,071	
TOTAL ASSETS	1,953,448	97,964,403	34,564,567	14,772,927	47,109,650	63,516,309	10,093,900	8,830,227	327,466	15,149,733	835,215,101	1,126,572,323	2,256,070,054	
LIABILITIES														
Margin loan payable	--	--	--	--	--	--	--	--	--	--	--	56,797,019	56,797,019	
Reinsurance contract liabilities	79,527,822	383,841,304	68,242,050	53,375,636	7,865,512	117,675,655	97,344,652	40,889,018	71,230,138	--	--	--	919,991,787	
Retrocession contract liabilities	--	--	--	--	--	--	--	52,341	--	12,103,403	--	--	12,155,744	
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	--	190,619,734	4,702,154	195,321,888	
Provision for employees' end of service benefits	--	--	--	--	--	--	--	--	--	--	13,867,730	--	13,867,730	
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	--	17,533,163	17,533,163	
Accrued commission income payable to Insurance Authority	--	--	--	--	--	--	--	--	--	--	--	23,219,213	23,219,213	
TOTAL LIABILITIES	79,527,822	383,841,304	68,242,050	53,375,636	7,865,512	117,675,655	97,344,652	40,941,359	71,230,138	12,103,403	204,487,464	1,102,251,549	1,238,886,544	

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30. SEGMENTAL INFORMATION (CONTINUED)

30.2 Geographical segments

	For the year ended 31 December 2023					
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia	Other territories	Total
Reinsurance revenue	216,820,889	67,953,477	16,365,603	196,873,935	129,173,121	627,187,025
Reinsurance service expenses	(154,192,074)	(109,928,019)	(22,493,745)	(124,133,766)	(99,026,675)	(509,774,279)
Net (expense) / income from retrocession contracts held	24,178,478	4,252,752	(2,137,759)	(22,387,915)	(1,556,056)	2,349,500
Reinsurance service results	86,807,293	(37,721,790)	(8,265,901)	50,352,254	28,590,390	119,762,246
Net finance (expense) / income from reinsurance contracts	(34,108,196)	(8,924,546)	(1,004,503)	(12,548,675)	1,735,371	(54,850,549)
Net finance (expense) / income from retrocession contracts	18,492,475	1,554,880	96,471	(50,719)	131,796	20,224,903
Net reinsurance finance (expense) / income	(15,615,721)	(7,369,666)	(908,032)	(12,599,394)	1,867,167	(34,625,646)
Other non-reinsurance items						
Investment income calculated using effective profit rate						58,460,073
Net income from financial investments measured at FVIS						6,243,412
Investment management expenses						(4,207,747)
Net expected credit losses						(108,091)
Other income						6,335,975
Other finance costs						(1,677,423)
Other operating expenses						(31,691,313)
Share of profit of equity accounted investee						40,070,637
Net profit for the year before zakat and tax						158,562,123

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30. SEGMENTAL INFORMATION (CONTINUED)

30.2 Geographical segments (continued)

	For the year ended 31 December 2022					Total
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia	Other territories	
Reinsurance revenue	255,591,946	82,534,270	32,509,953	201,319,245	125,042,504	696,997,918
Reinsurance service expenses	(200,967,334)	(59,863,381)	(12,117,545)	(227,277,579)	(90,942,351)	(591,168,190)
Net (expense) / income from retrocession contracts held	(3,490,185)	3,068,351	(2,004,085)	(20,680,178)	865,634	(22,240,463)
Reinsurance service results	51,134,427	25,739,240	18,388,323	(46,638,512)	34,965,787	83,589,265
Net finance (expense) / income from reinsurance contracts	12,703,018	1,230,911	(13,766,096)	25,341,446	(12,302,082)	13,207,197
Net finance (expense) / income from retrocession contracts	(10,933,698)	413,126	(26,143)	(1,029,987)	(146,101)	(11,722,803)
Net reinsurance finance (expense) / income	1,769,320	1,644,037	(13,792,239)	24,311,459	(12,448,183)	1,484,394
Other non-reinsurance items						
Investment income calculated using effective profit rate						38,727,538
Net income loss from financial investments measured at FVIS						(25,289,304)
Investment management expenses						(3,718,859)
Net expected credit losses						(1,339,952)
Other income						613,580
Other finance costs						(1,207,363)
Other operating expenses						(34,645,986)
Share of profit of equity accounted investee						33,104,574
Net profit for the year before zakat and tax						<u>91,317,887</u>

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30. SEGMENTAL INFORMATION (CONTINUED)

30.2 Geographical segments (continued)

	As at 31 December 2023							Total
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia	Other territories	Unallocated	Shareholders	
ASSETS								
Cash and bank balances	72,137,312	--	--	11,524,055	--	--	4,243,635	87,905,002
Financial investments at fair value through income statement	132,698,094	--	--	--	--	--	21,757,892	154,455,986
Financial investments at fair value through other comprehensive income	21,000,000	--	--	--	--	--	120,632,674	141,632,674
Financial investments at amortized cost	529,836,263	--	--	--	--	--	597,493,753	1,127,330,016
Reinsurance contract assets	3,803,724	1,831,026	1,182,491	858,129	70,151,917	--	--	77,827,287
Retrocession contract assets	370,158,250	71,775,491	3,159,904	(6,720,311)	1,219,833	--	--	439,593,167
Prepaid expenses, deposits and other assets	197,222,775	--	--	--	--	--	106,694,706	303,917,481
Property and equipment, net	10,013,189	--	--	--	--	--	27,126,001	37,139,190
Investment in an equity accounted investee	--	--	--	--	--	--	208,989,740	208,989,740
Statutory deposit	--	--	--	--	--	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	--	--	--	--	--	22,056,608	22,056,608
TOTAL ASSETS	1,336,884,170	73,606,517	4,342,395	5,661,873	71,371,750	--	1,198,080,446	2,689,947,151
LIABILITIES								
Margin loan payable	--	--	--	--	--	--	56,797,019	56,797,019
Reinsurance contract liabilities	621,289,983	218,866,397	36,933,790	408,369,395	2,442,467	--	--	1,287,902,032
Retrocession contract liabilities	79,308	--	9,382	100,963	--	--	--	189,653
Accrued expenses and other liabilities	101,533,513	--	--	--	--	--	10,538,959	112,072,472
Provision for employees' end of service benefits	18,633,092	--	--	--	--	--	--	18,633,092
Provision for zakat and tax	--	--	--	--	--	--	41,548,376	41,548,376
Accrued commission income payable to Insurance Authority	--	--	--	--	--	--	25,982,468	25,982,468
TOTAL LIABILITIES	741,535,896	218,866,397	36,943,172	408,470,358	2,442,467	--	134,866,822	1,543,125,112

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30. SEGMENTAL INFORMATION (CONTINUED)

30.2 Geographical segments (continued)

	As at 31 December 2022							Shareholders	Total
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia	Other territories	Unallocated			
ASSETS									
Cash and bank balances	14,997,055	--	--	5,509,971	--	--	11,049,626	31,556,652	
Financial investments at fair value through income statement	156,476,356	--	--	--	--	--	116,177,188	272,653,544	
Financial investments at fair value through other comprehensive income	--	--	--	--	--	--	119,921,195	119,921,195	
Financial investments at amortized cost	488,815,506	--	--	--	--	--	541,318,209	1,030,133,715	
Reinsurance contract assets	22,891,886	9,305,338	17,556,790	3,674,167	51,608,374	--	--	105,036,555	
Retrocession contract assets	112,431,361	63,775,646	2,729,510	7,651,628	2,657,930	--	--	189,246,075	
Prepaid expenses, deposits and other assets	160,997,711	--	--	--	--	--	38,273,890	199,271,601	
Property and equipment, net	8,418,502	--	--	--	--	--	27,960,707	36,379,209	
Investment in an equity accounted investee	--	--	--	--	--	--	160,687,437	160,687,437	
Statutory deposit	--	--	--	--	--	--	89,100,000	89,100,000	
Accrued income on statutory deposit	--	--	--	--	--	--	22,084,071	22,084,071	
TOTAL ASSETS	965,028,377	73,080,984	20,286,300	16,835,766	54,266,304	--	1,126,572,323	2,256,070,054	
LIABILITIES									
Margin loan payable	367,906,880	149,264,222	33,936,091	361,036,408	7,848,186	--	56,797,019	919,991,787	
Reinsurance contract liabilities	12,155,744	--	--	--	--	--	--	12,155,744	
Accrued expenses and other liabilities	190,619,734	--	--	--	--	--	4,702,154	195,321,888	
Provision for employees' end of service benefits	13,867,730	--	--	--	--	--	--	13,867,730	
Provision for zakat and tax	--	--	--	--	--	--	17,533,163	17,533,163	
Accrued commission income payable to Insurance Authority	--	--	--	--	--	--	23,219,213	23,219,213	
TOTAL LIABILITIES	584,550,088	149,264,222	33,936,091	361,036,408	7,848,186	--	102,251,549	1,238,886,544	

31. RISK MANAGEMENT

Reinsurance and retrocession contracts expose the Company to underwriting risk, which comprises reinsurance risk, and retrocession risk.

In addition, the Company is exposed to financial and operational risks from reinsurance and retrocession contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk and other price risk.

This note presents information about the Company's risk exposures, and the Company's objectives, policies and processes for measuring and managing risks and for managing capital.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company risk committee is responsible for approving and monitoring the Company's risk management policies, and reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, set appropriate risk limits and controls, and monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. It is assisted in its oversight role by internal audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company audit committee.

31.1. Reinsurance risk

The risk resulting from reinsurance business written 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 reinsurance contracts is that the actual claims and benefit payments exceed the carrying amount of reinsurance 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 variability of risks is improved by the diversification of the risks written and the build-up of a large portfolio of reinsurance contracts, (inward business) as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks is also improved by a careful selection of inward business, by the underwriting guidelines as well as the use of retrocession protection. The Company's underwriting strategy includes, but is not limited to, the following:

- Diversification in the type of accepted risks, and within each of these categories to achieve sufficiently large population of risks to reduce the variability of the expected outcome.
- Diversification of the underwriting risks in terms of type and amount of risk, industry and geographical location.

In order to minimize its financial exposure arising from large claims, the Company in the normal course of business, enters into retrocession agreements with other parties. Such retrocession agreements provide for higher underwriting capacity, and allow management to contain exposure with the risk appetite of the Company. The retrocession is effected under proportional treaties such as quota share and surplus and non-proportional treaties such as excess of loss for risk and catastrophe to ensure its net retention is aligned with its risk tolerance.

Although the Company has retrocession agreements, it is not relieved of its direct obligations to its ceding companies and thus a credit exposure exists with respect to its retrocessionaires, to the extent that any retrocessionaire is unable to meet its obligations assumed under such retrocession agreements.

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31. RISK MANAGEMENT (CONTINUED)

31.1. Reinsurance risk (continued)

Geographical concentration of risk

The Company accepts reinsurance business from insurance companies in the Kingdom of Saudi Arabia, the Middle East, Africa and Asia. The following table sets out the carrying amounts of the Company's reinsurance contracts (net of retrocession) by region of issue.

	As at 31 December 2023	
	Amount	Percentage
Kingdom of Saudi Arabia	247,407,317	32.10%
Asia	414,332,540	53.76%
Other Middle Eastern Countries	145,259,880	18.85%
Africa	32,600,777	4.23%
Others	(68,929,283)	(8.94%)
	770,671,231	100.00%
	As at 31 December 2022 (Restated)	
	Amount	Percentage
Kingdom of Saudi Arabia	244,739,377	38.37%
Asia	349,710,613	54.83%
Other Middle Eastern Countries	76,183,238	11.94%
Africa	13,649,791	2.14%
Others	(46,418,118)	(7.28%)
	637,864,901	100.00%

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

Sensitivity analysis

The table below analyses how the reinsurance contract liabilities, profit or loss and equity would have increased (decreased) if changes in expenses, yield curve and loss reserves that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by retrocession and assumes that all other variables remain constant.

31 December 2023	Reinsurance Contract Liabilities		Profit or loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Expenses (5% increase)	3,498,560	3,321,906	(3,498,560)	(3,321,906)	(3,498,560)	(3,321,906)
Expenses (5% decrease)	(3,498,415)	(3,321,766)	3,498,415	3,321,766	3,498,415	3,321,766
Yield curve (0.5% increase)	(18,354,406)	(9,866,481)	18,354,406	9,866,481	18,354,406	9,866,481
Yield curve (0.5% decrease)	19,012,776	10,084,232	(19,012,776)	(10,084,232)	(19,012,776)	(10,084,232)
Loss reserves (5% increase)	93,815,166	81,408,763	(93,815,166)	(81,408,763)	(93,815,166)	(81,408,763)
Loss reserves (5% decrease)	(93,815,167)	(81,408,764)	93,815,167	81,408,764	93,815,167	81,408,764
	31 December 2022		Profit or loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Expenses (5% increase)	1,342,955	1,117,414	(1,342,955)	(1,117,414)	(1,342,955)	(1,117,414)
Expenses (5% decrease)	(1,086,415)	(1,629,866)	1,086,415	1,629,866	1,086,415	1,629,866
Yield curve (0.5% increase)	(6,537,299)	(5,430,928)	6,537,299	5,430,928	6,537,299	5,430,928
Yield curve (0.5% decrease)	6,791,048	4,889,867	(6,791,048)	(4,889,867)	(6,791,048)	(4,889,867)
Loss reserves (5% increase)	90,351,998	76,907,040	(90,351,998)	(76,907,040)	(90,351,998)	(76,907,040)
Loss reserves (5% decrease)	(91,533,416)	(78,857,451)	91,533,416	78,857,451	91,533,416	78,857,451

31. RISK MANAGEMENT (CONTINUED)

31.2. Retrocession risk

In order to minimize its financial exposure arising from claims, the Company in the normal course of business, enters into retrocession agreements with other parties. Amounts recoverable from retrocessionaire are estimated and recognized in a manner consistent with the amounts associated with the underlying accepted policy benefits and in accordance with the terms of the respective retrocession treaties and are presented in the statement of financial position as retrocession assets

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

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

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

Furthermore, the financial strength, managerial and technical expertise as well as historical performance, wherever applicable, are thoroughly reviewed by the Company and matched against a list of requirements pre-set by the Company's Board of Directors and Risk and Underwriting Committee before approving them as retrocessionaires.

Retrocession contracts do not relieve the Company from its obligations to ceding companies and as a result the Company remains liable for the portion of outstanding claims retroceded to the extent that the retrocessionaire fails to meet the obligations under the retrocession agreements. The net credit exposure in this connection is SR 439.6 million (due from retrocessionaires) (31 December 2022: SR 189.2 million). The credit ratings of the retrocessionaires ranges from B+ to AA.

31.3. Regulatory framework risk

The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions such as capital adequacy to minimize the risk of default and insolvency on the part of the reinsurance companies and to enable them to meet unforeseen liabilities as these arise. The Company has stipulated risk management framework policy wherein the policies and procedures are defined to control and mitigate risk.

31.4. Claims management risk

Claims management risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Company and undermine its ability to win and retain business, or incur punitive damages. These risks can occur at any stage of the claims life cycle.

The Company's claims teams are focused on delivering quality, reliable and speed of service. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business' broader interests. Prompt and accurate case reserves are set for all known claims liabilities, including provisions for expenses, as soon as a reliable estimate can be made of the claims liability.

31.5. Reserving and ultimate reserves risk

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

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

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31. RISK MANAGEMENT (CONTINUED)

31.6. Credit risk

Credit risk is the risk that one party will fail to discharge an obligation related to a financial instrument and cause the other party to incur a financial loss. At 31 December 2023, the maximum exposure to credit risk from reinsurance contracts is SR 35.49 million (31 December 2022: SR 73.59 million), which primarily relates to premiums receivable for services that the Company has already provided. The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- To minimize its exposure to significant losses from retrocessionaires insolvencies, the Company evaluates the financial condition of its retrocessionaires counterparties. Accordingly, as a pre-requisite, the parties with whom retrocession is effected are required to have a minimum acceptable security rating level affirming their financial strength.
- The Company, with respect to credit risk arising from other financial assets, only deals with commercial banks with strong financial position and credit ratings.
- The Company enters into inward insurance contracts with recognized, creditworthy third parties. In addition, receivables from ceding companies are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company seeks to limit credit risk with respect to ceding companies through monitoring outstanding receivables.

The table below shows the maximum exposure to credit risk for the financial assets, reinsurance and retrocession contract assets of the statements of financial position.

	31 December 2023	31 December 2022
Bank balances	87,865,592	31,496,942
Financial investments at fair value through income statement	154,455,986	272,653,544
Financial investments at fair value through other comprehensive income	141,632,674	119,921,195
Financial investments at amortized cost	1,127,330,016	1,030,133,715
Reinsurance contract assets	77,827,287	105,036,555
Retrocession contract assets	439,593,167	189,246,075
Other assets	222,253,969	115,198,756
	2,250,958,691	1,863,686,782

The used rating grades for investments are being adopted by Standard & Poors. The credit quality for investments held at fair value through income statement is as follows:

Credit quality	Credit Rating Agency	Financial Instruments	31 December 2023	31 December 2022
A			--	32,658,461
A-			--	20,188,235
A+			--	20,684,595
AA	S&P/ Moody's/Fitch	Bonds / Sukuks	--	2,709,078
AA-			--	5,349,357
BBB			--	25,084,402
BBB-			--	12,538,719
BBB+			--	25,318,188
Unrated		Bonds / Sukuks	--	6,027,331
Unrated		Money Market Funds / Investment Funds / Equity Securities	154,455,986	122,095,178
			154,455,986	272,653,544

The credit quality for investments at amortized cost are as follows:

Credit quality	Credit Rating Agency	Financial Instruments	31 December 2023	31 December 2022
A			291,407,260	721,581,661
A-			588,487,071	41,583,199
A+			10,021,774	54,355,434
B+	S&P/ Moody's/Fitch	Bonds / Sukuks / Time Deposits	47,812,885	47,291,964
BB-			98,777,286	70,592,303
BBB-			11,339,263	35,339,421
BBB+			78,782,463	59,320,194
D			702,014	69,539
			1,127,330,016	1,030,133,715

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31. RISK MANAGEMENT (CONTINUED)

31.7. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. All time deposits held by the Company at the statement of financial position date had original maturity periods less than five years.

Maturity profiles

The following table summarises the maturity profile of reinsurance and retrocession contracts liabilities and reinsurance and retrocession contract assets of the Company based on remaining discounted cash flows. The maturity profile of the financial liabilities of the Company is based on remaining expected undiscounted contractual obligations.

	31 December 2023							
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	No maturity	Total
LIABILITIES								
Margin loan payable	--	--	--	--	--	--	56,797,019	56,797,019
Reinsurance contract liabilities	291,509,894	89,544,668	71,697,172	74,878,181	82,668,299	677,603,818	--	1,287,902,032
Retrocession contract liabilities	189,653	--	--	--	--	--	--	189,653
Accrued expenses and other liabilities	50,676,213	--	--	--	--	--	--	50,676,213
	342,375,760	89,544,668	71,697,172	74,878,181	82,668,299	677,603,818	56,797,019	1,395,564,917
ASSETS								
Reinsurance contract assets	17,615,800	5,411,140	4,332,625	4,524,852	4,995,605	40,947,265	--	77,827,287
Retrocession contract assets	81,416,048	32,053,880	27,438,088	27,797,836	29,694,697	241,192,618	--	439,593,167
	99,031,848	37,465,020	31,770,713	32,322,688	34,690,302	282,139,883	--	517,420,454

	31 December 2022							
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	No maturity	Total
LIABILITIES								
Margin loan payable	--	--	--	--	--	--	56,797,019	56,797,019
Reinsurance contract liabilities	425,524,599	93,021,623	37,351,595	35,018,540	36,158,519	292,916,911	--	919,991,787
Retrocession contract liabilities	--	--	--	--	--	12,155,744	--	12,155,744
Accrued expenses and other liabilities	156,301,022	--	--	--	--	--	--	156,301,022
	581,825,621	93,021,623	37,351,595	35,018,540	36,158,519	305,072,655	56,797,019	1,145,245,572
ASSETS								
Reinsurance contract assets	48,582,649	10,620,389	4,264,476	3,998,108	4,128,261	33,442,672	--	105,036,555
Retrocession contract assets	41,343,174	15,676,313	11,334,773	11,560,503	12,034,492	97,296,820	--	189,246,075
	89,925,823	26,296,702	15,599,249	15,558,611	16,162,753	130,739,492	--	294,282,630

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31. RISK MANAGEMENT (CONTINUED)

31.7. Liquidity risk (continued)

Maturity analysis on expected maturity bases

	31 December 2023		
	Current	Non-current	Total
ASSETS			
Cash and bank balances	87,905,002	--	87,905,002
Financial investments at fair value through income statement	154,455,986	--	154,455,986
Financial investments at fair value through other comprehensive income	--	141,632,674	141,632,674
Financial investments at amortized cost	118,393,782	1,008,936,234	1,127,330,016
Reinsurance contract assets	17,615,800	60,211,487	77,827,287
Retrocession contract assets	81,416,048	358,177,119	439,593,167
Other assets	222,253,969	--	222,253,969
	682,040,587	1,568,957,514	2,250,998,101
LIABILITIES			
Margin loan payable	--	56,797,019	56,797,019
Reinsurance contract liabilities	291,509,894	996,392,138	1,287,902,032
Retrocession contract liabilities	189,653	--	189,653
Accrued expenses and other liabilities	50,676,213	--	50,676,213
	342,375,760	1,053,189,157	1,395,564,917
Gap	339,664,827	515,768,357	855,433,184

	31 December 2022		
	Current	Non-current	Total
ASSETS			
Cash and bank balances	31,556,652	--	31,556,652
Financial investments at fair value through income statement	272,653,544	--	272,653,544
Financial investments at fair value through other comprehensive income	--	119,921,195	119,921,195
Financial investments at amortized cost	77,384,459	952,749,256	1,030,133,715
Reinsurance contract assets	48,582,649	56,453,906	105,036,555
Retrocession contract assets	41,343,174	147,902,901	189,246,075
Other assets	115,198,756	--	115,198,756
	586,719,234	1,277,027,258	1,863,746,492
LIABILITIES			
Margin loan payable	--	56,797,019	56,797,019
Reinsurance contract liabilities	425,524,599	494,467,188	919,991,787
Retrocession contract liabilities	--	12,155,744	12,155,744
Accrued expenses and other liabilities	156,301,022	--	156,301,022
	581,825,621	563,419,951	1,145,245,572
Gap	4,893,613	713,607,307	718,500,920

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31. RISK MANAGEMENT (CONTINUED)

31.8. Special commission rate risk

The Company is exposed to special commission rate risk on its bonds and sukuk investments. Special Commission rate risk arises on bonds and sukuk which are exposed to the fluctuations in special commission rates. The Company manages special commission rate risk by investing in various long and short duration financial assets, along with cash and cash equivalents. The investment committee monitors the duration of these assets on a regular basis. Duration of Reinsurance operations and Shareholders operations' investments in bonds and sukuk portfolios as at 31 December 2023 is around 3.3 years (31 December 2022: 3.7 years). A hypothetical increase/decrease of 10 basis points in yield curve will entail decrease/increase in bond/sukuk portfolio values of Reinsurance operations and Shareholders operations' investments by SR 1.25 million as at 31 December 2023 (31 December 2022: SR 2.02 million).

Market price risk

Market price risk is the risk that the fair value of a financial instrument will fluctuate caused by the factors (other than those arising from commission rate risk or currency risk), that affect all financial instruments traded in the market. Efficient management of market price risk is key to the investment of Company assets. Appropriate levels of investment risk is determined by risk/return profile of the assets. The Company has a diversified portfolio of investments, including investment in the listed equities securities. The Company manages the equity market price risk through diversification and by placing limits on individual and total equity instruments. A 5% change in the fair value of these investments, with all other variables held constant, would impact the statement of income by increase / decrease of SR 0.42 million (31 December 2022: 2.52 million).

A 5% change in the fair value of FVOCI investments, with all other variables held constant, would impact the statement of comprehensive income by increase / decrease of SR 7.08 million (31 December 2022: 5.99 million).

31.9. Capital management risk

Capital requirements are set and regulated by the Saudi Arabian Monetary Agency. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximise shareholders' value.

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

	31 December 2023	31 December 2022
Total capital held	1,146,822,039	1,017,183,510
Minimum regulatory capital	200,000,000	200,000,000

In the opinion of the management, the Company has fully complied with the externally imposed capital requirements as at 31 December 2023 and 31 December 2022.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

32.1. Determination of fair value and fair value hierarchy

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

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

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

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

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32. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

32.2. Carrying amounts and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 December 2023	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Financial investments at FVIS					
Money market funds	--	146,156,801	--	146,156,801	146,156,801
Investment funds	8,299,185	--	--	8,299,185	8,299,185
Equity securities	--	--	--	--	--
Debt securities	--	--	--	--	--
Financial investments at FVOCI					
Tier 1 Sukuk	--	141,632,674	--	141,632,674	141,632,674
Financial investments at amortized cost					
Time deposits	--	--	876,272,635	876,272,635	887,797,603
Debt securities	--	243,077,849	--	243,077,849	239,532,413
Total	8,299,185	530,867,324	876,272,635	1,415,439,144	1,423,418,676

31 December 2022	Fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
Financial investments at FVIS					
Money market funds	--	71,560,649	--	71,560,649	71,560,649
Investment funds	9,391,200	--	--	9,391,200	9,391,200
Equity securities	41,143,329	--	--	41,143,329	41,143,329
Debt securities	150,558,366	--	--	150,558,366	150,558,366
Financial investments at FVOCI					
Tier 1 Sukuk	--	119,921,195	--	119,921,195	119,921,195
Financial investments at amortized cost					
Time deposits	--	--	744,784,055	744,784,055	754,290,068
Debt securities	--	279,965,054	--	279,965,054	275,843,647
Total	201,092,895	471,446,898	744,784,055	1,417,323,848	1,422,708,454

The fair value used for valuation of level 2 Sukuk and debt securities is based on prices quoted on reliable and third-party sources including Reuters, Bloomberg, etc. The discounted cash flow ("DCF") method has been used to value the level 3 time deposits. This method considers the present value of net cash flows to be generated from the time deposits, discounted at the market rate of similar quoted instruments. Significant unobservable inputs used for the purpose of valuation of term deposits are the coupons expected to be received in future (i.e. floating index, cap and floor) and discount rate.

33. CONTINGENCIES AND COMMITMENTS

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

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34. SUBSEQUENT EVENT

On 4th March 2024 (corresponding to 23/08/1445H), the Company announced signing a share purchase agreement for the sale of its entire stake in Probitas Holdings (Bermuda) Limited (PHBL). The Company has signed a share purchase agreement with Aviva Insurance Limited for consideration of GBP 120 million, to be paid in cash, subject to applicable regulatory approvals.

35. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 16 Ramadan 1445H corresponding to 26 March 2024.