AL RAJHI COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE YEAR ENDED
31st DECEMBER 2025

Financial statements and independent auditors' review report
For the year ended 31st December 2025

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Independent Auditor's Report on the Audit of the Financial Statements

To the Shareholders of Al Rajhi Company for Cooperative Insurance
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of **Al Rajhi Company for Cooperative Insurance** – a Saudi Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with 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 ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the Company's financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional 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 Auditor's Report on the Audit of the Financial Statements
To the Shareholders of Al Rajhi Company for Cooperative Insurance
(A Saudi Joint Stock Company) (Continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities As at 31 December 2025, total insurance contract liabilities amounted to SAR 10.8 billion, of which there are two components liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). A key element of the valuation under the measurement approach is the present value of future cash flows ("PVFCFs") included in the LRC for contracts measured under Variable Fees Approach "VFA" and General Measurement Model "GMM" and the LIC for contracts measured under the Premium Allocation Approach "PAA". The determination of the PVFCFs represents the Company's expectations regarding future cash flows that will arise as the Company fulfils insurance contracts and involves actuarial models and several assumptions made by management. Its accuracy is dependent on the input data being correct and requires management to apply significant judgements, make significant estimates and use actuarial models. The risk of error arises as a result of inappropriate choice of actuarial methodologies, techniques and assumptions. Management used an external actuary to assist in the aforementioned determination. As a result of all these factors, we considered the valuation of PVFCFs included in LRC for contracts measured under VFA and GMM and the LIC for contracts measured under the PAA as a key audit matter due to the significant judgements applied and estimates made by management. Refer to notes 3.1 and 2.6 for accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company and notes 6.1 for the details of insurance contract liabilities.	We performed the following procedures: • Obtained understanding of and evaluated the design and implementation of key controls in relation to claim processing through testing a sample of transactions. • Evaluated the competence, capabilities and objectivity of the management's actuarial expert based on their professional qualifications and experience and assess their independence. • Performed substantive tests, on sample basis, on the amounts recorded for claims paid and outstanding by comparing the claims amount to appropriate source documentation. • Assessed the integrity of data used as inputs and tested on sample basis, the accuracy of key underlying data utilised in estimating the insurance contract liabilities. • In addition, with the assistance of our actuarial specialists, we: - Evaluated the Company's actuarial practices and provisions established, including the actuarial report issued by management's expert; - Evaluated the application of VFA for specific group of contracts and assessed that significant insurance risk is transferred on these contracts; - Assessed the calculation methods and the models used; - Assessed key actuarial assumptions including loss ratios, claims development factors, mortality rates, lapse rates, risk adjustments and discount rates; - Assessed the CSM initially recognised on a sample basis and analysed amortization in the year; and - Performed, on a sample basis, reprojections of the present value of future cashflows using these assumptions and methods, and compared them with the amounts recorded by the management. • Assessed the adequacy and appropriateness of disclosures made in the financial statements.

Independent Auditor's Report on the Audit of the Financial Statements

To the Shareholders of Al Rajhi Company for Cooperative Insurance
(A Saudi Joint Stock Company) (Continued)

Other information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, and the Company's By-laws, and for such internal control as the 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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report on the Audit of the Financial Statements

To the Shareholders of Al Rajhi Company for Cooperative Insurance
(A Saudi Joint Stock Company) (Continued)

Auditor's 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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Independent Auditor's Report on the Audit of the Financial Statements

To the Shareholders of Al Rajhi Company for Cooperative Insurance
(A Saudi Joint Stock Company) (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

For Dr. Mohamed Al-Amri & Co.
P. O. Box 8736
Riyadh 11491
Kingdom of Saudi Arabia

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

For EI Sayed EI Ayouty & Co.
P. O. Box 780
Jeddah 21421
Kingdom of Saudi Arabia

Abdullah Ahmed Balamesh
Certified Public Accountant
Registration No. 345

Date: 5 March 2026
Corresponding to: 16 Ramadan 1447H

Statement of financial position (SOFP)
As at 31st December 2025

	Note	31st December 2025	31st December 2024
		Saudi Riyal (⃁) in 000	
Assets			
Cash and bank balances	4	582,152	720,981
Investments measured at fair value through profit or loss	5	1,701,060	1,333,001
Investments measured at fair value through other comprehensive income	5	283,951	254,733
Investments measured at amortized cost, net	5	2,023,623	2,413,516
Investment for unit linked contracts	5	8,374,752	6,289,550
Insurance contract assets	6	5,366	4
Retakaful / reinsurance contract assets	6	640,261	674,669
Prepayments and other assets	7	107,500	59,108
Statutory deposit, net	8	99,988	99,974
Accrued income on statutory deposit		6,150	3,357
Right-of-use assets, net	9	29,653	37,485
Intangible assets, net	10	286,352	165,515
Property and equipment, net	11	43,184	35,514
Total assets		**14,183,992**	**12,087,407**
Liabilities			
Payables, accruals and other liabilities	12	187,422	116,457
Insurance contract liabilities	6	10,851,359	9,765,345
Retakaful / reinsurance contract liabilities	6	717	15,479
Investment contract liabilities	25	508,823	-
Provision for employees' end-of-service benefits	13	35,145	33,050
Provision for zakat	14	27,429	34,502
Payables to Insurance Authority		6,150	3,357
Lease liabilities	15	31,256	38,792
Total liabilities		**11,648,301**	**10,006,982**
Equity			
Share capital	16	1,000,000	1,000,000
Statutory reserve	17	440,482	349,486
Retained earnings		1,022,233	658,248
Treasury share reserve	18	(35,671)	-
Employees stock option scheme reserve	19	6,589	-
Remeasurement reserve for EOSB		(7,682)	(7,831)
Fair value reserve for FVOCI investments	23	109,740	80,522
Total equity		**2,535,691**	**2,080,425**
Total liabilities and equity		**14,183,992**	**12,087,407**
Commitments and contingencies	24	**29,588**	35,202

Nabeel Ali Shoaib	Saud Ghonem Bin Ghonem	Ibrahim Alwazir
Member-Board (BoD)	*Chief Executive Officer (CEO)*	*Chief Financial Officer (CFO)*

The accompanying notes 1 — 35 on pages 11 — 115 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of income (SOI)
For the year ended 31st December 2025

	Note	31st December 2025	31st December 2024
		Saudi Riyal (⃁) in 000	
Insurance revenue	6	5,322,128	5,391,459
Insurance service expenses	6	(4,518,812)	(4,663,337)
Insurance service result before retakaful / reinsurance contracts held		**803,316**	728,122
Allocation of retakaful / reinsurance contributions	6	(419,092)	(862,404)
Amounts recoverable from retakaful / reinsurance for incurred claims	6	105,178	356,274
Net expense from retakaful / reinsurance contracts held		**(313,914)**	(506,130)
Insurance service result		**489,402**	221,992
Finance income (expense) from insurance contracts issued	6	472,214	(426,937)
Finance income from retakaful / reinsurance contracts held	6	24,771	42,247
Net insurance finance income / (expenses)		**496,985**	(384,690)
Net income on financial assets at fair value	22	86,243	75,670
Net income on financial assets at amortised cost and short-term deposits	22	128,678	176,218
Net fair value (loss) / gain of unit-linked investments	5.4	(573,791)	352,713
Net credit impairment reversals on financial assets		14	462
Net investment income		**(358,856)**	605,063
Net insurance and investment result		**627,531**	442,365
Other operating expenses	26	(160,683)	(126,150)
Other income	25	2,018	13,098
Net income attributable to the shareholders before zakat		**468,866**	329,313
(Provision) / Reversal for zakat	14	(13,885)	3,030
Net income attributable to the shareholders after zakat		**454,981**	332,343
Earnings per share			
Basic and diluted earnings per share (⃁)	27	4.55	3.32

Nabeel Ali Shoaib
Member-Board (BoD)

Saud Ghonem Bin Ghonem
Chief Executive Officer (CEO)

Ibrahim Alwazir
Chief Financial Officer (CFO)

The accompanying notes 1 — 35 on pages 11 — 115 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of comprehensive income (SOCI)
For the year ended 31st December 2025

	Note	31st December 2025	31st December 2024
		Saudi Riyal (⃁) in 000	
Net income attributable to the shareholders after zakat		454,981	332,343
Other comprehensive income:			
Items that will not be reclassified to statement of income in subsequent periods			
Net changes in fair value of investments measured at FVOCI – equity instruments	5	29,218	27,215
Re-measurement gain / (loss) on employees' end-of-service benefits	13	149	(1,919)
		29,367	25,296
Total comprehensive income for the year		**484,348**	357,639

Nabeel Ali Shoaib	Saud Ghonem Bin Ghonem	Ibrahim Alwazir
Member-Board (BoD)	*Chief Executive Officer (CEO)*	*Chief Financial Officer (CFO)*

The accompanying notes 1 — 35 on pages 11 — 115 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of changes in equity (SOCE)
For the year ended 31st December 2025

	Note	Share capital	Statutory reserve	Retained earnings	Treasury shares reserve	Employees stock option scheme reserve	Fair value reserve for FVOCI investments	Remeasurement reserve for EOSB	Total
		Saudi Riyal (⃁) in 000							
Balance as at 1st January 2025		**1,000,000**	**349,486**	**658,248**	**-**	**-**	**80,522**	**(7,831)**	**2,080,425**
Total comprehensive income:									
Net income for the period after zakat		-	-	454,981	-	-	-	-	**454,981**
Net changes in fair value of investments measured at FVOCI – equity instruments	5	-	-	-	-	-	29,218	-	**29,218**
Re-measurement (loss) on employees' end-of-service benefit	13	-	-	-	-	-	-	149	**149**
Total comprehensive income for the year		-	-	454,981	-	-	29,218	149	**484,348**
Treasury shares	18	-	-	-	(35,671)		-	-	**(35,671)**
Employees stock option scheme reserve	19	-	-	-	-	6,589	-	-	**6,589**
Transfer to statutory reserve	17	-	90,996	(90,996)	-	-	-	-	**-**
Balance as at 31st December 2025		**1,000,000**	**440,482**	**1,022,233**	**(35,671)**	**6,589**	**109,740**	**(7,682)**	**2,535,691**
Restated balance as at 1st January 2024		1,000,000	283,017	347,632	-	-	98,049	(5,912)	1,722,786
Total comprehensive income:									
Net income for the period after zakat		-	-	332,343	-	-	-	-	332,343
Net changes in fair value of investments measured at FVOCI – equity instruments	5	-	-	-	-	-	27,215	-	27,215
Transfer from FVOCI portfolio on disposal		-	-	44,742	-	-	(44,742)	-	-
Re-measurement (loss) on employees' end-of-service benefit	13	-	-	-	-	-	-	(1,919)	(1,919)
Total comprehensive income for the year		-	-	377,085	-	-	(17,527)	(1,919)	357,639
Transfer to statutory reserve	17	-	66,469	(66,469)	-	-	-	-	-
Balance as at 31st December 2024		1,000,000	349,486	658,248	-	-	80,522	(7,831)	2,080,425

Nabeel Ali Shoaib	**Saud Ghonem Bin Ghonem**	**Ibrahim Alwazir**
Member-Board (BoD)	*Chief Executive Officer (CEO)*	*Chief Financial Officer (CFO)*

The accompanying notes 1 — 35 on pages 11 — 115 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of cash flows (SOCF)
For the year ended 31st December 2025

	Note	31st December 2025	31st December 2024
		Saudi Riyal (⃁) in 000	
Net income for the period before zakat		468,866	329,313
Adjustments for non-cash items:			
Amortization & write-off of intangible assets	10	12,891	21,630
Depreciation of property and equipment	11	6,014	14,371
Amortization of right-of-use assets	9	7,068	7,185
Write-off of right-to-use assets	9	764	-
Impairment gain on financial assets		(14)	(462)
Employees stock option scheme reserve	19	6,589	-
Finance cost on lease	15	1,931	2,184
Accrued income on investments held at amortised cost	5	(54,396)	(56,050)
Accrued income on investments measured at FVTPL	5	(2,852)	-
Provision for end-of-service benefits (EOSB)	13	9,816	7,245
		456,677	325,416
Changes in operating assets and liabilities:			
Investments measured at FVTPL	5	(365,207)	(805,293)
Investment for unit linked contracts	5	(2,085,202)	(5,126,320)
Insurance contract assets	6	(5,362)	174,238
Retakaful / reinsurance contract assets	6	34,408	(28,545)
Prepayments and other assets	7	(48,392)	91,486
Accrued income on statutory deposit		(2,793)	3,106
Payable, accruals and other liabilities	12	70,965	9,663
Insurance contract liabilities	6	1,086,014	5,105,215
Retakaful / reinsurance contract liabilities	6	(14,762)	(180,876)
Investment contract liabilities		508,823	
Deposit against guarantees & statutory income	4	5,614	9,099
Payables to Insurance Authority		2,793	(7,816)
		(356,424)	(430,627)
Zakat paid	14	(20,958)	(18,392)
End-of-service benefits paid (EOSB)	13	(7,572)	(5,657)
Net cash (used in) operating activities		**(384,954)**	(454,676)
Cash flows from investing activities			
Purchase of investments designated as FVOCI	5.2	(60,923)	(49,308)
Disposal of investments designated as FVOCI	5.2	60,923	281,002
Purchase of investments held at amortised cost	5.3	(1,171,003)	(1,214,024)
Disposal of investments held at amortised cost	5.3	1,615,292	1,357,815
Purchase of intangible assets	10	(133,728)	(117,382)
Purchase of property and equipment	11	(13,684)	(9,571)
Net cash from investing activities		**296,877**	248,532
Cash flows from financing activities			
Buy-back of treasury shares	18	(35,671)	-
Lease liability paid	15	(9,467)	(8,879)
Net cash (used in) financing activities		**(45,138)**	(8,879)
Net change in cash and cash equivalents		(133,215)	(215,023)
Cash and cash equivalents at the beginning of the year	4	685,779	900,802
Cash and cash equivalents at the end of the year		**552,564**	685,779
Non-Cash Transactions:			
Addition to right to use assets and lease liabilities		-	4,005
Net change in fair value of investment at FVOCI		29,218	27,215

Nabeel Ali Shoaib	Saud Ghonem Bin Ghonem	Ibrahim Alwazir
Member-Board (BoD)	*Chief Executive Officer (CEO)*	*Chief Financial Officer (CFO)*

The accompanying notes 1 — 35 on pages 11 — 115 form an integral part of, and should be read in conjunction with, these financial statements.

1. General

Al Rajhi Company for Cooperative Insurance (a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia), "the Company", was formed under Royal Decree No. (M/35) dated 27th Jumada al-thani 1429, (1st January 2008). The Company operates under Commercial Registration no. 1010270371 dated 5th Rajab 1430, corresponding to 28th June 2009. The registered address of the Company's head office is as follows:

Al Rajhi Company for Cooperative Insurance
P.O. Box 67791
Riyadh 11517
Kingdom of Saudi Arabia

The purpose of the Company is to conduct takaful operations and all related activities, including re-takaful / reinsurance and agency activities. Its principal lines of business include motor, medical/health, protection & savings, marine, fire, engineering, and casualty insurance.

On 2nd Jumada al-thani 1424, corresponding to 31st July 2003, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). On 1st Rabi' al-awwal 1425, corresponding to 20th April 2004, Insurance Authority (IA), as the principal authority responsible for the application and administration of the Insurance Law and its Insurance Implementing Regulations, granted the Company a license number (TMN/22/200911) to transact insurance activities in the Kingdom of Saudi Arabia.

As a commitment from the Company for its activities to be in compliance with Islamic Shari'a legislation, since its inception, the Company has established a Shari'a Authority to review and approve the activities and the products of the

The Board of Directors (BoD) approves the distribution of the surplus from insurance operations in accordance with the implementing Regulations issued by the Insurance Authority ("IA"), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations, and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full.

During the year 2023, the Insurance Authority (IA) was established by a royal decree as the insurance regulator. Previously issued regulations will be upheld until the Insurance Authority (IA) issues updated regulations; all mention of Insurance Authority (IA) in these financial statements to be read in this context. Therefore, the accrued income liability is payable to the Insurance Authority (IA).

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company, for the year ended 31st December 2025, have been prepared in accordance with International Financial Reporting Standard (IFRSs) Accounting Standards (IFRS Accounting Standards) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

The Company has adopted IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" from the period starting 1st January 2023, as endorsed in the Kingdom of Saudi Arabia (K.S.A). The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

The Company's statement of financial position is presented in order of liquidity but not using current / non-current classification. However, except for property and equipment, intangible assets, statutory deposit, accrued income on statutory deposit, some components of investments (measured at amortized cost, investments measured at FVOCI, long-term deposits), right of use assets, investment contract liabilities, lease liabilities, end-of-service benefits and accrued income payable to Insurance Authority, all other assets and liabilities are of short-term nature, unless, stated otherwise.

2. Basis of preparation *(continued)*

2.1 Statement of compliance *(continued)*

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

The implementing regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations in preparing the Company-level financial statements & in compliance with IFRS, the balances and transactions of the takaful operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the takaful operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

Management has also presented separate amounts for shareholders and takaful operations in Note 36. For statutory reporting under the IFRS Accounting Standards as endorsed by SOCPA, only aggregated amounts are required to be considered.

2.2 Basis of measurement

These financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments carried at fair value through profit or loss (FVTPL) and investments carried at fair value through other comprehensive income (FVOCI), lease liabilities which are recorded at the present value of future cashflows, employees' end of service benefits (EOSB) recorded at the present value using the projected unit credit method.Moreover, the insurance and reinsurance contracts are measured at the present value of estimated fulfilment cashflows that are expected to arise as the Company fulfils its contractual obligations and/or contractual service margin in accordance with IFRS17.

2.3 Functional & presentation currency

These financial statements are presented in Saudi Arabian Riyals (⃁), which is also the functional currency of the Company. Amounts in these financial statements are rounded off to the nearest thousand, except otherwise stated.

2.4 Fiscal year

The Company follows a fiscal year ending on 31st December.

2.5 Seasonality of operations

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

2.6 Critical accounting judgments, estimates and assumptions

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Actual results may differ from these estimates and such changes are reflected in the assumptions when they occur.

2. Basis of preparation *(continued)*

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

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

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

i) PAA eligibility assessment

The Company has applied the Premium Allocation Approach (PAA) only for contracts with a coverage period of 12 months or less. As this policy applies uniformly to all contracts based on their length, assessments to identify material differences between the model outcomes, for contracts where the coverage period was more than one year, have been deemed unnecessary.

The Company assesses materiality at each respective group of contracts level (GoCs) and at an aggregate insurance contract liabilities or retakaful / reinsurance contract assets level using pre-determined quantitative threshold for differences at the GoCs.

ii) Liability for remaining coverage (LRC)

a) Acquisition cash flows

For insurance acquisition cash flows (for GoCs under PAA), the Company is eligible whether to recognise insurance acquisition cash flows as an expense when it incurs those costs or to include those cash flows within the liability for remaining coverage (and hence amortise those cash flows over the coverage period).

The Company has opted to recognise an asset for insurance acquisition cash flows paid and amortise those cash flows over the coverage period in Liability for remaining coverage (LRC).

b) Significant financing component

The Company has determined that there is no significant financing component in contracts with a coverage period of one year or less (measured under PAA) and hence, the Company does not discount the LRC to reflect the time value of money and financial risk for such insurance and retakaful / reinsurance contracts. The Company has adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates, for contracts with a coverage period longer than one year.

c) Expected premium receipts adjustment

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as of the date of the statement of financial position. The computation is performed using IFRS 17 "Insurance Contracts" probability of default approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded in the LRC.

The ultimate cost of incurred claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, as well as by significant business lines and claim types.

2. Basis of preparation *(continued)*

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

iii) Liability for incurred claims (LIC)

Large claims are usually separately addressed, either by being reserved at the face value of loss adjusted estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features & claims handling procedures) to arrive at the best estimate ultimate cost of claims. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs. These are projected using a combination of the chain ladder technique and as a proportion of the corresponding claims.

Other key circumstances affecting the reliability of assumptions include variation in finance rates, delays in settlement and changes in foreign currency exchange rates (if any).

iv) Onerosity determination

For contracts measured under GMM and VFA, a group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense.

For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

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

Based on above assessment, certain Group of contracts have been identified as onerous.

v) Expense attribution

The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling/maintaining (other attributable expenses) and other expenses which are not directly attributable to such contracts (non-attributable expenses). Acquisition costs, such as underwriting costs, are no longer recognised in the statement of income (SOI) when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

2. Basis of preparation *(continued)*

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

v) Expense attribution *(continued)*

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

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

vi) Estimates of future cash flows

The Company primarily uses deterministic projections to estimate the present value of future cash flows (PVFCF) and for some groups, it uses stochastic modelling techniques.

A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

The following assumptions were used when estimating future cash flows:

- **Mortality and morbidity rates**

  Assumptions are based on AM 80 for Individual Life business and reinsurance rates for group life business. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender. An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

  "AM 80" typically refers to the 1980 Commissioners Standard Ordinary (CSO) Mortality Table, which is a standard mortality table used in life insurance for individual life business. It provides a set of mortality rates that reflect the likelihood of death for individuals at various ages.

- **Expenses**

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

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

- **Lapse and surrender rates**

  Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

2. Basis of preparation *(continued)*

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

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

- **Lapse and surrender rates** *(continued)*

The assumptions that have the greatest effect on the expected cash flows are listed below. The table sets out the percentage assumed to apply to industry mortality and morbidity tables in estimating fulfilment cash flows:

Portfolio assumptions by type of business impacting net liabilities

	Mortality and morbidity rates		Lapse and surrender rates	
	2025	2024	2025	2024
Life insurance contracts issued				
• Males	**100.00%**	100.00%	**100.00%**	100.00%
• Females	**100.00%**	100.00%	**100.00%**	100.00%

vii) Discount rates

A bottom-up approach was applied in the determination of the discount rates for different products. Under this approach, the discount rate, in the absence of a KSA-specific yield curve for the region, the European Insurance and Occupational Pensions Authority (EIOPA) USD risk-free rates, adjusted with the Country Risk Rate for the Kingdom of Saudi Arabia are used. This is consistent with the approach taken in the market. The country default spread is calculated using Moody's local currency sovereign rating (or S&P equivalent). This is then adjusted for the additional volatility of the equity market. To achieve this, the country default spread is multiplied by the relative equity market volatility for the Kingdom of Saudi Arabia (calculated by dividing the standard deviation in country equity market by the standard deviation in country bond). This is the Country Risk Premium which is added to the EIOPA risk free rates.

The additional volatility of the equity market mentioned above is used as a proxy for the illiquidity premium. Therefore, no additional illiquidity premium is explicitly added on top of the country risk premium. The country risk premiums is periodically updated, and the latest published figures are used.

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

	Insurance contracts issued		Reinsurance contracts held	
	Life	Non-life	Life	Non-life
1 year	7.15%	4.42%	7.15%	4.42%
5 years	7.15%	4.46%	7.15%	4.46%
10 years	7.15%	4.85%	7.15%	4.85%
20 years	7.15%	5.32%	7.15%	5.32%
30 years	7.15%	5.26%	7.15%	5.26%

* Life includes the individual life portfolio.

viii) Risk adjustment for non-financial risk

Risk adjustment reflects the compensation that is required for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

2. Basis of preparation *(continued)*

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

viii) Risk adjustment for non-financial risk *(continued)*

Mack and Bootstrap methods, being stochastic methods were preferred over Solvency II factors where-ever possible. The large volume of data that was available that allowed fitting a lognormal distribution on reserve estimates using paid triangles. Therefore, for all lines except for Life portfolio, Mack method provided reasonable results and was adopted.

For the Life portfolio, the stochastic methods exhibited very high volatility in results due to reasons not associated with the timing and amount of risk of the claims. Therefore, the reserve risk factors from Solvency II (SII) were used.

All the reserve risk factors on the 99.5th percentile were combined and the SII correlation matrix was used to calculate the post-diversification risk adjustment at the entity level. This total risk adjustment was brought down to the selected percentile and allocated back to the individual lines based on the pre-diversification risk adjustment amounts. The Company decided to adopt the 80th percentile risk adjustment figures based on their risk appetite. The risk adjustment percentages will be re-computed at each valuation period based on the updated data and the amount of claim reserves.

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

ix) Amortization of the contractual service margin (CSM)

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

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognizing any amounts in the statement of income to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognizing in the statement of income the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which the Company determines by considering the quantity of the benefits provided and the expected coverage duration. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses, and cancellation of contracts in the period. The Company then allocates them based on the probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

x) Sensitivities on major assumptions considered while applying IFRS 17

The sensitivity analysis performed during the year and has been presented under Note 34.

xi) Impairment losses on financial assets

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

2. Basis of preparation *(continued)*

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

xii) Fair values

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

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

The fair value of financial assets is based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flow using commission for items with similar terms and risk characteristics

For financial assets where there is no active market, fair value is determined by reference to the market value of a similar financial assets or where the fair values cannot be derived from active market, they are determined using a variety of valuation techniques. The inputs of this models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

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: financial instruments with quoted quoted market prices (unadjusted) in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments (similar assets and liabilities), quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

xiii) Going concern

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

xiv) Investment Contracts

The company assessed the individual life policies in the current year based on the criteria defined by IFRS 17 (determined on a present value basis and excluding scenarios that lack commercial substance, at the inception of the contract) and classified all the policies as investment contract liabilities under IFRS 09 that do not transfer significant insurance risk from the policyholder to the issuer.

2. Basis of preparation *(continued)*

2.7 Standards, interpretations and amendments to the accounting and reporting standards which are effective in the current reporting period

The following standards, amendments, and interpretations are effective from the reporting period beginning on or after 1st January 2025. These standards, interpretations, and amendments are either not relevant to the Company's operations or are not expected to have a significant impact on the Company's financial statements.

Standards, amendments and interpretations	Effective from annual period beginning on or after:
• Amendments to IAS 21 – Lack of Exchangeability	1st January 2025

2.8 New accounting standards/amendments and IFRS interpretations that are not yet effective

The following new accounting standards, interpretations & amendments have been issued by the International Accounting Standards Board (IASB) that are effective in future accounting periods that the Company has decided not to adopt early.

Standards, amendments and interpretations	Effective from annual period beginning on or after:
• Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption / effective date deferred indefinitely
• Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1st January 2026
• The new standard, IFRS 18 — Presentation and Disclosure in Financial Statements (replacing IAS 1 Presentation of Financial Statements)	1st January 2027
• IFRS 19 — Subsidiaries without Public Accountability: Disclosures	1st January 2027
• The new standard, IFRS S1 'General requirements for disclosure of sustainability-related financial information	1st January 2024 subject to endorsement by SOCPA
• The new standard, IFRS S2 'Climate-related disclosures	1st January 2024 subject to endorsement by SOCPA

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any standard issued by IASB that are yet to be effective, to have a material impact on the Company.

2.9 Retakaful / reinsurance contract

In these financial statements, 'retakaful / reinsurance contract' refers to retakaful / reinsurance contract held by the Company. The Company does not issue any retakaful / reinsurance contracts.

3. Material accounting policy information

The material accounting policies applied in the preparation of these financial statements are summarised below. These policies are consistent with the accounting policies for the year ended 31st December 2025 unless otherwise stated.

3.1 IFRS 17 Insurance Contracts

The nature of the changes in accounting policies related to "Insurance Contracts" can be summarized, as follows:

3.1.1 Insurance and reinsurance contracts classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses 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.

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

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

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

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

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

Investment components in P&S products comprise policyholder account values less applicable surrender fees.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service.

The variable fee comprises the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the fulfillment cash flow (FCF) that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features (DPF) is referred to as the variable fee approach (VFA).

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

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.1 Insurance and reinsurance contracts classification *(continued)*

Direct participating contracts issued by the Company are contracts with direct participation features (DPF) where the Company holds the pool of underlying assets and accounts for these Groups of contracts (GoC) under the variable fee approach (VFA).

Fair Value Gains on Unit-Linked Investments: In accordance with the Company's accounting policies, fair value gains on unit-linked investments have been included within the "Investment income" section of the statement of income (SOI). These gains are directly related to insurance contracts issued.

All other insurance contracts originated by the Company are without direct participation features (DPF).

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

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

3.1.2 Level of aggregation

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

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.

The Company has defined portfolios of insurance issued and reinsurance contracts held based on its product lines. The portfolios are further divided by year of issue (annual cohorts) and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.2 Level of aggregation *(continued)*

The expected profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

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

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

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

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

3.1.3 Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

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

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

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

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

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.4 Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of Groups of insurance contracts. This assessment is reviewed every reporting period. The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract

A substantive obligation to provide insurance contract services ends when:

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

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

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

For life contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Company by considering all the risks covered for the policyholder by the Company, which the Company would consider when underwriting equivalent contracts on the renewal dates for the remaining service. The Company reassesses the contract boundary of each group at the end of each reporting period.

3.1.5 Measurement Model Application

The Company uses different measurement approaches, depending on the type of contracts, as follows:

	Measurement model
Insurance contracts issued	
All non-life contracts except for engineering contracts	Premium Allocation Approach (PAA)
Engineering contracts	General Measurement Model (GMM)
All life contracts except for group-life and Individual family takaful policy	Variable Fee Approach (VFA)
Group-life	Premium Allocation Approach (PAA)
Individual family takaful policy	General Measurement Model (GMM)
Retakaful / reinsurance contracts held	
All life and non-life contracts	General Measurement Model (GMM)

The Company does not have any retakaful/reinsurance contracts issued to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.

3.1.6 Insurance contracts measured under the PAA

The Company applies the premium allocation approach (PAA) to all the insurance contracts mentioned in Note 3.1.5, that it issues.

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.6 Insurance contracts measured under the PAA *(continued)*

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows). The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted unless they are expected to be paid in one year or less from the date the claims are incurred.

3.1.7 Insurance contracts not measured under the PAA

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

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

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

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

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, 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 recognised for cash flows related to the group (including assets for insurance acquisition cash flows)

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

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss.

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.7 Insurance contracts not measured under the PAA *(continued)*

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

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

The liability for remaining coverage comprises;

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

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

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

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

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

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

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

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

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.7 Insurance contracts not measured under the PAA *(continued)*

- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;

- differences between
  a) any investment component expected to become payable in the reporting period, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
  b) the actual amount that becomes payable in the reporting period;

- differences between any loan to a policyholder expected to become repayable in the reporting period and the actual amount that becomes repayable in the reporting period; and

- changes in the risk adjustment for non-financial risk that relate to future services.

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

Direct participating contracts

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and

- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

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;

- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;

- a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or

- an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses).

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.7 Insurance contracts not measured under the PAA *(continued)*

Direct participating contracts *(continued)*

- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the reporting period.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (DPF) (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

3.1.8 Reinsurance contracts not measured under the PAA

The reinsurance contracts portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition.
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition.
- A group of the remaining contracts in the portfolio.

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

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

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

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

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

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

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

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.8 Reinsurance contracts not measured under the PAA *(continue)*

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

For reinsurance contracts, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

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

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

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised.

The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

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

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.9 Insurance acquisition costs

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- costs directly attributable to individual contracts and Groups of contracts; and
- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

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

The acquisition costs are generally capitalized and recognized in the statement of income over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Company incurs those costs. The company has elected not to choose the option and has capitalized the costs which would then be recognized over the life of contracts. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage (LRC).

3.1.10 Insurance revenue

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

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

- Amounts relating to the changes in the LRC:

  a) insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    i. amounts related to the loss component;
    ii. repayments of investment components;
    iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
    iv. insurance acquisition expenses;

  b) changes in the risk adjustment for non-financial risk, excluding:
    i. changes included in insurance finance income (expenses);
    ii. changes that relate to future coverage (which adjust the CSM); and
    iii. amounts allocated to the loss component;

  c) amounts of the CSM recognized in statement of income for the services provided in the period; and

  d) experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

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

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.10 Insurance revenue *(continued)*

For Groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a Group of contracts (GoC).

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected credit loss model prescribed under IFRS 17 "Insurance Contracts".

3.1.11 Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits excluding investment components;
- other incurred directly attributable insurance service expenses;
- amortization of insurance acquisition cash flows;
- changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- changes that relate to future service (i.e. losses/reversals on onerous Groups of contracts from changes in the loss components).

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

3.1.12 Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts (GoC) 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 General Measurement Model (GMM), also known as Building Block Approach (BBA), 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 (finance rate) and other financial assumptions; and
- foreign exchange differences arising from contracts denominated in a foreign currency.

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

- changes in the fair value of underlying items;
- interest accreted on the fulfilment cash flows (FCF) relating to cash flows that do not vary with returns on underlying items; and
- the effect of changes in interest rates (finance rate) and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

3. Material accounting policy information *(continued)*

3.1 IFRS 17 Insurance Contracts *(continued)*

3.1.12 Insurance finance income or expenses *(continued)*

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

- interest accreted on the liability of incurred claims (LIC); and
- the effect of changes in interest rates (finance rate) and other financial assumptions.

The Company does not disaggregates insurance finance income or expenses on insurance contracts issued between profit or loss and OCI because the related financial assets are managed on a fair value basis and measured at Fair Value through Profit or Loss (FVTPL).

3.1.13 Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held separately between the amounts recoverable from reinsurers and allocation of the premiums for reinsurance contracts held, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable insurance service expenses;
- effect of changes in risk of reinsurer non-performance;
- for contracts measured under the General Measurement Model (GMM), changes that relate to future service (i.e. changes in the fulfilment cash flows (FCF) that do not adjust the contractual service margin (CSM) for the group of underlying insurance contracts); and
- changes relating to past service (i.e. adjustments to incurred claims).

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

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

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

3. Material accounting policy information *(continued)*

3.2 Financial assets and liabilities

3.2.1 Measurement methods

The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, contributions or discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

Profit income

Profit income is recognised using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, profit income is recognised by applying the effective profit rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, profit income is recognised by applying the effective profit rate to the gross carrying amount of the financial asset.

Initial recognition and measurement

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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 amortised 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.

3.2.2 Classification and subsequent measurement of financial assets

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL)

Investments in sukuks (other than Tier 1 sukuks), murabaha deposits, balances with banks, statutory deposits and contribution and retakaful balances receivables are classified as held at amortized cost. Investment in shares are designated as FVOCI. Investment in the mutual funds and tier 1 sukuks are classified as FVTPL.

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

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.

3. **Material accounting policy information** *(continued)*

3.2 **Financial assets and liabilities** *(continued)*

3.2.2 **Classification and subsequent measurement of financial assets** *(continue)*

Business model:

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

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

Solely payments of principal and profit:

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

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. 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 FVTPL, 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 amortised cost which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised 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 profit or loss (FVTPL): Assets that are held for trading purpose or assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in the statement of income in the period in which it arises.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the reporting period ended 31st December 2025.

3. Material accounting policy information *(continued)*

3.2 Financial assets and liabilities *(continued)*

3.2.2 Classification and subsequent measurement of financial assets *(continue)*

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

Gains and losses on equity investments at FVTPL (both realized and unrealized) are included in the 'Net gains on investments mandatorily measured at FVTPL' line in the statement of income.

3.2.3 Impairment of financial assets

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 amortised cost and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

If there is objective evidence that an impairment loss on a financial asset exists, the impairment for assets carried at amortized cost, impairment is based on estimated future cash flows that are discounted at the original effective commission rate.

3.2.4 Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- the Company transfers substantially all the risks and rewards of ownership, or
- the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

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

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

3. Material accounting policy information *(continued)*

3.2 Financial assets and liabilities *(continued)*

3.2.5 Classification and subsequent measurement of financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss (FVTPL): this classification is applied to financial liabilities at FVTPL at initial recognition. Gains or losses on financial liabilities designated at FVTPL are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially in statement of income (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in the statement of income.

3.2.6 Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3.2.7 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

3.3 Property and equipment

Property and equipment is measured at cost net of accumulated depreciation and accumulated impairment in value if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. Expenditure for repair and maintenance is charged to the statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalised. Depreciation is charged to the statement of income on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are:

	Years
• Motor vehicles, Office and electrical equipment	3 - 5
• Computer hardware	5
• Furniture and fixtures	6 - 7

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of income.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The residual values, useful lives and methods of depreciation of property, equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3. Material accounting policy information *(continued)*

3.4 Statutory deposit

In accordance with the Cooperative Insurance Companies Control Law issued by the Insurance Authority, the Company is required to maintain a deposit in a bank account equal to 10% of the paid-up share capital of the Company. This statutory deposit cannot be withdrawn without the consent of the Insurance Authority. Statutory deposit is classified as a financial asset and is carried at amortized cost. The statutory deposit generates special commission income, which is accrued on a regular basis and is shown as a separate line item as part of the liabilities in the Statement of Financial Position as "Accrued commission income payable to Insurance Authority".

3.5 Provisions

These are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

3.6 Provision for 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. Re-measurements (actuarial gains/ losses) as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

3.7 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") {Ministerial Resolution (MR) No. 1007 dated 29th February 2024}. Zakat is calculated based on the higher of the approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment. Amounts accrued for zakat expense in each quarter of one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

3.8 Payables to Insurance Authority

This represents accrued income on statutory deposit and Insurance Authority levy accrual. The Company is carrying this liability at amortized cost.

3.9 Statutory reserves

In accordance with the Company's by-laws and as mandated by relevant regulations (Saudi Arabian Insurance Regulations), the Company shall allocate 20% of its net income from shareholders' operations each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

3.10 Treasury shares (share capital)

When shares are repurchased, the amount of the consideration paid which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. The consideration paid is not reflected as loss on treasury shares in the retained earnings.

3. Material accounting policy information *(continued)*

3.11 Employee stock option scheme reserve - Equity settled

This represents equity share-based payments granted in lieu of services provided by certain eligible executives and employees of the Company.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. Grant date is the date at which the entity and an employee agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. The fair value of shares granted during the period has been determined using the market price of the Company's share on the grant date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity as a reserve for a share-based payment, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the statement of income (SOI) for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The cumulative expenses recognized for equity-settled transactions are accumulated under the share-based payment reserve within the statement of changes in equity (SOCE).

In cases where an award is forfeited (i.e. when the vesting conditions relating to an award are not satisfied), the Company reverses the expense relating to such awards previously recognised in the statement of income (SOI). Where an equity-settled award is cancelled (other than forfeiture), it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. The value of the shares repurchased, including costs associated with the acquisition, is recognized as a deduction from equity. The Company retains shares under employees share scheme, which represents treasury shares.

3.12 Dividend distribution

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

3.13 Commitments and contingencies

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
  — it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; c
  — the amount of the obligation cannot be measured with sufficient reliability.
- Contingent assets are not recognized in the financial statements. Contingent assets are not disclosed unless an inflow of economic benefits is probable.
- Commitments represent binding agreements of the Company to carry out specified courses of action involving a transfer of cash or other assets to the respective counterparties.

3.14 Earnings per Share (EPS)

The Company calculates and presents Earnings Per Share (EPS) in accordance with IFRS Accounting Standards an endorsed by SOCPA. EPS is calculated by dividing net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

3. Material accounting policy information *(continued)*

3.15 Segmental reporting

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

- Medical
- Motor
- Property and casualty (P&C)
- Protection and savings (P&S)

Operating segments do not include shareholders' operations of the Company. Income earned from investments is the only revenue generating activity in shareholders operations. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis.

Operating segments are reported in a manner consistent with the internal reporting to the Chief Executive Officer (CEO). The Chief Executive Officer (CEO) is the key decision maker and is responsible for allocating resources, assessing performance and making strategic decisions of the operating segments.

3.16 Right of Use Assets

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company recognises a right-of-use asset (ROA) and a lease liability at the lease commencement date. The right-of-use asset (ROA) is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset (ROA) or the lease term using the straight-line method, as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Lease terms range from 2 to 10 years for offices, vehicles and equipment. In addition, the right-of-use asset (ROA) is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.17 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the finance rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental financing rate. Generally, the Company uses its incremental financing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. The lease liability is measured at amortised cost using the incremental financing cost. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset (ROA) has been reduced to zero.

The Company has elected to apply the practical expedient not to recognise right-of-use assets (ROA) and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

3. Material accounting policy information *(continued)*

3.18 Cash and bank balances

As presented in Note: 4, page 43, cash and bank balances include cash in hand, cash with banks and other short-term highly liquid investments with original maturities of three months or less from the date of purchase which are available to the Company without any restriction, if any.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank as defined above, net of restricted cash as they are considered an integral part of the Company's cash management.

3.19 Takaful operations' surplus payable

As a result of the adoption of IFRS 17 "Insurance Contracts" from the period started 1st January 2023, net surplus payable to policyholders is reported as part of insurance contract liabilities in liability of incurred claims (LIC) as presented in Note: 6. Also, income attributable to insurance operations is expensed as part of insurance service expenses as presented in Note: 20.2.

3.20 Accrued and other liabilities

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

3.21 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash-generating units (CGUs) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year. Impairment losses of continuing operations are recognised in the statement of income.

For assets, excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the statement of income (SOI).

3. Material accounting policy information *(continued)*

3.22 Investment Contracts

Any long-term contracts not considered to be insurance contracts under IFRS Accounting Standards, because they do not transfer significant insurance risk, are classified as investment contracts. Such contracts are further analysed between those with and without a discretionary participation feature (DPF). Contracts containing a discretionary participation feature (DPF) are referred to as participating investment contracts, or investment contracts with DPF, and those without a discretionary participation feature (DPF) as nonparticipating investment contracts.

Investment contracts that contain a discretionary participation feature are those in which the contract holder has a contractual right to receive additional benefits as a supplement to guaranteed benefits. These are referred to as participating contracts and are measured according to the methodology as defined by IFRS 17 "*Insurance contracts* ".

The Company's non-participating investment contracts are primarily unit-linked. These contracts are accounted for as financial liabilities whose value is contractually linked to the fair values of financial assets within the Company's unitised investment funds. The value of the unit-linked financial liabilities is determined using current unit prices multiplied by the number of units attributed to the contract holders at the reporting date.

3.23 Fee income on Investment Contracts

The Company receives ongoing investment management fees, which are recognised as revenue as the investment management services are provided on a daily basis throughout the life of the investment. These fees are charged as a percentage of the fund being managed and are taken directly from the fund or typically settled monthly.

The Company also receives initial investment management fees in the form of an adjustment, or charge, to the amount invested. These fees are in respect of services rendered in conjunction with the issue and management of investment contracts, where the Company actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the contract.

These services comprise an indeterminate number of acts over the lives of the individual contracts and, therefore, the Company defers these fees and recognises them on a straight-line basis over the estimated lives of the contracts unless there is evidence to support an alternative recognition basis. Where an alternative recognition basis is applied, this is calculated by reference to experience information in respect of the period over which income from contracts is earned. The income is recognised through the statement of comprehensive income, within other income.

3.24 Trade date accounting

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

3.25 Withholding tax

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

3.26 Cash flow Statement

The Company's main cash flows are from insurance operations, which are classified as cash flow from operating activities. Cash flows generated from investing and financing activities are classified accordingly. The Company uses the "Indirect Method" to present the Statement of Cash Flows (SOCF).

3. Material accounting policy information *(continued)*

3.27 Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the statement of income, except when they relate to items where gains or losses are recognized directly in other comprehensive income and the gain or loss is recognised net of the exchange component in equity.

3.28 VAT treatment

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 or
c) Issuance of tax invoices 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.

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

3.29 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of income (SOI) when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives (5 years for Digital transformation and Computer software) are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of income (SOI) in the expense category consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income (SOI) when the asset is derecognized.

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

The Comapny has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Material accounting policy information *(continued)*

3.31 Expected credit loss (ECL)

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the exposure.

The Company uses external credit risk ratings of well-known and reputable rating agencies to assess the probability of default of individual counterparties.

The Company does not recognise lifetime expected credit losses on a financial instrument simply because it was considered to have low credit risk in the previous reporting period and is not considered to have low credit risk at the reporting date. In such a case, the Company will determine whether there has been a significant increase in credit risk since initial recognition and thus whether lifetime expected credit losses are required to be recognised.

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

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

3.32 Insurance pool

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

This co-insurance arrangement, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. The Company recognizes revenue from the arrangement under "insurance revenue" and records related expenses under "service expenses" in the statement of income (SOI), ensuring appropriate classification in line with its accounting policies.

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

4. Cash and bank balances

Cash and bank balances comprise the following:

	Note	31st December 2025	31st December 2024
		Saudi Riyal (⃁) in 000	
Cash and bank balances	4.1	552,564	685,779
Cah and bank balances - total cash and cash equivalents in the statement of cash flows		**552,564**	685,779
Total cash and cash equivalents		552,564	685,779
Deposits against letters of guarantee	24	29,588	35,202
Cash at banks (statutory deposit income) - Restricted	4.2	-	-
Cash and bank balances		**582,152**	720,981

4.1 Bank balances and short-term deposits are placed with counterparties with sound credit ratings of A+ to BB under Standard and Poor's/Fitch and A1 to Ba2 under Moody's rating methodology.

4.2 The accrued commission on the deposit as at 31st December 2025 is ⃁ 6.15 million (31st December 2024: ⃁ 3.36 million) whereas accrued commission income payable to Insurance Authority as at 31st December 2025 is ⃁ 6.15 million (31st December 2024: ⃁ 3.36 million).

5. Investments

Investments are classified as follows:	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
- Mutual funds	777,092	305,391
- Equities	94,738	290,991
- Sukuk	826,378	730,379
- Accrued investment income	2,852	6,240
Investments measured at FVTPL	**1,701,060**	1,333,001
- Listed equity instruments	211,082	193,609
- Unlisted equity securities	72,869	61,124
Investments measured at FVOCI	**283,951**	254,733
- Murabaha deposits	998,633	1,309,513
- Sukuk	970,594	1,047,953
- Accrued investment income	54,396	56,050
Investment measured at amortized cost (AC)	**2,023,623**	2,413,516
- Growth Fund	6,964,575	5,909,684
- Balanced Fund	283,843	256,343
- Conservative Fund	168,891	123,523
- Private conservative Fund	957,443	-
Investment for unit linked contracts	**8,374,752**	6,289,550
Total investments	**12,383,386**	10,290,800

5. Investments *(continued)*

5.1 Investments measured at fair value through profit or loss (FVTPL)

5.1.1 The movement in investments measured at FVTPL is as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Opening balance	1,333,001	527,708
Purchases	1,180,467	1,491,158
Disposals	(808,495)	(708,805)
Accrued investment income	2,852	6,240
Changes in fair value of investments, net	(6,765)	16,700
Closing balance	**1,701,060**	1,333,001

The Murabaha deposits having original maturity exceeding three months have been placed with reputable commercial banks and financial institutions both local and foreign. They are denominated in Saudi Arabian Riyals.

For the year 31st December 2025, these deposits earn yield at rates ranging from 4.86% to 5.36% per annum (31st December 2024: 5.1% to 6.67%). These are placed with counterparties with sound credit ratings A+ to BB under Standard and Poor's/Fitch and A1 to Ba2 under Moody's rating methodology.

5.2 Investments measured at fair value through other comprehensive income (FVOCI)

5.2.1 The movement in investments measured at FVOCI is as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Opening balance	254,733	459,212
Purchases	60,923	49,308
Disposals	(60,923)	(281,002)
Changes in fair value of investments, net	29,218	27,215
Closing balance	**283,951**	254,733

5.2.2 The investment measured at FVOCI includes investment in Najm that has been valued as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Cost of investment	1,923	1,923
Fair value reserve		
Fair value reserve - Opening balance	59,201	37,780
Changes in fair value	11,745	21,421
Fair value reserve - closing balance	**70,946**	59,201
Total investment at fair value	**72,869**	61,124

The fair value is based on the independent valuation report (appointed by the Najm) dated 31st December 2025.

5. Investments *(continued)*

5.3 Investment measured at amortized cost (AC)

5.3.1 The movement in investments measured at amortized cost is as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Opening balance	**2,414,303**	2,502,044
Purchases	**1,171,003**	1,214,024
Disposals / maturities	**(1,615,306)**	(1,357,815)
Accrued investment income	**54,396**	56,050
	2,024,396	2,414,303
Expected credit losses	**(773)**	(787)
Closing balance	**2,023,623**	2,413,516

Movement in loss allowance for investments at amortised cost for the year is presented in Note:34.

5.4 Investment for unit linked contracts

5.4.1 The movement in unit-linked investments, measured at FVTPL, is as follows:

	31st December 2025				
	Growth	Balanced	Conservative	Private conservative	Total
	Saudi Riyal (⃁) in 000				
Opening balance	5,909,684	256,343	123,523	-	6,289,550
Purchases	1,675,140	28,090	41,657	945,525	2,690,412
Disposals	-	-	-	-	-
Changes in fair value of investments, net	(620,249)	(590)	3,711	11,918	(605,210)
Closing balance	**6,964,575**	**283,843**	**168,891**	**957,443**	**8,374,752**

	31st December 2024				
	Growth	Balanced	Conservative	Private conservative	Total
	Saudi Riyal (⃁) in 000				
Opening balance	997,631	111,282	54,317	-	1,163,230
Purchases	4,575,868	132,999	64,740	-	4,773,607
Changes in fair value of investments, net	336,185	12,062	4,466	-	352,713
Closing balance	5,909,684	256,343	123,523	-	6,289,550

Unit-linked investments (relates to Takaful operations), represents investment made in mutual funds only. Changes in fair value of unit linked investments includes ⃁ 31.4 million net of fees that relates to investment contract liabilities.

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts

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

	Note	Valuation Approach	31st December 2025		31st December 2024	
			Assets	Liabilities	Assets	Liabilities
			Saudi Riyal (⃁) in 000			
Insurance contract assets & liabilities						
Motor	6.1.1(a)	PAA	-	1,823,633	-	1,930,150
Medical / Health	6.1.1(b)	PAA	-	705,165	-	706,029
Property & casualty	6.1.1(c)	PAA	-	381,693	-	577,697
Protection & savings	6.1.1(d)	PAA	5,366	39,572	-	96,680
Total – PAA	6.1.1		**5,366**	**2,950,063**	-	3,310,556
Property & casualty	6.1.2(a)	GMM	-	216,814	-	235,046
Protection & savings	6.1.2(c)	GMM	-	555	4	-
Total – GMM	6.1.2		**-**	**217,369**	4	235,046
Protection & savings	6.1.2(d)	VFA	-	7,683,927	-	6,219,743
Total – VFA	6.1.2		**-**	**7,683,927**	-	6,219,743
			5,366	**10,851,359**	4	9,765,345
Retakaful / reinsurance contract assets & liabilities						
Motor	6.2.1(a)	GMM	29,156	-	18,186	-
Medical / Health	6.2.1(b)	-	-	-	-	-
Property & casualty	6.2.1(c)	GMM	527,010	717	550,183	15,479
Protection & savings	6.2.1(d)	GMM	84,095	-	106,300	-
Total – GMM	6.2.1		**640,261**	**717**	674,669	15,479

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances

6.1.1 Insurance contracts measured under PAA

Total PAA	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	872,028	51,190	2,201,928	185,410	**3,310,556**	1,193,307	48,823	1,859,100	177,752	**3,278,982**
Opening insurance contract assets	-	-	-	-	**-**	(174,213)	-	-	-	**(174,213)**
Net balance as at 1st January	**872,028**	**51,190**	**2,201,928**	**185,410**	3,310,556	1,019,094	48,823	1,859,100	177,752	**3,104,769**
Insurance revenue	(4,861,719)	-	-	-	**(4,861,719)**	(4,915,553)	-	-	-	**(4,915,553)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	(51,189)	4,078,417	89,027	**4,116,255**	-	(48,015)	4,199,458	98,250	**4,249,693**
Changes relating to liabilities for incurred claims	-	-	(120,114)	(117,216)	**(237,330)**	-	-	(111,829)	(102,026)	**(213,855)**
Losses / (loss reversals) on onerous contracts	-	31,888	-	-	**31,888**	-	50,382	-	-	**50,382**
Insurance acquisition costs incurred	495,779	-	-	-	**495,779**	456,822	-	-	-	**456,822**
Surplus distribution to policyholders	-	-	14,279	-	**14,279**	-	-	21,859	-	**21,859**
	495,779	**(19,301)**	**3,972,582**	**(28,189)**	**4,420,871**	456,822	2,367	4,109,488	(3,776)	**4,564,901**
Insurance service result	**(4,365,940)**	**(19,301)**	**3,972,582**	**(28,189)**	**(440,848)**	(4,458,731)	2,367	4,109,488	(3,776)	**(350,652)**
Finance expenses from insurance contracts issued	-	-	77,502	15,803	**93,305**	-	-	54,237	11,434	**65,671**
Total amounts recognised in statement of income	**(4,365,940)**	**(19,301)**	**4,050,084**	**(12,386)**	**(347,543)**	(4,458,731)	2,367	4,163,725	7,658	**(284,981)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums received	4,478,195	-	-	-	**4,478,195**	4,838,028	-	-	-	**4,838,028**
Claims and other directly attributable expenses paid	-	-	(3,784,394)	-	**(3,784,394)**	-	-	(3,820,897)	-	**(3,820,897)**
Insurance acquisition cash flows	(712,117)	-	-	-	**(712,117)**	(526,363)	-	-	-	**(526,363)**
	3,766,078	**-**	**(3,784,394)**	**-**	**(18,316)**	4,311,665	-	(3,820,897)	-	**490,768**
Net balance as at 31st December / 31st December	**272,166**	**31,889**	**2,467,618**	**173,024**	**2,944,697**	872,028	51,190	2,201,928	185,410	**3,310,556**
Closing insurance contract liabilities	288,641	31,889	2,457,378	172,155	**2,950,063**	872,028	51,190	2,201,928	185,410	**3,310,556**
Closing insurance contract assets	(16,475)	-	10,240	869	**(5,366)**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**272,166**	**31,889**	**2,467,618**	**173,024**	**2,944,697**	**872,028**	**51,190**	**2,201,928**	**185,410**	**3,310,556**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.1 Insurance contracts measured under PAA *(continued)*

a) Motor	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	732,161	15,398	1,104,733	77,858	**1,930,150**	1,124,749	-	1,000,677	91,278	**2,216,704**
Opening insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 1st January	**732,161**	**15,398**	**1,104,733**	**77,858**	**1,930,150**	1,124,749	-	1,000,677	91,278	**2,216,704**
Insurance revenue	(2,375,616)	-	-	-	**(2,375,616)**	(2,667,065)	-	-	-	**(2,667,065)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	(15,398)	2,013,038	22,976	**2,020,616**	-	-	2,302,632	39,199	**2,341,831**
Changes relating to liabilities for incurred claims	-	-	(167,539)	(58,860)	**(226,399)**	-	-	(251,964)	(58,502)	**(310,466)**
Losses / (loss reversals) on onerous contracts	-	7,230	-	-	**7,230**	-	15,398	-	-	**15,398**
Insurance acquisition costs incurred	346,314	-	-	-	**346,314**	313,034	-	-	-	**313,034**
Surplus distribution to policyholders	-	-	9,633	-	**9,633**	-	-	17,889	-	**17,889**
	346,314	**(8,168)**	**1,855,132**	**(35,884)**	**2,157,394**	313,034	15,398	2,068,557	(19,303)	**2,377,686**
Insurance service result	**(2,029,302)**	**(8,168)**	**1,855,132**	**(35,884)**	**(218,222)**	(2,354,031)	15,398	2,068,557	(19,303)	**(289,379)**
Finance expenses from insurance contracts issued	-	-	45,878	7,231	**53,109**	-	-	37,725	5,883	**43,608**
Total amounts recognised in statement of income	**(2,029,302)**	**(8,168)**	**1,901,010**	**(28,653)**	**(165,113)**	(2,354,031)	15,398	2,106,282	(13,420)	**(245,771)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums received	2,682,365	-	-	-	**2,682,365**	2,255,362	-	-	-	**2,255,362**
Claims and other directly attributable expenses paid	-	-	(2,126,133)	-	**(2,126,133)**	-	-	(2,002,226)	-	**(2,002,226)**
Insurance acquisition cash flows	(497,636)	-	-	-	**(497,636)**	(293,919)	-	-	-	**(293,919)**
	2,184,729	**-**	**(2,126,133)**	**-**	**58,596**	1,961,443	-	(2,002,226)	-	**(40,783)**
Net balance as at 31st December / 31st December	**887,588**	**7,230**	**879,610**	**49,205**	**1,823,633**	732,161	15,398	1,104,733	77,858	**1,930,150**
Closing insurance contract liabilities	887,588	7,230	879,610	49,205	**1,823,633**	732,161	15,398	1,104,733	77,858	**1,930,150**
Closing insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**887,588**	**7,230**	**879,610**	**49,205**	**1,823,633**	**732,161**	**15,398**	**1,104,733**	**77,858**	**1,930,150**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.1 Insurance contracts measured under PAA *(continued)*

b) Medical / Health	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	54,885	35,792	563,468	51,884	**706,029**	29,616	48,823	381,540	35,856	**495,835**
Opening insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 1st January	**54,885**	**35,792**	**563,468**	**51,884**	**706,029**	29,616	48,823	381,540	35,856	**495,835**
Insurance revenue	(1,617,655)	-	-	-	**(1,617,655)**	(1,491,856)	-	-	-	**(1,491,856)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	(35,791)	1,415,932	21,774	**1,401,915**	-	(48,015)	1,585,888	43,146	**1,581,019**
Changes relating to liabilities for incurred claims	-	-	86,534	(41,705)	**44,829**	-	-	75,403	(29,431)	**45,972**
Losses / (loss reversals) on onerous contracts	-	19,479	-	-	**19,479**	-	34,984	-	-	**34,984**
Insurance acquisition costs incurred	132,946	-	-	-	**132,946**	95,285	-	-	-	**95,285**
Surplus distribution to policyholders	-	-	-	-	**-**	-	-	-	-	**-**
	132,946	**(16,312)**	**1,502,466**	**(19,931)**	**1,599,169**	95,285	(13,031)	1,661,291	13,715	**1,757,260**
Insurance service result	**(1,484,709)**	**(16,312)**	**1,502,466**	**(19,931)**	**(18,486)**	(1,396,571)	(13,031)	1,661,291	13,715	**265,404**
Finance expenses from insurance contracts issued	-	-	18,246	5,613	**23,859**	-	-	8,543	2,313	**10,856**
Total amounts recognised in statement of income	**(1,484,709)**	**(16,312)**	**1,520,712**	**(14,318)**	**5,373**	(1,396,571)	(13,031)	1,669,834	16,028	**276,260**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums received	1,472,871	-	-	-	**1,472,871**	1,554,221	-	-	-	**1,554,221**
Claims and other directly attributable expenses paid	-	-	(1,311,446)	-	**(1,311,446)**	-	-	(1,487,906)	-	**(1,487,906)**
Insurance acquisition cash flows	(167,662)	-	-	-	**(167,662)**	(132,381)	-	-	-	**(132,381)**
	1,305,209	**-**	**(1,311,446)**	**-**	**(6,237)**	1,421,840	-	(1,487,906)	-	**(66,066)**
Net balance as at 31st December / 31st December	**(124,615)**	**19,480**	**772,734**	**37,566**	**705,165**	54,885	35,792	563,468	51,884	**706,029**
Closing insurance contract liabilities	(124,615)	19,480	772,734	37,566	**705,165**	54,885	35,792	563,468	51,884	**706,029**
Closing insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**(124,615)**	**19,480**	**772,734**	**37,566**	**705,165**	**54,885**	**35,792**	**563,468**	**51,884**	**706,029**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.1 Insurance contracts measured under PAA *(continued)*

c) Property & casualty	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	86,975	-	443,418	47,304	**577,697**	595	-	395,485	43,851	**439,931**
Opening insurance contract assets	-	-	-	-	**-**	(174,213)	-	-	-	**(174,213)**
Net balance as at 1st January	**86,975**	**-**	**443,418**	**47,304**	577,697	(173,618)	-	395,485	43,851	265,718
Insurance revenue	(344,332)	-	-	-	**(344,332)**	(593,043)	-	-	-	**(593,043)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	143,953	10,703	**154,656**	-	-	158,680	10,472	**169,152**
Changes relating to liabilities for incurred claims	-	-	6,890	(10,046)	**(3,156)**	-	-	100,296	(9,830)	**90,466**
Losses / (loss reversals) on onerous contracts	-	5,179	-	-	**5,179**	-	-	-	-	**-**
Insurance acquisition costs incurred	11,928	-	-	-	**11,928**	19,427	-	-	-	**19,427**
Surplus distribution to policyholders	-	-	3,744	-	**3,744**	-	-	2,485	-	**2,485**
	11,928	**5,179**	**154,587**	**657**	**172,351**	19,427	-	261,461	642	**281,530**
Insurance service result	**(332,404)**	**5,179**	**154,587**	**657**	**(171,981)**	(573,616)	-	261,461	642	**(311,513)**
Finance expenses from insurance contracts issued	-	-	12,106	2,507	**14,613**	-	-	7,284	2,811	**10,095**
Total amounts recognised in statement of income	**(332,404)**	**5,179**	**166,693**	**3,164**	**(157,368)**	(573,616)	-	268,745	3,453	**(301,418)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums received	221,224	-	-	-	**221,224**	841,305	-	-	-	**841,305**
Claims and other directly attributable expenses paid	-	-	(220,422)	-	**(220,422)**	-	-	(220,812)	-	**(220,812)**
Insurance acquisition cash flows	(39,438)	-	-	-	**(39,438)**	(7,096)	-	-	-	**(7,096)**
	181,786	**-**	**(220,422)**	**-**	**(38,636)**	834,209	-	(220,812)	-	**613,397**
Net balance as at 31st December / 31st December	**(63,643)**	**5,179**	**389,689**	**50,468**	**381,693**	86,975	-	443,418	47,304	**577,697**
Closing insurance contract liabilities	(63,643)	5,179	389,689	50,468	**381,693**	86,975	-	443,418	47,304	**577,697**
Closing insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**(63,643)**	**5,179**	**389,689**	**50,468**	**381,693**	**86,975**	**-**	**443,418**	**47,304**	**577,697**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.1 Insurance contracts measured under PAA *(continued)*

d) Protection & savings	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	(1,993)	-	90,309	8,364	**96,680**	38,347	-	81,398	6,767	**126,512**
Opening insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 1st January	**(1,993)**	**-**	**90,309**	**8,364**	**96,680**	38,347	-	81,398	6,767	**126,512**
Insurance revenue	(524,116)	-	-	-	**(524,116)**	(163,589)	-	-	-	**(163,589)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	505,494	33,574	**539,068**	-	-	152,258	5,433	**157,691**
Changes relating to liabilities for incurred claims	-	-	(45,999)	(6,605)	**(52,604)**	-	-	(35,564)	(4,263)	**(39,827)**
Losses / (loss reversals) on onerous contracts	-	-	-	-	**-**	-	-	-	-	**-**
Insurance acquisition costs incurred	4,591	-	-	-	**4,591**	29,076	-	-	-	**29,076**
Surplus distribution to policyholders	-	-	902	-	**902**	-	-	1,485	-	**1,485**
	4,591	**-**	**460,397**	**26,969**	**491,957**	29,076	-	118,179	1,170	**148,425**
Insurance service result	**(519,525)**	**-**	**460,397**	**26,969**	**(32,159)**	(134,513)	-	118,179	1,170	**(15,164)**
Finance expenses from insurance contracts issued	-	-	1,272	452	**1,724**	-	-	685	427	**1,112**
Total amounts recognised in statement of income	**(519,525)**	**-**	**461,669**	**27,421**	**(30,435)**	(134,513)	-	118,864	1,597	**(14,052)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums received	101,735	-	-	-	**101,735**	187,140	-	-	-	**187,140**
Claims and other directly attributable expenses paid	-	-	(126,393)	-	**(126,393)**	-	-	(109,953)	-	**(109,953)**
Insurance acquisition cash flows	(7,381)	-	-	-	**(7,381)**	(92,967)	-	-	-	**(92,967)**
	94,354	**-**	**(126,393)**	**-**	**(32,039)**	94,173	-	(109,953)	-	**(15,780)**
Net balance as at 31st December / 31st December	**(427,164)**	**-**	**425,585**	**35,785**	**34,206**	(1,993)	-	90,309	8,364	**96,680**
Closing insurance contract liabilities	(410,689)	-	415,345	34,916	**39,572**	(1,993)	-	90,309	8,364	**96,680**
Closing insurance contract assets	(16,475)	-	10,240	869	**(5,366)**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**(427,164)**	**-**	**425,585**	**35,785**	**34,206**	**(1,993)**	**-**	**90,309**	**8,364**	**96,680**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.2 Insurance contracts measured under GMM & VFA

	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
Total GMM & VFA	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	6,285,396	1,215	151,351	16,827	**6,454,789**	1,244,478	808	121,356	14,506	**1,381,148**
Opening insurance contract assets	(62)	58	-	-	**(4)**	(29)	-	-	-	**(29)**
Net balance as at 1st January	**6,285,334**	**1,273**	**151,351**	**16,827**	**6,454,785**	1,244,449	808	121,356	14,506	**1,381,119**
Insurance revenue	(460,409)	-	-	-	**(460,409)**	(475,906)	-	-	-	**(475,906)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	(359)	32,417	1,439	**33,497**	-	(280)	33,950	741	**34,411**
Changes relating to liabilities for incurred claims	-	-	(5,586)	2,352	**(3,234)**	-	-	26,385	614	**26,999**
Losses / (loss reversals) on onerous contracts	-	1,579	-	-	**1,579**	-	740	-	-	**740**
Insurance acquisition costs incurred	66,099	-	-	-	**66,099**	36,286	-	-	-	**36,286**
Surrenders and maturities	-	-	-	-	**-**	-	-	-	-	**-**
	66,099	**1,220**	**26,831**	**3,791**	**97,941**	36,286	460	60,335	1,355	**98,436**
Insurance service result	**(394,310)**	**1,220**	**26,831**	**3,791**	**(362,468)**	(439,620)	460	60,335	1,355	**(377,470)**
Finance expenses from insurance contracts issued	(568,545)	41	2,117	868	**(565,519)**	357,203	5	3,092	966	**361,266**
Total amounts recognised in statement of income	**(962,855)**	**1,261**	**28,948**	**4,659**	**(927,987)**	(82,417)	465	63,427	2,321	**(16,204)**
Investment components	(1,997,010)	-	1,997,010	-	**-**	(612,872)	-	612,872	-	**-**
Cash flows										
Premiums received	4,662,896	-	-	-	**4,662,896**	6,164,290	-	-	-	**6,164,290**
Claims and other directly attributable expenses paid	-	-	(2,021,056)	-	**(2,021,056)**	-	-	(646,304)	-	**(646,304)**
Insurance acquisition cash flows	(267,342)	-	-	-	**(267,342)**	(428,116)	-	-	-	**(428,116)**
	4,395,554	**-**	**(2,021,056)**	**-**	**2,374,498**	5,736,174	-	(646,304)	-	**5,089,870**
Net balance as at 31st December / 31st December	**7,721,023**	**2,534**	**156,253**	**21,486**	**7,901,296**	6,285,334	1,273	151,351	16,827	**6,454,785**
Closing insurance contract liabilities	7,721,023	2,534	156,253	21,486	**7,901,296**	6,285,396	1,215	151,351	16,827	**6,454,789**
Closing insurance contract assets	-	-	-	-	**-**	(62)	58	-	-	**(4)**
Net balance as at 31st December / 31st December	**7,721,023**	**2,534**	**156,253**	**21,486**	**7,901,296**	**6,285,334**	**1,273**	**151,351**	**16,827**	**6,454,785**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.2 Insurance contracts measured under GMM & VFA *(continued)*

a) Property & casualty	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	66,868	-	151,351	16,827	**235,046**	93,248	213	121,356	14,506	**229,323**
Opening insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 1st January	**66,868**	**-**	**151,351**	**16,827**	**235,046**	**93,248**	**213**	**121,356**	**14,506**	**229,323**
Insurance revenue	(202,310)	-	-	-	**(202,310)**	(307,684)	-	-	-	**(307,684)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	11,556	1,439	**12,995**	-	(217)	12,409	741	**12,933**
Changes relating to liabilities for incurred claims	-	-	(5,586)	2,352	**(3,234)**	-	-	26,385	614	**26,999**
Losses / (loss reversals) on onerous contracts	-	-	-	-	**-**	-	-	-	-	**-**
Insurance acquisition costs incurred	22,670	-	-	-	**22,670**	9,351	-	-	-	**9,351**
Surrenders and maturities	-	-	-	-	**-**	-	-	-	-	**-**
	22,670	**-**	**5,970**	**3,791**	**32,431**	9,351	(217)	38,794	1,355	**49,283**
Insurance service result	**(179,640)**	**-**	**5,970**	**3,791**	**(169,879)**	(298,333)	(217)	38,794	1,355	**(258,401)**
Finance expenses from insurance contracts issued	5,550	-	2,117	868	**8,535**	4,490	4	3,092	966	**8,552**
Total amounts recognised in statement of income	**(174,090)**	**-**	**8,087**	**4,659**	**(161,344)**	(293,843)	(213)	41,886	2,321	**(249,849)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums received	170,352	-	-	-	**170,352**	277,679	-	-	-	**277,679**
Claims and other directly attributable expenses paid	-	-	(3,185)	-	**(3,185)**	-	-	(11,891)	-	**(11,891)**
Insurance acquisition cash flows	(24,055)	-	-	-	**(24,055)**	(10,216)	-	-	-	**(10,216)**
	146,297	**-**	**(3,185)**	**-**	**143,112**	267,463	-	(11,891)	-	**255,572**
Net balance as at 31st December / 31st December	**39,075**	**-**	**156,253**	**21,486**	**216,814**	66,868	-	151,351	16,827	**235,046**
Closing insurance contract liabilities	39,075	-	156,253	21,486	**216,814**	66,868	-	151,351	16,827	**235,046**
Closing insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**39,075**	**-**	**156,253**	**21,486**	**216,814**	**66,868**	**-**	**151,351**	**16,827**	**235,046**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.2 Insurance contracts measured under GMM & VFA *(continued)*

b) Protection & savings	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	6,218,528	1,215	-	-	**6,219,743**	1,151,230	595	-	-	**1,151,825**
Opening insurance contract assets	(62)	58	-	-	**(4)**	(29)	-	-	-	**(29)**
Net balance as at 1st January	**6,218,466**	**1,273**	**-**	**-**	**6,219,739**	1,151,201	595	-	-	**1,151,796**
Insurance revenue	(258,099)	-	-	-	**(258,099)**	(168,222)	-	-	-	**(168,222)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	(359)	20,861	-	**20,502**	-	(63)	21,541	-	**21,478**
Changes relating to liabilities for incurred claims	-	-	-	-	**-**	-	-	-	-	**-**
Losses / (loss reversals) on onerous contracts	-	1,579	-	-	**1,579**	-	740	-	-	**740**
Insurance acquisition costs incurred	43,429	-	-	-	**43,429**	26,935	-	-	-	**26,935**
Surrenders and maturities	-	-	-	-	**-**	-	-	-	-	**-**
	43,429	**1,220**	**20,861**	**-**	**65,510**	26,935	677	21,541	-	**49,153**
Insurance service result	**(214,670)**	**1,220**	**20,861**	**-**	**(192,589)**	(141,287)	677	21,541	-	**(119,069)**
Finance expenses from insurance contracts issued	(574,095)	41	-	-	**(574,054)**	352,713	1	-	-	**352,714**
Total amounts recognised in statement of income	**(788,765)**	**1,261**	**20,861**	**-**	**(766,643)**	211,426	678	21,541	-	**233,645**
Investment components	(1,997,010)	-	1,997,010	-	**-**	(612,872)	-	612,872	-	**-**
Cash flows										
Premiums received	4,492,544	-	-	-	**4,492,544**	5,886,611	-	-	-	**5,886,611**
Claims and other directly attributable expenses paid	-	-	(2,017,871)	-	**(2,017,871)**	-	-	(634,413)	-	**(634,413)**
Insurance acquisition cash flows	(243,287)	-	-	-	**(243,287)**	(417,900)	-	-	-	**(417,900)**
	4,249,257	**-**	**(2,017,871)**	**-**	**2,231,386**	5,468,711	-	(634,413)	-	**4,834,298**
Net balance as at 31st December / 31st December	**7,681,948**	**2,534**	**-**	**-**	**7,684,482**	6,218,466	1,273	-	-	**6,219,739**
Closing insurance contract liabilities	7,681,948	2,534	-	-	**7,684,482**	6,218,528	1,215	-	-	**6,219,743**
Closing insurance contract assets	-	-	-	-	**-**	(62)	58	-	-	**(4)**
Net balance as at 31st December / 31st December	**7,681,948**	**2,534**	**-**	**-**	**7,684,482**	**6,218,466**	**1,273**	**-**	**-**	**6,219,739**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.2 Insurance contracts measured under GMM *(continued)*

c) Protection & savings	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	-	-	-	-	**-**	-	33	-	-	**33**
Opening insurance contract assets	(62)	58	-	-	**(4)**	(29)	-	-	-	**(29)**
Net balance as at 1st January	**(62)**	**58**	**-**	**-**	**(4)**	(29)	33	-	-	**4**
Insurance revenue	46	-	-	-	**46**	(34)	-	-	-	**(34)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	(57)	5	-	**(52)**	-	-	9	-	**9**
Changes relating to liabilities for incurred claims	-	-	-	-	**-**	-	-	-	-	**-**
Losses / (loss reversals) on onerous contracts	-	830	-	-	**830**	-	24	-	-	**24**
Insurance acquisition costs incurred	-	-	-	-	**-**	-	-	-	-	**-**
Surrenders and maturities	-	-	-	-	**-**	-	-	-	-	**-**
	-	**773**	**5**	**-**	**778**	-	24	9	-	**33**
Insurance service result	**46**	**773**	**5**	**-**	**824**	(34)	24	9	-	**(1)**
Finance expenses from insurance contracts issued	(304)	41	-	-	**(263)**	1	1	-	-	**2**
Total amounts recognised in statement of income	**(258)**	**814**	**5**	**-**	**561**	(33)	25	9	-	**1**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums received	3	-	-	-	**3**	1	-	-	-	**1**
Claims and other directly attributable expenses paid	-	-	(5)	-	**(5)**	-	-	(9)	-	**(9)**
Insurance acquisition cash flows	-	-	-	-	**-**	(1)	-	-	-	**(1)**
	3	**-**	**(5)**	**-**	**(2)**	-	-	(9)	-	**(9)**
Net balance as at 31st December / 31st December	**(317)**	**872**	**-**	**-**	**555**	(62)	58	-	-	**(4)**
Closing insurance contract liabilities	(317)	872	-	-	**555**	-	-	-	-	**-**
Closing insurance contract assets	-	-	-	-	**-**	(62)	58	-	-	**(4)**
Net balance as at 31st December / 31st December	**(317)**	**872**	**-**	**-**	**555**	**(62)**	**58**	**-**	**-**	**(4)**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.2 Insurance contracts measured under VFA *(continued)*

d) Protection & savings	31st December 2025					31st December 2024				
	LRC		LIC			LRC		LIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening insurance contract liabilities	6,218,528	1,215	-	-	**6,219,743**	1,151,230	562	-	-	**1,151,792**
Opening insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 1st January	**6,218,528**	**1,215**	**-**	**-**	**6,219,743**	1,151,230	562	-	-	**1,151,792**
Insurance revenue	(258,145)	-	-	-	**(258,145)**	(168,188)	-	-	-	**(168,188)**
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	(302)	20,856	-	**20,554**	-	(63)	21,532	-	**21,469**
Changes relating to liabilities for incurred claims	-	-	-	-	**-**	-	-	-	-	**-**
Losses / (loss reversals) on onerous contracts	-	749	-	-	**749**	-	716	-	-	**716**
Insurance acquisition costs incurred	43,429	-	-	-	**43,429**	26,935	-	-	-	**26,935**
Surrenders and maturities	-	-	-	-	**-**	-	-	-	-	**-**
	43,429	**447**	**20,856**	**-**	**64,732**	26,935	653	21,532	-	**49,120**
Insurance service result	**(214,716)**	**447**	**20,856**	**-**	**(193,413)**	(141,253)	653	21,532	-	**(119,068)**
Finance expenses from insurance contracts issued	(573,791)	-	-	-	**(573,791)**	352,712	-	-	-	**352,712**
Total amounts recognised in statement of income	**(788,507)**	**447**	**20,856**	**-**	**(767,204)**	211,459	653	21,532	-	**233,644**
Investment components	(1,997,010)	-	1,997,010	-	**-**	(612,872)	-	612,872	-	**-**
Cash flows										
Premiums received	4,492,541	-	-	-	**4,492,541**	5,886,610	-	-	-	**5,886,610**
Claims and other directly attributable expenses paid	-	-	(2,017,866)	-	**(2,017,866)**	-	-	(634,404)	-	**(634,404)**
Insurance acquisition cash flows	(243,287)	-	-	-	**(243,287)**	(417,899)	-	-	-	**(417,899)**
	4,249,254	**-**	**(2,017,866)**	**-**	**2,231,388**	5,468,711	-	(634,404)	-	**4,834,307**
Net balance as at 31st December / 31st December	**7,682,265**	**1,662**	**-**	**-**	**7,683,927**	6,218,528	1,215	-	-	**6,219,743**
Closing insurance contract liabilities	7,682,265	1,662	-	-	**7,683,927**	6,218,528	1,215	-	-	**6,219,743**
Closing insurance contract assets	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**7,682,265**	**1,662**	**-**	**-**	**7,683,927**	**6,218,528**	**1,215**	**-**	**-**	**6,219,743**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.3 Reconciliation of insurance contract assets and liabilities by components for contracts measured under GMM & VFA

Total GMM & VFA	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening insurance contract liabilities	6,021,356	45,938	387,495	**6,454,789**	856,229	36,804	488,115	**1,381,148**
Opening insurance contract assets	(12)	8	-	**(4)**	(29)	-	-	**(29)**
Net balance as at 1st January	**6,021,344**	**45,946**	**387,495**	**6,454,785**	**856,200**	**36,804**	**488,115**	**1,381,119**
Changes that relate to current service								
CSM recognised for the services received	-	-	(230,194)	**(230,194)**	-	-	(288,748)	**(288,748)**
Change in the risk adjustment for the risk expired	-	(35,938)	-	**(35,938)**	-	(22,103)	-	**(22,103)**
Experience adjustments	(94,679)	-	-	**(94,679)**	(94,358)	-	-	**(94,358)**
	(94,679)	**(35,938)**	**(230,194)**	**(360,811)**	**(94,358)**	**(22,103)**	**(288,748)**	**(405,209)**
Changes that relate to future service								
Changes in estimates that adjust the CSM	(988,211)	44,079	944,131	**(1)**	129,221	(2,575)	(126,958)	**(312)**
Changes in estimates that result in onerous contract losses or reversal of losses	801	(28)	-	**773**	750	(10)	-	**740**
Contracts initially recognised in the period	(346,957)	35,142	312,621	**806**	(462,768)	30,051	432,717	**-**
Experience adjustments	28,382	-	(28,385)	**(3)**	301,676	-	(301,367)	**309**
	(1,305,985)	**79,193**	**1,228,367**	**1,575**	**(31,121)**	**27,466**	**4,392**	**737**
Changes that relate to past service								
Changes relating to liabilities for incurred claims	(5,584)	2,352	-	**(3,232)**	26,388	614	-	**27,002**
Experience adjustments	-	-	-	**-**	-	-	-	**-**
	(5,584)	**2,352**	**-**	**(3,232)**	**26,388**	**614**	**-**	**27,002**
Insurance service result	**(1,406,248)**	**45,607**	**998,173**	**(362,468)**	**(99,091)**	**5,977**	**(284,356)**	**(377,470)**
Finance expenses from insurance contracts issued	411,901	(2,058)	(975,362)	**(565,519)**	174,365	3,165	183,736	**361,266**
Total amounts recognised in statement of income	**(994,347)**	**43,549**	**22,811**	**(927,987)**	**75,274**	**9,142**	**(100,620)**	**(16,204)**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums received	4,662,896	-	-	**4,662,896**	6,164,290	-	-	**6,164,290**
Claims and other directly attributable expenses paid	(2,021,056)	-	-	**(2,021,056)**	(646,304)	-	-	**(646,304)**
Insurance acquisition cash flows	(267,342)	-	-	**(267,342)**	(428,116)	-	-	**(428,116)**
	2,374,498	**-**	**-**	**2,374,498**	**5,089,870**	**-**	**-**	**5,089,870**
Net balance as at 31st December / 31st December	**7,401,495**	**89,495**	**410,306**	**7,901,296**	**6,021,344**	**45,946**	**387,495**	**6,454,785**
Closing insurance contract liabilities	7,401,495	89,495	410,306	**7,901,296**	6,021,356	45,938	387,495	**6,454,789**
Closing insurance contract assets	-	-	-	**-**	(12)	8	-	**(4)**
Net balance as at 31st December / 31st December	**7,401,495**	**89,495**	**410,306**	**7,901,296**	**6,021,344**	**45,946**	**387,495**	**6,454,785**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.3 Reconciliation of insurance contract assets and liabilities by components for contracts measured under GMM & VFA *(continued)*

a) Property & casualty	31st December 2025				31st December 2024			
	Present value of future cash flows	**Risk adjustment for non-financial risks**	**Contractual Service Margin**	**Total**	**Present value of future cash flows**	**Risk adjustment for non-financial risks**	**Contractual Service Margin**	**Total**
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening insurance contract liabilities	89,058	17,199	128,789	**235,046**	31,168	15,490	182,665	**229,323**
Opening insurance contract assets	-	-	-	**-**	-	-	-	**-**
Net balance as at 1st January	**89,058**	**17,199**	**128,789**	**235,046**	**31,168**	**15,490**	**182,665**	**229,323**
Changes that relate to current service								
CSM recognised for the services received	-	-	(169,337)	**(169,337)**	-	-	(262,887)	**(262,887)**
Change in the risk adjustment for the risk expired	-	1,030	-	**1,030**	-	(3,019)	-	**(3,019)**
Experience adjustments Current service	1,663	-	-	**1,663**	(19,494)	-	-	**(19,494)**
	1,663	**1,030**	**(169,337)**	**(166,644)**	**(19,494)**	**(3,019)**	**(262,887)**	**(285,400)**
Changes that relate to future service								
Changes in estimates that adjust the CSM	3,340	(319)	(3,021)	**-**	(93,543)	(9,934)	103,165	**(312)**
Changes in estimates that result in onerous contract losses or reversal of losses	-	-	-	**-**	-	-	-	**-**
Contracts initially recognised in the period	(103,130)	742	102,388	**-**	(194,439)	12,675	181,764	**-**
Experience adjustments future service	(94,259)	-	94,256	**(3)**	83,967	-	(83,658)	**309**
	(194,049)	**423**	**193,623**	**(3)**	**(204,015)**	**2,741**	**201,271**	**(3)**
Changes that relate to past service								
Changes relating to liabilities for incurred claims	(5,584)	2,352	-	**(3,232)**	26,388	614	-	**27,002**
Experience adjustments past service	-	-	-	**-**	-	-	-	**-**
	(5,584)	**2,352**	**-**	**(3,232)**	**26,388**	**614**	**-**	**27,002**
Insurance service result	**(197,970)**	**3,805**	**24,286**	**(169,879)**	**(197,121)**	**336**	**(61,616)**	**(258,401)**
Finance expenses from insurance contracts issued	(1,361)	890	9,006	**8,535**	(561)	1,373	7,740	**8,552**
Total amounts recognised in statement of income	**(199,331)**	**4,695**	**33,292**	**(161,344)**	**(197,682)**	**1,709**	**(53,876)**	**(249,849)**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums received	170,352	-	-	**170,352**	277,679	-	-	**277,679**
Claims and other directly attributable expenses paid	(3,185)	-	-	**(3,185)**	(11,891)	-	-	**(11,891)**
Insurance acquisition cash flows	(24,055)	-	-	**(24,055)**	(10,216)	-	-	**(10,216)**
	143,112	**-**	**-**	**143,112**	**255,572**	**-**	**-**	**255,572**
Net balance as at 31st December / 31st December	**32,839**	**21,894**	**162,081**	**216,814**	**89,058**	**17,199**	**128,789**	**235,046**
Closing insurance contract liabilities	32,839	21,894	162,081	**216,814**	89,058	17,199	128,789	**235,046**
Closing insurance contract assets	-	-	-	**-**	-	-	-	**-**
Net balance as at 31st December / 31st December	**32,839**	**21,894**	**162,081**	**216,814**	**89,058**	**17,199**	**128,789**	**235,046**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.3 Reconciliation of insurance contract assets and liabilities by components for contracts measured under GMM & VFA *(continued)*

b) Protection & savings	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening insurance contract liabilities	5,932,298	28,739	258,706	**6,219,743**	825,061	21,314	305,450	**1,151,825**
Opening insurance contract assets	(12)	8	-	**(4)**	(29)	-	-	**(29)**
Net balance as at 1st January	**5,932,286**	**28,747**	**258,706**	**6,219,739**	**825,032**	**21,314**	**305,450**	**1,151,796**
Changes that relate to current service								
CSM recognised for the services received	-	-	(60,857)	**(60,857)**	-	-	(25,861)	**(25,861)**
Change in the risk adjustment for the risk expired	-	(36,968)	-	**(36,968)**	-	(19,084)	-	**(19,084)**
Experience adjustments Current service	(96,342)	-	-	**(96,342)**	(74,864)	-	-	**(74,864)**
	(96,342)	**(36,968)**	**(60,857)**	**(194,167)**	**(74,864)**	**(19,084)**	**(25,861)**	**(119,809)**
Changes that relate to future service								
Changes in estimates that adjust the CSM	(991,551)	44,398	947,152	**(1)**	222,764	7,359	(230,123)	**-**
Changes in estimates that result in onerous contract losses or reversal of losses	801	(28)	-	**773**	750	(10)	-	**740**
Contracts initially recognised in the period	(243,827)	34,400	210,233	**806**	(268,329)	17,376	250,953	**-**
Experience adjustments future service	122,641	-	(122,641)	**-**	217,709	-	(217,709)	**-**
	(1,111,936)	**78,770**	**1,034,744**	**1,578**	**172,894**	**24,725**	**(196,879)**	**740**
Changes that relate to past service								
Changes relating to liabilities for incurred claims	-	-	-	**-**	-	-	-	**-**
Experience adjustments past service	-	-	-	**-**	-	-	-	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Insurance service result	**(1,208,278)**	**41,802**	**973,887**	**(192,589)**	**98,030**	**5,641**	**(222,740)**	**(119,069)**
Finance expenses from insurance contracts issued	413,262	(2,948)	(984,368)	**(574,054)**	174,926	1,792	175,996	**352,714**
Total amounts recognised in statement of income	**(795,016)**	**38,854**	**(10,481)**	**(766,643)**	**272,956**	**7,433**	**(46,744)**	**233,645**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums received	4,492,544	-	-	**4,492,544**	5,886,611	-	-	**5,886,611**
Claims and other directly attributable expenses paid	(2,017,871)	-	-	**(2,017,871)**	(634,413)	-	-	**(634,413)**
Insurance acquisition cash flows	(243,287)	-	-	**(243,287)**	(417,900)	-	-	**(417,900)**
	2,231,386	**-**	**-**	**2,231,386**	**4,834,298**	**-**	**-**	**4,834,298**
Net balance as at 31st December / 31st December	**7,368,656**	**67,601**	**248,225**	**7,684,482**	**5,932,286**	**28,747**	**258,706**	**6,219,739**
Closing insurance contract liabilities	7,368,656	67,601	248,225	**7,684,482**	5,932,298	28,739	258,706	**6,219,743**
Closing insurance contract assets	-	-	-	**-**	(12)	8	-	**(4)**
Net balance as at 31st December / 31st December	**7,368,656**	**67,601**	**248,225**	**7,684,482**	**5,932,286**	**28,747**	**258,706**	**6,219,739**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.3 Reconciliation of insurance contract assets and liabilities by components for contracts measured under GMM *(continued)*

b) Protection & savings	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening insurance contract liabilities	-	-	-	**-**	(69)	57	12	**-**
Opening insurance contract assets	(12)	8	-	**(4)**	4	-	-	**4**
Net balance as at 1st January	**(12)**	**8**	**-**	**(4)**	**(65)**	**57**	**12**	**4**
Changes that relate to current service								
CSM recognised for the services received	-	-	-	**-**	-	-	-	**-**
Change in the risk adjustment for the risk expired	-	1	-	**1**	-	(11)	-	**(11)**
Experience adjustments Current service	(8)	-	-	**(8)**	(15)	-	-	**(15)**
	(8)	**1**	**-**	**(7)**	**(15)**	**(11)**	**-**	**(26)**
Changes that relate to future service								
Changes in estimates that adjust the CSM	(33)	33	-	**-**	20	(27)	7	**-**
Changes in estimates that result in onerous contract losses or reversal of losses	57	(33)	-	**24**	39	(15)	-	**24**
Contracts initially recognised in the period	390	416	-	**806**	-	-	-	**-**
Experience adjustments future service	1	-	-	**1**	22	-	(21)	**1**
	415	**416**	**-**	**831**	**81**	**(42)**	**(14)**	**25**
Changes that relate to past service								
Changes relating to liabilities for incurred claims	-	-	-	**-**	-	-	-	**-**
Experience adjustments past service	-	-	-	**-**	-	-	-	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Insurance service result	**407**	**417**	**-**	**824**	**66**	**(53)**	**(14)**	**(1)**
Finance expenses from insurance contracts issued	(106)	(157)	-	**(263)**	(4)	4	2	**2**
Total amounts recognised in statement of income	**301**	**260**	**-**	**561**	**62**	**(49)**	**(12)**	**1**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums received	3	-	-	**3**	1	-	-	**1**
Claims and other directly attributable expenses paid	(5)	-	-	**(5)**	(9)	-	-	**(9)**
Insurance acquisition cash flows	-	-	-	**-**	(1)	-	-	**(1)**
	(2)	**-**	**-**	**(2)**	**(9)**	**-**	**-**	**(9)**
Net balance as at 31st December / 31st December	**287**	**268**	**-**	**555**	**(12)**	**8**	**-**	**(4)**
Closing insurance contract liabilities	287	268	-	**555**	-	-	-	**-**
Closing insurance contract assets	-	-	-	**-**	(12)	8	-	**(4)**
Net balance as at 31st December / 31st December	**287**	**268**	**-**	**555**	**(12)**	**8**	**-**	**(4)**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.1 Movements in insurance contract balances *(continued)*

6.1.3 Reconciliation of insurance contract assets and liabilities by components for contracts measured under VFA *(continued)*

b) Protection & savings	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening insurance contract liabilities	5,932,298	28,739	258,706	**6,219,743**	825,130	21,257	305,438	**1,151,825**
Opening insurance contract assets	-	-	-	**-**	(33)	-	-	**(33)**
Net balance as at 1st January	**5,932,298**	**28,739**	**258,706**	**6,219,743**	**825,097**	**21,257**	**305,438**	**1,151,792**
Changes that relate to current service								
CSM recognised for the services received	-	-	(60,857)	**(60,857)**	-	-	(25,861)	**(25,861)**
Change in the risk adjustment for the risk expired	-	(36,969)	-	**(36,969)**	-	(19,073)	-	**(19,073)**
Experience adjustments Current service	(96,334)	-	-	**(96,334)**	(74,849)	-	-	**(74,849)**
	(96,334)	**(36,969)**	**(60,857)**	**(194,160)**	**(74,849)**	**(19,073)**	**(25,861)**	**(119,783)**
Changes that relate to future service								
Changes in estimates that adjust the CSM	(991,518)	44,365	947,151	**(2)**	222,744	7,386	(230,130)	**-**
Changes in estimates that result in onerous contract losses or reversal of losses	744	5	-	**749**	711	5	-	**716**
Contracts initially recognised in the period	(244,218)	33,985	210,233	**-**	(268,329)	17,376	250,953	**-**
Experience adjustments future service	122,641	-	(122,641)	**-**	217,687	-	(217,688)	**(1)**
	(1,112,351)	**78,355**	**1,034,743**	**747**	**172,813**	**24,767**	**(196,865)**	**715**
Changes that relate to past service								
Changes relating to liabilities for incurred claims	-	-	-	**-**	-	-	-	**-**
Experience adjustments past service	-	-	-	**-**	-	-	-	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Insurance service result	**(1,208,685)**	**41,386**	**973,886**	**(193,413)**	**97,964**	**5,694**	**(222,726)**	**(119,068)**
Finance expenses from insurance contracts issued	413,368	(2,791)	(984,368)	**(573,791)**	174,930	1,788	175,994	**352,712**
Total amounts recognised in statement of income	**(795,317)**	**38,595**	**(10,482)**	**(767,204)**	**272,894**	**7,482**	**(46,732)**	**233,644**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums received	4,492,541	-	-	**4,492,541**	5,886,610	-	-	**5,886,610**
Claims and other directly attributable expenses paid	(2,017,866)	-	-	**(2,017,866)**	(634,404)	-	-	**(634,404)**
Insurance acquisition cash flows	(243,287)	-	-	**(243,287)**	(417,899)	-	-	**(417,899)**
	2,231,388	**-**	**-**	**2,231,388**	**4,834,307**	**-**	**-**	**4,834,307**
Net balance as at 31st December / 31st December	**7,368,369**	**67,334**	**248,224**	**7,683,927**	**5,932,298**	**28,739**	**258,706**	**6,219,743**
Closing insurance contract liabilities	7,368,369	67,334	248,224	**7,683,927**	5,932,298	28,739	258,706	**6,219,743**
Closing insurance contract assets	-	-	-	**-**	-	-	-	**-**
Net balance as at 31st December / 31st December	**7,368,369**	**67,334**	**248,224**	**7,683,927**	**5,932,298**	**28,739**	**258,706**	**6,219,743**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts

6.2.1 Retakaful / reinsurance contracts measured under measured under GMM

	31st December 2025					31st December 2024				
	ARC		AIC			ARC		AIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening retakaful / reinsurance contract assets	(77,903)	1,145	683,064	68,363	**674,669**	-	627	577,777	67,720	**646,124**
Opening retakaful / reinsurance contract liabilities	(11,417)	-	(5,054)	992	**(15,479)**	(190,522)	-	(5,833)	-	**(196,355)**
Net balance as at 1st January	**(89,320)**	**1,145**	**678,010**	**69,355**	**659,190**	**(190,522)**	**627**	**571,944**	**67,720**	**449,769**
Allocation of retakaful / reinsurance contributions										
Expected amount of claim recoverable in the year	(68,592)	-	-	-	**(68,592)**	(245,936)	-	-	-	**(245,936)**
Change in risk adjustment for non-financial risk	(6,562)	-	-	-	**(6,562)**	(24,230)	-	-	-	**(24,230)**
CSM recognised for services received	(347,921)	-	-	-	**(347,921)**	(612,889)	-	-	-	**(612,889)**
Reversal of loss recovery that does not adjust CSM	-	-	-	-	**-**	86	-	-	-	**86**
Experience adjustments for premium paid	3,983	-	-	-	**3,983**	20,565	-	-	-	**20,565**
	(419,092)	**-**	**-**	**-**	**(419,092)**	**(862,404)**	**-**	**-**	**-**	**(862,404)**
Amounts recoverable from retakaful / reinsurance										
Incurred claims and other expenses	-	-	111,886	8,568	**120,454**	-	-	404,740	13,415	**418,155**
Changes in amounts recoverable on incurred claims	-	-	(2,489)	(14,335)	**(16,824)**	-	-	(46,638)	(16,308)	**(62,946)**
Loss recovery / (reversals) for onerous contracts	-	2,047	-	-	**2,047**	-	518	-	-	**518**
Change in provision for risk of non-performance	-	-	(499)	-	**(499)**	-	-	547	-	**547**
	-	**2,047**	**108,898**	**(5,767)**	**105,178**	**-**	**518**	**358,649**	**(2,893)**	**356,274**
Insurance service result	**(419,092)**	**2,047**	**108,898**	**(5,767)**	**(313,914)**	**(862,404)**	**518**	**358,649**	**(2,893)**	**(506,130)**
Finance expenses from insurance contracts held	3,731	25	17,178	3,837	**24,771**	26,575	-	11,144	4,528	**42,247**
Total amounts recognised in statement of income	**(415,361)**	**2,072**	**126,076**	**(1,930)**	**(289,143)**	**(835,829)**	**518**	**369,793**	**1,635**	**(463,883)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums paid net of ceding commissions	450,925	-	-	-	**450,925**	937,031	-	-	-	**937,031**
Claims and other recoveries	-	-	(181,428)	-	**(181,428)**	-	-	(263,727)	-	**(263,727)**
	450,925	**-**	**(181,428)**	**-**	**269,497**	**937,031**	**-**	**(263,727)**	**-**	**673,304**
Net balance as at 31st December / 31st December	**(53,756)**	**3,217**	**622,658**	**67,425**	**639,544**	**(89,320)**	**1,145**	**678,010**	**69,355**	**659,190**
Closing retakaful / reinsurance contract assets	(51,894)	2,072	622,658	67,425	**640,261**	(77,903)	1,145	683,064	68,363	**674,669**
Closing retakaful / reinsurance contract liabilities	(1,862)	1,145	-	-	**(717)**	(11,417)	-	(5,054)	992	**(15,479)**
Net balance as at 31st December / 31st December	**(53,756)**	**3,217**	**622,658**	**67,425**	**639,544**	**(89,320)**	**1,145**	**678,010**	**69,355**	**659,190**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.1 Retakaful / reinsurance contracts measured under measured under GMM *(continued)*

a) Motor	31st December 2025					31st December 2024				
	ARC		AIC			ARC		AIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening retakaful / reinsurance contract assets	(1,532)	-	18,752	966	**18,186**	-	-	10,734	1,281	**12,015**
Opening retakaful / reinsurance contract liabilities	-	-	-	-	**-**	(5,992)	-	-	-	**(5,992)**
Net balance as at 1st January	**(1,532)**	**-**	**18,752**	**966**	**18,186**	**(5,992)**	**-**	**10,734**	**1,281**	**6,023**
Allocation of retakaful / reinsurance contributions										
Expected amount of claim recoverable in the year	-	-	-	-	**-**	2,631	-	-	-	**2,631**
Change in risk adjustment for non-financial risk	-	-	-	-	**-**	-	-	-	-	**-**
CSM recognised for services received	(8,036)	-	-	-	**(8,036)**	(15,770)	-	-	-	**(15,770)**
Reversal of loss recovery that does not adjust CSM	-	-	-	-	**-**	-	-	-	-	**-**
Experience adjustments for premium paid	(797)	-	-	-	**(797)**	(5,742)	-	-	-	**(5,742)**
	(8,833)	**-**	**-**	**-**	**(8,833)**	**(18,881)**	**-**	**-**	**-**	**(18,881)**
Amounts recoverable from retakaful / reinsurance										
Incurred claims and other expenses	-	-	5,554	226	**5,780**	-	-	31,454	708	**32,162**
Changes in amounts recoverable on incurred claims	-	-	(4,957)	(80)	**(5,037)**	-	-	(6,062)	(1,106)	**(7,168)**
Loss recovery / (reversals) for onerous contracts	-	-	-	-	**-**	-	-	-	-	**-**
Change in provision for risk of non-performance	-	-	(6)	-	**(6)**	-	-	7	-	**7**
	-	**-**	**591**	**146**	**737**	**-**	**-**	**25,399**	**(398)**	**25,001**
Insurance service result	**(8,833)**	**-**	**591**	**146**	**(8,096)**	**(18,881)**	**-**	**25,399**	**(398)**	**6,120**
Finance expenses from insurance contracts held	198	-	593	52	**843**	281	-	286	83	**650**
Total amounts recognised in statement of income	**(8,635)**	**-**	**1,184**	**198**	**(7,253)**	**(18,600)**	**-**	**25,685**	**(315)**	**6,770**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums paid net of ceding commissions	17,009	-	-	-	**17,009**	23,060	-	-	-	**23,060**
Claims and other recoveries	-	-	1,214	-	**1,214**	-	-	(17,667)	-	**(17,667)**
	17,009	**-**	**1,214**	**-**	**18,223**	**23,060**	**-**	**(17,667)**	**-**	**5,393**
Net balance as at 31st December / 31st December	**6,842**	**-**	**21,150**	**1,164**	**29,156**	**(1,532)**	**-**	**18,752**	**966**	**18,186**
Closing retakaful / reinsurance contract assets	6,842	-	21,150	1,164	**29,156**	(1,532)	-	18,752	966	**18,186**
Closing retakaful / reinsurance contract liabilities	-	-	-	-	**-**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**6,842**	**-**	**21,150**	**1,164**	**29,156**	**(1,532)**	**-**	**18,752**	**966**	**18,186**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.1 Retakaful / reinsurance contracts measured under measured under GMM *(continued)*

b) Medical / Health	31st December 2025					31st December 2024				
	ARC		AIC			ARC		AIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening retakaful / reinsurance contract assets	-	-	-	-	-	-	-	-	-	-
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net balance as at 1st January	-	-	-	-	-	-	-	-	-	-
Allocation of retakaful / reinsurance contributions										
Expected amount of claim recoverable in the year	-	-	-	-	-	-	-	-	-	-
Change in risk adjustment for non-financial risk	-	-	-	-	-	-	-	-	-	-
CSM recognised for services received	-	-	-	-	-	-	-	-	-	-
Reversal of loss recovery that does not adjust CSM	-	-	-	-	-	-	-	-	-	-
Experience adjustments for premium paid	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Amounts recoverable from retakaful / reinsurance										
Incurred claims and other expenses	-	-	-	-	-	-	-	-	-	-
Changes in amounts recoverable on incurred claims	-	-	-	-	-	-	-	-	-	-
Loss recovery / (reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-
Change in provision for risk of non-performance	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Insurance service result	-	-	-	-	-	-	-	-	-	-
Finance expenses from insurance contracts held	-	-	-	-	-	-	-	-	-	-
Total amounts recognised in statement of income	-	-	-	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-	-	-	-
Cash flows										
Premiums paid net of ceding commissions	-	-	-	-	-	-	-	-	-	-
Claims and other recoveries	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Net balance as at 31st December / 31st December	-	-	-	-	-	-	-	-	-	-
Closing retakaful / reinsurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net balance as at 31st December / 31st December	-	-	-	-	-	-	-	-	-	-

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.1 Retakaful / reinsurance contracts measured under measured under GMM *(continued)*

c) Property & casualty	31st December 2025					31st December 2024				
	ARC		AIC			ARC		AIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening retakaful / reinsurance contract assets	(82,643)	-	571,046	61,780	**550,183**	-	-	471,464	58,228	**529,692**
Opening retakaful / reinsurance contract liabilities	(11,417)	-	(5,054)	992	**(15,479)**	(153,589)	-	(5,833)	-	**(159,422)**
Net balance as at 1st January	**(94,060)**	**-**	**565,992**	**62,772**	**534,704**	**(153,589)**	**-**	**465,631**	**58,228**	**370,270**
Allocation of retakaful / reinsurance contributions										
Expected amount of claim recoverable in the year	(51,562)	-	-	-	**(51,562)**	(184,606)	-	-	-	**(184,606)**
Change in risk adjustment for non-financial risk	(5,649)	-	-	-	**(5,649)**	(20,355)	-	-	-	**(20,355)**
CSM recognised for services received	(289,800)	-	-	-	**(289,800)**	(565,983)	-	-	-	**(565,983)**
Reversal of loss recovery that does not adjust CSM	-	-	-	-	**-**	-	-	-	-	**-**
Experience adjustments for premium paid	4,929	-	-	-	**4,929**	32,777	-	-	-	**32,777**
	(342,082)	**-**	**-**	**-**	**(342,082)**	**(738,167)**	**-**	**-**	**-**	**(738,167)**
Amounts recoverable from retakaful / reinsurance										
Incurred claims and other expenses	-	-	86,494	7,409	**93,903**	-	-	254,705	9,208	**263,913**
Changes in amounts recoverable on incurred claims	-	-	(24,569)	(9,918)	**(34,487)**	-	-	2,439	(8,570)	**(6,131)**
Loss recovery / (reversals) for onerous contracts	-	2,072	-	-	**2,072**	-	-	-	-	**-**
Change in provision for risk of non-performance	-	-	(474)	-	**(474)**	-	-	519	-	**519**
	-	**2,072**	**61,451**	**(2,509)**	**61,014**	**-**	**-**	**257,663**	**638**	**258,301**
Insurance service result	**(342,082)**	**2,072**	**61,451**	**(2,509)**	**(281,068)**	**(738,167)**	**-**	**257,663**	**638**	**(479,866)**
Finance expenses from insurance contracts held	3,935	-	14,860	3,470	**22,265**	26,015	-	9,815	3,906	**39,736**
Total amounts recognised in statement of income	**(338,147)**	**2,072**	**76,311**	**961**	**(258,803)**	**(712,152)**	**-**	**267,478**	**4,544**	**(440,130)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums paid net of ceding commissions	338,735	-	-	-	**338,735**	771,681	-	-	-	**771,681**
Claims and other recoveries	-	-	(88,343)	-	**(88,343)**	-	-	(167,117)	-	**(167,117)**
	338,735	**-**	**(88,343)**	**-**	**250,392**	**771,681**	**-**	**(167,117)**	**-**	**604,564**
Net balance as at 31st December / 31st December	**(93,472)**	**2,072**	**553,960**	**63,733**	**526,293**	**(94,060)**	**-**	**565,992**	**62,772**	**534,704**
Closing retakaful / reinsurance contract assets	(92,755)	2,072	553,960	63,733	**527,010**	(82,643)	-	571,046	61,780	**550,183**
Closing retakaful / reinsurance contract liabilities	(717)	-	-	-	**(717)**	(11,417)	-	(5,054)	992	**(15,479)**
Net balance as at 31st December / 31st December	**(93,472)**	**2,072**	**553,960**	**63,733**	**526,293**	**(94,060)**	**-**	**565,992**	**62,772**	**534,704**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.1 Retakaful / reinsurance contracts measured under measured under GMM *(continued)*

d) Protection & savings	31st December 2025					31st December 2024				
	ARC		AIC			ARC		AIC		
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	Total
	Saudi Riyal (⃁) in 000					Saudi Riyal (⃁) in 000				
Opening retakaful / reinsurance contract assets	6,272	1,145	93,266	5,617	**106,300**	-	627	95,579	8,211	**104,417**
Opening retakaful / reinsurance contract liabilities	-	-	-	-	**-**	(30,941)	-	-	-	**(30,941)**
Net balance as at 1st January	**6,272**	**1,145**	**93,266**	**5,617**	**106,300**	**(30,941)**	**627**	**95,579**	**8,211**	**73,476**
Allocation of retakaful / reinsurance contributions										
Expected amount of claim recoverable in the year	(17,030)	-	-	-	**(17,030)**	(63,961)	-	-	-	**(63,961)**
Change in risk adjustment for non-financial risk	(913)	-	-	-	**(913)**	(3,875)	-	-	-	**(3,875)**
CSM recognised for services received	(50,085)	-	-	-	**(50,085)**	(31,136)	-	-	-	**(31,136)**
Reversal of loss recovery that does not adjust CSM	-	-	-	-	**-**	86	-	-	-	**86**
Experience adjustments for premium paid	(149)	-	-	-	**(149)**	(6,470)	-	-	-	**(6,470)**
	(68,177)	**-**	**-**	**-**	**(68,177)**	**(105,356)**	**-**	**-**	**-**	**(105,356)**
Amounts recoverable from retakaful / reinsurance										
Incurred claims and other expenses	-	-	19,838	933	**20,771**	-	-	118,581	3,499	**122,080**
Changes in amounts recoverable on incurred claims	-	-	27,037	(4,337)	**22,700**	-	-	(43,015)	(6,632)	**(49,647)**
Loss recovery / (reversals) for onerous contracts	-	(25)	-	-	**(25)**	-	518	-	-	**518**
Change in provision for risk of non-performance	-	-	(19)	-	**(19)**	-	-	21	-	**21**
	-	**(25)**	**46,856**	**(3,404)**	**43,427**	**-**	**518**	**75,587**	**(3,133)**	**72,972**
Insurance service result	**(68,177)**	**(25)**	**46,856**	**(3,404)**	**(24,750)**	**(105,356)**	**518**	**75,587**	**(3,133)**	**(32,384)**
Finance expenses from insurance contracts held	(402)	25	1,725	315	**1,663**	279	-	1,043	539	**1,861**
Total amounts recognised in statement of income	**(68,579)**	**-**	**48,581**	**(3,089)**	**(23,087)**	**(105,077)**	**518**	**76,630**	**(2,594)**	**(30,523)**
Investment components	-	-	-	-	**-**	-	-	-	-	**-**
Cash flows										
Premiums paid net of ceding commissions	95,181	-	-	-	**95,181**	142,290	-	-	-	**142,290**
Claims and other recoveries	-	-	(94,299)	-	**(94,299)**	-	-	(78,943)	-	**(78,943)**
	95,181	**-**	**(94,299)**	**-**	**882**	**142,290**	**-**	**(78,943)**	**-**	**63,347**
Net balance as at 31st December / 31st December	**32,874**	**1,145**	**47,548**	**2,528**	**84,095**	**6,272**	**1,145**	**93,266**	**5,617**	**106,300**
Closing retakaful / reinsurance contract assets	34,019	-	47,548	2,528	**84,095**	6,272	1,145	93,266	5,617	**106,300**
Closing retakaful / reinsurance contract liabilities	(1,145)	1,145	-	-	**-**	-	-	-	-	**-**
Net balance as at 31st December / 31st December	**32,874**	**1,145**	**47,548**	**2,528**	**84,095**	**6,272**	**1,145**	**93,266**	**5,617**	**106,300**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.2 Reconciliation of retakaful / reinsurance contract assets and liabilities by components for contracts measured under GMM

Total	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening retakaful / reinsurance contract assets	405,157	71,657	197,855	**674,669**	203,612	75,373	367,139	**646,124**
Opening retakaful / reinsurance contract liabilities	(20,642)	2,755	2,408	**(15,479)**	(196,355)	-	-	**(196,355)**
Net balance as at 1st January	**384,515**	**74,412**	**200,263**	**659,190**	**7,257**	**75,373**	**367,139**	**449,769**
Changes that relate to current service								
CSM recognised for the services received	-	-	(347,921)	**(347,921)**	-	-	(612,889)	**(612,889)**
Change in risk adjustment for non-financial risk	-	2,006	-	**2,006**	-	(10,816)	-	**(10,816)**
Experience adjustments current service	45,155	-	-	**45,155**	158,804	-	-	**158,804**
	45,155	**2,006**	**(347,921)**	**(300,760)**	**158,804**	**(10,816)**	**(612,889)**	**(464,901)**
Changes that relate to future service								
Changes in estimates that adjust the CSM	(4,758)	(2,788)	7,546	**-**	(154,145)	(17,176)	173,589	**2,268**
Contracts initially recognised during the year	(262,346)	7,608	254,738	**-**	(311,211)	37,512	273,699	**-**
Reversal of loss-recovery component	-	-	2,072	**2,072**	-	-	605	**605**
Changes that do not adjust the CSM	-	-	(1,886)	**(1,886)**	-	-	-	
Experience adjustments future service	(121,770)	-	121,769	**(1)**	17,284	-	(19,551)	**(2,267)**
	(388,874)	**4,820**	**384,239**	**185**	**(448,072)**	**20,336**	**428,342**	**606**
Changes that relate to past service								
Changes in amounts recoverable on incurred claims	(2,488)	(14,335)	-	**(16,823)**	(46,639)	(16,308)	-	**(62,947)**
Experience adjustments past service	3,983	-	-	**3,983**	20,565	-	-	**20,565**
Change in provision for risk of non-performance	(499)	-	-	**(499)**	547	-	-	**547**
	996	**(14,335)**	**-**	**(13,339)**	**(25,527)**	**(16,308)**	**-**	**(41,835)**
Insurance service result	**(342,723)**	**(7,509)**	**36,318**	**(313,914)**	**(314,795)**	**(6,788)**	**(184,547)**	**(506,130)**
Finance income from retakaful / reinsurance contract held	12,910	3,694	8,167	**24,771**	18,749	5,827	17,671	**42,247**
Total amounts recognised in statement of income	**(329,813)**	**(3,815)**	**44,485**	**(289,143)**	**(296,046)**	**(961)**	**(166,876)**	**(463,883)**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums paid	450,925	-	-	**450,925**	937,031	-	-	**937,031**
Claims and other recoveries	(181,428)	-	-	**(181,428)**	(263,727)	-	-	**(263,727)**
	269,497	**-**	**-**	**269,497**	**673,304**	**-**	**-**	**673,304**
Net balance as at 31st December / 31st December	**324,199**	**70,597**	**244,748**	**639,544**	**384,515**	**74,412**	**200,263**	**659,190**
Closing retakaful / reinsurance contract assets	324,916	70,597	244,748	**640,261**	405,157	71,657	197,855	**674,669**
Closing retakaful / reinsurance contract liabilities	(717)	-	-	**(717)**	(20,642)	2,755	2,408	**(15,479)**
Net balance as at 31st December / 31st December	**324,199**	**70,597**	**244,748**	**639,544**	**384,515**	**74,412**	**200,263**	**659,190**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.2 Reconciliation of retakaful / reinsurance contract assets and liabilities by components for contracts measured under GMM *(continued)*

a) Motor	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening retakaful / reinsurance contract assets	17,224	962	-	**18,186**	10,733	1,282	-	**12,015**
Opening retakaful / reinsurance contract liabilities	-	-	-	**-**	(5,992)	-	-	**(5,992)**
Net balance as at 1st January	**17,224**	**962**	**-**	**18,186**	**4,741**	**1,282**	**-**	**6,023**
Changes that relate to current service								
CSM recognised for the services received	-	-	(8,036)	**(8,036)**	-	-	(15,770)	**(15,770)**
Change in risk adjustment for non-financial risk	-	226	-	**226**	-	708	-	**708**
Experience adjustments current service	5,554	-	-	**5,554**	34,085	-	-	**34,085**
	5,554	**226**	**(8,036)**	**(2,256)**	**34,085**	**708**	**(15,770)**	**19,023**
Changes that relate to future service								
Changes in estimates that adjust the CSM	-	-	-	**-**	(2,646)	-	2,650	**4**
Contracts initially recognised during the year	(9,666)	-	9,666	**-**	(11,304)	-	11,304	**-**
Reversal of loss-recovery component	-	-	-	**-**	-	-	-	**-**
Changes that do not adjust the CSM	-	-	-	**-**	-	-	-	**-**
Experience adjustments future service	1,801	-	(1,802)	**(1)**	(1,534)	-	1,530	**(4)**
	(7,865)	**-**	**7,864**	**(1)**	**(15,484)**	**-**	**15,484**	**-**
Changes that relate to past service								
Changes in amounts recoverable on incurred claims	(4,956)	(80)	-	**(5,036)**	(6,062)	(1,106)	-	**(7,168)**
Experience adjustments past service	(797)	-	-	**(797)**	(5,742)	-	-	**(5,742)**
Change in provision for risk of non-performance	(6)	-	-	**(6)**	7	-	-	**7**
	(5,759)	**(80)**	**-**	**(5,839)**	**(11,797)**	**(1,106)**	**-**	**(12,903)**
Insurance service result	**(8,070)**	**146**	**(172)**	**(8,096)**	**6,804**	**(398)**	**(286)**	**6,120**
Finance income from retakaful / reinsurance contract held	619	52	172	**843**	286	78	286	**650**
Total amounts recognised in statement of income	**(7,451)**	**198**	**-**	**(7,253)**	**7,090**	**(320)**	**-**	**6,770**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums paid	17,009	-	-	**17,009**	23,060	-	-	**23,060**
Claims and other recoveries	1,214	-	-	**1,214**	(17,667)	-	-	**(17,667)**
	18,223	**-**	**-**	**18,223**	**5,393**	**-**	**-**	**5,393**
Net balance as at 31st December / 31st December	**27,996**	**1,160**	**-**	**29,156**	**17,224**	**962**	**-**	**18,186**
Closing retakaful / reinsurance contract assets	27,996	1,160	-	**29,156**	17,224	962	-	**18,186**
Closing retakaful / reinsurance contract liabilities	-	-	-	**-**	-	-	-	**-**
Net balance as at 31st December / 31st December	**27,996**	**1,160**	**-**	**29,156**	**17,224**	**962**	**-**	**18,186**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.2 Reconciliation of retakaful / reinsurance contract assets and liabilities by components for contracts measured under GMM *(continued)*

	31st December 2025				31st December 2024			
b) Medical / Health	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening retakaful / reinsurance contract assets	-	-	-	-	-	-	-	-
Opening retakaful / reinsurance contract liabilities	-	-	-	-	-	-	-	-
Net balance as at 1st January	-	-	-	-	-	-	-	-
Changes that relate to current service								
CSM recognised for the services received	-	-	-	-	-	-	-	-
Change in risk adjustment for non-financial risk	-	-	-	-	-	-	-	-
Experience adjustments current service	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Changes that relate to future service								
Changes in estimates that adjust the CSM	-	-	-	-	-	-	-	-
Contracts initially recognised during the year	-	-	-	-	-	-	-	-
Reversal of loss-recovery component	-	-	-	-	-	-	-	-
Changes that do not adjust the CSM	-	-	-	-	-	-	-	-
Experience adjustments future service	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Changes that relate to past service								
Changes in amounts recoverable on incurred claims	-	-	-	-	-	-	-	-
Experience adjustments past service	-	-	-	-	-	-	-	-
Change in provision for risk of non-performance	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Insurance service result	-	-	-	-	-	-	-	-
Finance income from retakaful / reinsurance contract held	-	-	-	-	-	-	-	-
Total amounts recognised in statement of income	-	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-	-
Cash flows								
Premiums paid	-	-	-	-	-	-	-	-
Claims and other recoveries	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Net balance as at 31st December / 31st December	-	-	-	-	-	-	-	-
Closing retakaful / reinsurance contract assets	-	-	-	-	-	-	-	-
Closing retakaful / reinsurance contract liabilities	-	-	-	-	-	-	-	-
Net balance as at 31st December / 31st December	-	-	-	-	-	-	-	-

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.2 Reconciliation of retakaful / reinsurance contract assets and liabilities by components for contracts measured under GMM *(continued)*

c) Property & casualty	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening retakaful / reinsurance contract assets	334,137	64,651	151,395	**550,183**	129,704	61,907	338,081	**529,692**
Opening retakaful / reinsurance contract liabilities	(15,479)	-	-	**(15,479)**	(159,422)	-	-	**(159,422)**
Net balance as at 1st January	**318,658**	**64,651**	**151,395**	**534,704**	**(29,718)**	**61,907**	**338,081**	**370,270**
Changes that relate to current service								
CSM recognised for the services received	-	-	(289,800)	**(289,800)**	-	-	(565,983)	**(565,983)**
Change in risk adjustment for non-financial risk	-	1,760	-	**1,760**	-	(11,147)	-	**(11,147)**
Experience adjustments current service	34,932	-	-	**34,932**	70,099	-	-	**70,099**
	34,932	**1,760**	**(289,800)**	**(253,108)**	**70,099**	**(11,147)**	**(565,983)**	**(507,031)**
Changes that relate to future service								
Changes in estimates that adjust the CSM	(11,474)	(1,246)	12,720	**-**	(134,220)	(13,752)	149,396	**1,424**
Contracts initially recognised during the year	(198,873)	6,852	192,021	**-**	(261,216)	31,222	229,994	**-**
Reversal of loss-recovery component	-	-	2,072	**2,072**	-	-	-	**-**
Changes that do not adjust the CSM	-	-	-	**-**	-	-	-	**-**
Experience adjustments future service	(126,365)	-	126,365	**-**	16,064	-	(17,487)	**(1,423)**
	(336,712)	**5,606**	**333,178**	**2,072**	**(379,372)**	**17,470**	**361,903**	**1**
Changes that relate to past service								
Changes in amounts recoverable on incurred claims	(24,569)	(9,918)	-	**(34,487)**	2,438	(8,570)	-	**(6,132)**
Experience adjustments past service	4,929	-	-	**4,929**	32,777	-	-	**32,777**
Change in provision for risk of non-performance	(474)	-	-	**(474)**	519	-	-	**519**
	(20,114)	**(9,918)**	**-**	**(30,032)**	**35,734**	**(8,570)**	**-**	**27,164**
Insurance service result	**(321,894)**	**(2,552)**	**43,378**	**(281,068)**	**(273,539)**	**(2,247)**	**(204,080)**	**(479,866)**
Finance income from retakaful / reinsurance contract held	12,831	3,546	5,888	**22,265**	17,351	4,991	17,394	**39,736**
Total amounts recognised in statement of income	**(309,063)**	**994**	**49,266**	**(258,803)**	**(256,188)**	**2,744**	**(186,686)**	**(440,130)**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums paid	338,735	-	-	**338,735**	771,681	-	-	**771,681**
Claims and other recoveries	(88,343)	-	-	**(88,343)**	(167,117)	-	-	**(167,117)**
	250,392	**-**	**-**	**250,392**	**604,564**	**-**	**-**	**604,564**
Net balance as at 31st December / 31st December	**259,987**	**65,645**	**200,661**	**526,293**	**318,658**	**64,651**	**151,395**	**534,704**
Closing retakaful / reinsurance contract assets	260,704	65,645	200,661	**527,010**	334,137	64,651	151,395	**550,183**
Closing retakaful / reinsurance contract liabilities	(717)	-	-	**(717)**	(15,479)	-	-	**(15,479)**
Net balance as at 31st December / 31st December	**259,987**	**65,645**	**200,661**	**526,293**	**318,658**	**64,651**	**151,395**	**534,704**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.2 Movements in retakaful / reinsurance contracts *(continued)*

6.2.2 Reconciliation of retakaful / reinsurance contract assets and liabilities by components for contracts measured under GMM *(continued)*

d) Protection & savings	31st December 2025				31st December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total	Present value of future cash flows	Risk adjustment for non-financial risks	Contractual Service Margin	Total
	Saudi Riyal (⃁) in 000				Saudi Riyal (⃁) in 000			
Opening retakaful / reinsurance contract assets	53,796	6,044	46,460	**106,300**	63,175	12,184	29,058	**104,417**
Opening retakaful / reinsurance contract liabilities	(5,163)	2,755	2,408	**-**	(30,941)	-	-	**(30,941)**
Net balance as at 1st January	**48,633**	**8,799**	**48,868**	**106,300**	**32,234**	**12,184**	**29,058**	**73,476**
Changes that relate to current service								
CSM recognised for the services received	-	-	(50,085)	**(50,085)**	-	-	(31,136)	**(31,136)**
Change in risk adjustment for non-financial risk	-	20	-	**20**	-	(377)	-	**(377)**
Experience adjustments current service	4,669	-	-	**4,669**	54,620	-	-	**54,620**
	4,669	**20**	**(50,085)**	**(45,396)**	**54,620**	**(377)**	**(31,136)**	**23,107**
Changes that relate to future service								
Changes in estimates that adjust the CSM	6,716	(1,542)	(5,174)	**-**	(17,279)	(3,424)	21,543	**840**
Contracts initially recognised during the year	(53,807)	756	53,051	**-**	(38,691)	6,290	32,401	**-**
Reversal of loss-recovery component	-	-	-	**-**	-	-	605	**605**
Changes that do not adjust the CSM	-	-	(1,886)	**(1,886)**	-	-	-	**-**
Experience adjustments future service	2,794	-	(2,794)	**-**	2,754	-	(3,594)	**(840)**
	(44,297)	**(786)**	**43,197**	**(1,886)**	**(53,216)**	**2,866**	**50,955**	**605**
Changes that relate to past service								
Changes in amounts recoverable on incurred claims	27,037	(4,337)	-	**22,700**	(43,015)	(6,632)	-	**(49,647)**
Experience adjustments past service	(149)	-	-	**(149)**	(6,470)	-	-	**(6,470)**
Change in provision for risk of non-performance	(19)	-	-	**(19)**	21	-	-	**21**
	26,869	**(4,337)**	**-**	**22,532**	**(49,464)**	**(6,632)**	**-**	**(56,096)**
Insurance service result	**(12,759)**	**(5,103)**	**(6,888)**	**(24,750)**	**(48,060)**	**(4,143)**	**19,819**	**(32,384)**
Finance income from retakaful / reinsurance contract held	(540)	96	2,107	**1,663**	1,112	758	(9)	**1,861**
Total amounts recognised in statement of income	**(13,299)**	**(5,007)**	**(4,781)**	**(23,087)**	**(46,948)**	**(3,385)**	**19,810**	**(30,523)**
Investment components	-	-	-	**-**	-	-	-	**-**
Cash flows								
Premiums paid	95,181	-	-	**95,181**	142,290	-	-	**142,290**
Claims and other recoveries	(94,299)	-	-	**(94,299)**	(78,943)	-	-	**(78,943)**
	882	**-**	**-**	**882**	**63,347**	**-**	**-**	**63,347**
Net balance as at 31st December / 31st December	**36,216**	**3,792**	**44,087**	**84,095**	**48,633**	**8,799**	**48,868**	**106,300**
Closing retakaful / reinsurance contract assets	36,216	3,792	44,087	**84,095**	53,796	6,044	46,460	**106,300**
Closing retakaful / reinsurance contract liabilities	-	-	-	**-**	(5,163)	2,755	2,408	**-**
Net balance as at 31st December / 31st December	**36,216**	**3,792**	**44,087**	**84,095**	**48,633**	**8,799**	**48,868**	**106,300**

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.3 Impact of contracts recognized in the period for contracts measured under GMM / VFA

6.3.1 Impact on insurance contract liabilities

	31st December 2025		
Contracts written by the Company	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
	Saudi Riyal (⃁) in 000		
Estimates of the present value of future cash inflows	(5,110,344)	(14)	**(5,110,358)**
- insurance acquisition costs	251,346	6	**251,352**
- claims incurred and other directly attributable expenses	4,511,061	398	**4,511,459**
- premium tax payable	590	-	**590**
Estimates of the present value of future cash outflows	4,762,997	404	**4,763,401**
Present value of future cash flows	(347,347)	390	**(346,957)**
Risk adjustment for non-financial risk	34,726	416	**35,142**
CSM	312,621	-	**312,621**
Increase in insurance contract liabilities	**-**	**806**	**806**

	31st December 2024		
Contracts written by the Company	Non-onerous contracts originated	Onerous contracts originated	Total
	Saudi Riyal (⃁) in 000		
Estimates of the present value of future cash inflows	(7,351,359)	-	(7,351,359)
- insurance acquisition costs	298,064	-	298,064
- claims incurred and other directly attributable expenses	6,583,821	-	6,583,821
- premium tax payable	6,706	-	6,706
Estimates of the present value of future cash outflows	6,888,591	-	6,888,591
Present value of future cash flows	(462,768)	-	(462,768)
Risk adjustment for non-financial risk	30,051	-	30,051
CSM	432,717	-	432,717
Increase in insurance contract liabilities	-	-	-

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.3 Impact of contracts recognized in the period for contracts measured under GMM / VFA

6.3.2 Impact on retakaful / reinsurance contract assets

	31st December 2025		
Contracts held by the Company	**Contracts Originated not in a net gain**	**Contracts Originated in a net gain**	**Total**
	Saudi Riyal (⃁) in 000		
Estimates of the present value of future cash inflows	(328,172)	(3,682)	**(331,854)**
Estimates of the present value of future cash outflows	66,127	3,381	**69,508**
Present value of future cash flows	(262,045)	(301)	**(262,346)**
Risk adjustment for non-financial risk	7,206	402	**7,608**
Net gain or loss	-	(101)	**(101)**
Increase in retakaful / reinsurance contract assets	**254,839**	-	**(254,839)**

	31st December 2024		
Contracts held by the Company	Contracts Originated not in a net gain	Contracts Originated in a net gain	Total
	Saudi Riyal (⃁) in 000		
Estimates of the present value of future cash inflows	(682,603)	(28,129)	(710,732)
Estimates of the present value of future cash outflows	375,531	23,990	399,521
Present value of future cash flows	(307,072)	(4,139)	(311,211)
Risk adjustment for non-financial risk	35,964	1,548	37,512
Net gain or loss	-	2,591	2,591
Increase in retakaful / reinsurance contract assets	(271,108)	-	(271,108)

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.4 Insurance revenue and the CSM for contracts measured under GMM / VFA

	31st December 2025
	Saudi Riyal (⃁) in 000
Insurance revenue	**(460,409)**
Opening CSM as of 1st January	**387,495**
CSM recognised for the services provided	**(230,194)**
Changes in estimates that adjust the CSM	**944,131**
Contracts initially recognised in the period	**312,621**
Experience adjustments	**(28,385)**
	998,173
Finance expenses from insurance contracts issued	**(975,362)**
Total amounts recognised as income	**22,811**
Closing CSM as of 31st December	**410,306**

	31st December 2024
	Saudi Riyal (⃁) in 000
Insurance revenue	(475,906)
Opening CSM as of 1 January	488,115
CSM recognised for the services provided	(288,748)
Changes in estimates that adjust the CSM	(126,958)
Contracts initially recognised in the period	432,717
Experience adjustments	(301,367)
	(284,356)
Finance expenses from insurance contracts issued	183,736
Total amounts recognised as income	(100,620)
Closing CSM as of 31st December	387,495

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

6. Insurance and retakaful / reinsurance contracts *(continued)*

6.5 Expected recognition of the contractual service margin for contracts measured under GMM / VFA

	31st December 2025							
Number of years until expected to be recognized	1 year	2 years	3 years	4 years	5 years	6 to 10 years	More than 10 years	Total
	Saudi Riyal (⃁) in 000							
Insurance contracts issued								
Property & casualty	84,920	47,535	19,180	10,441	5	-	-	**162,081**
Protection & savings	33,119	33,787	34,118	29,281	17,582	78,106	22,232	**248,225**
Total CSM for insurance contracts issued	**118,039**	**81,322**	**53,298**	**39,722**	**17,587**	**78,106**	**22,232**	**410,306**
Retakaful contracts held								
Motor	-	-	-	-	-	-	-	**-**
Medical / Health	-	-	-	-	-	-	-	**-**
Property & casualty	(128,409)	(39,562)	(24,800)	(7,430)	(460)	-	-	**(200,661)**
Protection & savings	(19,677)	(2,493)	(19,572)	(491)	(352)	(1,149)	(353)	**(44,087)**
Total CSM for retakaful contracts held	**(148,086)**	**(42,055)**	**(44,372)**	**(7,921)**	**(812)**	**(1,149)**	**(353)**	**(244,748)**

	31st December 2024							
Number of years until expected to be recognized	1 year	2 years	3 years	4 years	5 years	6 to 10 years	More than 10 years	**Total**
	Saudi Riyal (⃁) in 000							
Insurance contracts issued								
Property & casualty	78,693	27,706	16,505	4,459	1,426	-	-	128,789
Protection & savings	8,780	21,662	23,419	25,559	23,972	108,456	46,858	258,706
Total CSM for insurance contracts issued	87,473	49,368	39,924	30,018	25,398	108,456	46,858	387,495
Retakaful contracts held								
Motor	-	-	-	-	-	-	-	-
Medical / Health	-	-	-	-	-	-	-	-
Property & casualty	(90,927)	(36,992)	(10,488)	(12,709)	(201)	(78)	-	(151,395)
Protection & savings	(21,979)	(317)	(1,723)	(24,849)	-	-	-	(48,868)
Total CSM for retakaful contracts held	(112,906)	(37,309)	(12,211)	(37,558)	(201)	(78)	-	(200,263)

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

7. Prepayments and other assets

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Advances and deferred payments	**32,968**	24,274
Prepayments - Computer Software, workshop & others	**21,352**	10,030
Prepayment Medical Staff Policy	**16,869**	14,428
Al Rajhi Capital & BSF	**10,981**	5,497
Input Tax	**19,816**	-
Others	**5,514**	4,879
Prepayments and other assets	**107,500**	59,108

8. Statutory deposit

Statutory deposit amounting to ⃁ 100 million (31st December 2024: ⃁ 100 million) kept with a local bank, represents 10% of the paid-up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law (CCICL) issued by the Insurance Authority {IA}.This statutory deposit cannot be withdrawn without the consent of the IA. Under the ECL method the Company charged an impairment loss amounting to ⃁ 12 thousands (31st December 2024: ⃁ 26 thousands).

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Deposit	100,000	100,000
ECL	(12)	(26)
Statutory deposit	**99,988**	99,974

Following the circular dated 1st March 2016, from IA, the Company has disclosed accrued income on statutory deposits amounting to ⃁ 6.15 million (comparative period: ⃁ 3.36 million) as an asset and a liability in these financial statements.

9. Right-of-use assets

The following table presents the right-of-use assets for the Company:

	Leasehold Property	**31st December 2025**	31st December 2024
Cost	Saudi Riyal (⃁) in 000		
Opening balance	68,427	68,427	64,422
Additions	-	-	4,005
Disposals	(2,950)	(2,950)	-
Closing balance	**65,477**	**65,477**	68,427
Accumulated depreciation			
Opening balance	30,942	30,942	23,757
Depreciation for the year	7,068	7,068	7,185
Disposals	(2,186)	(2,186)	-
Closing	**35,824**	**35,824**	30,942
Net book value			
31st December 2025	**29,653**	**29,653**	
31st December 2024	37,485		37,485

10. Intangible assets

	Computer software	Capital WIP	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000			
Cost				
Opening	164,133	88,525	252,658	135,276
Additions	7,133	126,595	133,728	117,382
Disposals / Transfers	192,522	(192,522)	-	-
Closing	**363,788**	**22,598**	**386,386**	252,658
Accumulated Amortization				
Opening	87,143	-	87,143	65,513
Amortization for the year	4,061	-	4,061	21,630
Disposals / write-off	8,830	-	8,830	-
Closing	**100,034**	**-**	**100,034**	87,143
Net book value				
31st December 2025	**263,754**	**22,598**	**286,352**	
31st December 2024	76,990	88,525		165,515

10.1 Capital work in progress (CWIP) includes projects relating to the implementation of new systems and digital platforms. These are amortized over 3 to 5 years.

11. Property and equipment, net

	Office Furniture and Fixtures	Motor vehicles	Computer hardware	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000				
Cost					
Opening	54,867	1,719	25,216	81,802	72,231
Additions	3,752	447	9,485	13,684	9,571
Disposals	-	-	-	-	-
Closing	**58,619**	**2,166**	**34,701**	**95,486**	81,802
Accumulated depreciation					
Opening	33,264	1,719	11,305	46,288	31,917
Depreciation for the year	793	41	5,180	6,014	14,371
Disposals	-	-	-	-	-
Closing	**34,057**	**1,760**	**16,485**	**52,302**	46,288
Net book value					
31st December 2025	**24,562**	**406**	**18,216**	**43,184**	
31st December 2024	21,603	-	13,911		35,514

12. Payable, accruals and other liabilities

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Payable to ZATCA	**50,736**	1,755
Withholding Tax	**21,232**	21,446
Accrued Expenses	**52,945**	38,705
Accrual for Staff related expenses	**26,120**	20,038
Others	**36,389**	34,513
	187,422	116,457

13. Provision for employee end of service benefits

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due. The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Present value of defined benefit obligation	35,145	33,050

13.1 Movement of defined benefit obligation

Opening balance	33,050	29,543
Charge to statement of income	9,816	7,245
Charge to statement of other comprehensive income	(149)	1,919
Benefits paid during the period	(7,572)	(5,657)
Closing balance	**35,145**	33,050

13.2 Reconciliation of present value of defined benefit obligation

Present value of defined benefit obligation as of beginning of period	33,050	29,543
Current service costs	8,302	6,010
Financial costs	1,514	1,235
Actuarial (loss)/ gain from experience adjustments	(149)	1,919
Benefits paid during the period	(7,572)	(5,657)
Present value of defined benefit obligation as of end of period	**35,145**	33,050

13.3 Principal actuarial assumptions

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

	31st December 2025	31st December 2024
Valuation discount rate	**4.35%**	5.20%
Expected rate of increase in salary level across different age bands	**4.21%**	5.20%

13. Employee end of service benefits *(continue)*

13.3 Principal actuarial assumptions *(continue)*

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

Age	Mortality Rate	Withdrawal Rate
	31st December 2025	
20	0.08%	33.00%
25	0.06%	22.10%
30	0.06%	19.70%
35	0.07%	17.80%
40	0.11%	17.30%
45	0.21%	14.90%
50	0.38%	18.90%
55	0.68%	22.70%
60	1.17%	28.30%

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

Impact on defined benefit obligation	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Net discount rate:		
Value :↓ if Net discount rate: Increase by 1%	**33,321**	31,442
Value :↑ if Net discount rate: Decrease by 1%	**37,171**	34,833
Future salary growth:		
Value :↑ if Future salary growth: Increase by 1%	**37,154**	34,815
Value :↓ if Future salary growth: Decrease by 1%	**33,301**	31,427

Normal retirement age is 60 years.

14. Zakat

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Opening balance	**34,502**	55,924
Provided during the year	**13,885**	20,000
Reversal of Zakat provision	-	(23,030)
Payments during the year	**(20,958)**	(18,392)
Closing balance	**27,429**	34,502

14.1 Status of assessments

The Company had filed zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") for the year ended 31st December 2024.

14. Zakat *(continue)*

ZATCA has concluded its Zakat assessment for the years till 2020, and additional liability has been settled by the Company. The Company have received revised draft assessments for the years 2021 and 2022 where the authority has computed additional zakat liability of ⃁ 8.85 million. The Company have adequate provisions to cover these additional liabilities. No final assessment has been issued for these years till date.

Provision for zakat

Provision for zakat has been made at 2.5% times 365/354 of the approximate zakat base, while the prior year provision was 2.5% of the higher of the approximate zakat base or adjusted net income attributable to the Saudi shareholders of the Company.

The provision for zakat is based on the following:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Equity	2,630,583	2,134,290
Allowances and other adjustments	65,280	66,565
Book value of long term assets	(2,202,465)	(1,733,197)
	538,663	467,658
Adjusted income for the year	454,981	332,343
Zakat base	538,663	800,001
Zakat due at 2.5% x 365/354	**13,885**	20,000

The differences between the financial and zakatable results are mainly due to provisions, which are not allowed in the calculation of adjusted income.

15. Lease liabilities

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Opening balance	38,792	41,482
Additions	-	4,005
Finance cost	1,931	2,184
Lease payments	(9,467)	(8,879)
Closing balance	**31,256**	38,792

15.1 Based on the contractual payments of the total lease liabilities as at 31st December 2025, ⃁ 24.70 million (31st December 2024: ⃁ 31.77 million) is expected to be settled more than 12 months after the reporting date. These are related to lease contracts of head-office and other branch buildings.

16. Share Capital

The authorised, issued and paid-up capital of the Company is ⃁ 1 billion at 31st December 2025 (31st December 2024: ⃁ 1,000 million) consisting of 100 million shares (31st December 2024: 100 million shares) of ⃁ 10 each. The shareholders of the Company are subject to zakat. Shareholding structure of the Company is as below.

	31st December 2025		
	Authorised and issued		Paid-up
	Number of Shares	Saudi Riyal (⃁) in 000	
Al Rajhi Banking and Investment Corporation	35,000,000	350,000	350,000
Others	65,000,000	650,000	650,000
	100,000,000	**1,000,000**	**1,000,000**

	31st December 2024		
	Authorised and issued		Paid-up
	Number of Shares	Saudi Riyal (⃁) in 000	
Al Rajhi Banking and Investment Corporation	35,000,000	350,000	350,000
Others	65,000,000	650,000	650,000
	100,000,000	1,000,000	1,000,000

17. Statutory reserve

As defined in Note: 3.9, the Company carries out a transfer of 20% of the shareholders' income on an annual basis at 31st December until the statutory reserve amounts to 100% of the paid-up share capital. As at 31st December 2025, ⃁ 440.48 million (31st December 2024: ⃁ 349.49 million) had been set aside as a statutory reserve, equal to 44.05% (31st December 2024: 34.95%) of the paid-up share capital.

18. Treasury Shares

During the year, the Company bought back 300,000 shares for the purpose of granting long-term stock options to senior management. The amount paid to buy back the shares was ⃁ 35.7 million. The amount paid is recorded in the statement of changes in equity as a reserve under treasury shares of ⃁ 35.7 million.

19. Employee Stock Option Scheme Reserve

The Company has approved granting its own shares to certain eligible employees on 19th August 2025.

Shares were granted based on fair value of its shares to certain group of executives with vesting period of 3 years for the performance year 2023 and onwards.

Figures presented are in thousands.

	Total Amount	Vested Amount	Granted Shares	Vested Shares
Total	⃁ 13,625.93	⃁ 6,588.52	117,063	75,528

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

20. Insurance service result

20.1 Insurance revenue

	Year Ended 31st December 2025				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Contracts not measured under the PAA					
Amounts relating to the changes in the LRC					
- Expected incurred claims & other directly attributable expenses	-	-	4,278	117,204	**121,482**
- Expected allocation to loss component	-	-	-	(328)	**(328)**
- Change in risk adjustment for non-financial risk for risk expired	-	-	409	36,938	**37,347**
- CSM recognised for the services provided	-	-	169,337	60,856	**230,193**
- Premium experience adjustment	-	-	5,650	-	**5,650**
- Recovery of insurance acquisition cashflows	-	-	22,636	43,429	**66,065**
	-	**-**	**202,310**	**258,099**	**460,409**
Contracts measured under the PAA					
- Premium earned on insurance contracts issued	2,375,986	1,618,278	344,561	524,425	**4,863,250**
- Movement in expected credit loss for the period	(370)	(623)	(229)	(309)	**(1,531)**
	2,375,616	**1,617,655**	**344,332**	**524,116**	**4,861,719**
Total insurance revenue	**2,375,616**	**1,617,655**	**546,642**	**782,215**	**5,322,128**

	Year Ended 31st December 2024				
	Motor	Medical / Health	Property & casualty	Protection & savings	**Total**
	Saudi Riyal (⃁) in 000				
Contracts not measured under the PAA					
Amounts relating to the changes in the LRC					
- Expected incurred claims & other directly attributable expenses	-	-	32,967	96,406	129,373
- Expected allocation to loss component	-	-	(193)	(63)	(256)
- Change in risk adjustment for non-financial risk for risk expired	-	-	3,736	19,084	22,820
- CSM recognised for the services provided	-	-	262,887	25,860	288,747
- Premium experience adjustment	-	-	6,436	-	6,436
- Recovery of insurance acquisition cashflows	-	-	1,851	26,935	28,786
	-	-	307,684	168,222	475,906
Contracts measured under the PAA					
- Premium earned on insurance contracts issued	2,658,406	1,479,233	588,934	163,078	4,889,651
- Movement in expected credit loss for the period	8,659	12,623	4,109	511	25,902
	2,667,065	1,491,856	593,043	163,589	4,915,553
Total insurance revenue	2,667,065	1,491,856	900,727	331,811	5,391,459

20. Insurance service result *(continued)*

20.2 Insurance service expenses

	Year Ended 31st December 2025				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
- Incurred claims and other directly attributable expenses	(2,020,616)	(1,401,915)	(167,651)	(559,570)	**(4,149,752)**
- Changes relating to liabilities for incurred claims	226,399	(44,829)	6,390	52,604	**240,564**
- Loss reversals on onerous contracts	(7,230)	(19,479)	(5,179)	(1,579)	**(33,467)**
- Insurance acquisition costs incurred	(346,314)	(132,946)	(34,598)	(48,020)	**(561,878)**
- Surplus distribution to policyholders	(9,633)	-	(3,744)	(902)	**(14,279)**
Total Insurance service expenses	**(2,157,394)**	**(1,599,169)**	**(204,782)**	**(557,467)**	**(4,518,812)**

	Year Ended 31st December 2024				
	Motor	Medical / Health	Property & casualty	Protection & savings	**Total**
	Saudi Riyal (⃁) in 000				
- Incurred claims and other directly attributable expenses	(2,341,831)	(1,581,019)	(182,085)	(179,169)	(4,284,104)
- Changes relating to liabilities for incurred claims	310,466	(45,972)	(117,465)	39,827	186,856
- Loss reversals on onerous contracts	(15,398)	(34,984)	-	(740)	(51,122)
- Insurance acquisition costs incurred	(313,034)	(95,285)	(28,778)	(56,011)	(493,108)
- Surplus distribution to policyholders	(17,889)	-	(2,485)	(1,485)	(21,859)
Total Insurance service expenses	(2,377,686)	(1,757,260)	(330,813)	(197,578)	(4,663,337)

The Company has opted to recognise an asset for insurance acquisition cash flows paid and amortise those cash flows over the coverage period in Liability for remaining coverage (LRC) as defined in the Note # 2.6(a), critical accounting judgments, estimates and assumptions.

20. Insurance service result *(continued)*

20.3 Income or expenses from retakaful / reinsurance contracts held

	Year Ended 31st December 2025				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Allocation of retakaful / reinsurance contributions					
Contracts not measured under the PAA					
Amounts relating to the changes in the remaining coverage					
- Expected claims and other expenses recovery	-	-	(51,562)	(17,030)	**(68,592)**
- Change in risk adjustment for non-financial risk	-	-	(5,649)	(913)	**(6,562)**
- CSM recognised for the services received	(8,036)	-	(289,800)	(50,085)	**(347,921)**
- Reversal of loss recovery that does not adjust Contractual Service Margin	-	-	-	-	**-**
- Experience adjustments	(797)	-	4,929	(149)	**3,983**
	(8,833)	**-**	**(342,082)**	**(68,177)**	**(419,092)**
Contracts measured under the PAA	-	-	-	-	**-**
Allocation of retakaful / reinsurance contributions	**(8,833)**	**-**	**(342,082)**	**(68,177)**	**(419,092)**
Amounts recoverable from retakaful / reinsurance					
Amounts recoverable for incurred claims and other expenses	5,780	-	93,903	20,771	**120,454**
Changes relating to amounts recoverable on incurred claims	(5,037)	-	(34,487)	22,700	**(16,824)**
Losses recovered on onerous contracts and reversal of those loss recoveries	-	-	2,072	(25)	**2,047**
Movement in non-performing assets related to reinsurance contracts held	(6)	-	(474)	(19)	**(499)**
Amounts recoverable from retakaful / reinsurance	**737**	**-**	**61,014**	**43,427**	**105,178**
Net expense from retakaful / reinsurance contracts held	**(8,096)**	**-**	**(281,068)**	**(24,750)**	**(313,914)**

20.3.1 The company presents separately the amounts recovered from the retakaful / reinsurer and an allocation of the premiums paid (that together give a net amount equal to the single amount as net (expense) / income from retakaful / reinsurance contracts held) in the statement of income (SOI). The allocation of premiums paid is not presented as a reduction in revenue.

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

20. Insurance service result *(continued)*

20.3 Income or expenses from retakaful / reinsurance contracts held *(continued)*

	Year Ended 31st December 2024				
	Motor	Medical / Health	Property & casualty	Protection & savings	**Total**
	Saudi Riyal (⃁) in 000				
Allocation of retakaful / reinsurance contributions					
Contracts not measured under the PAA					
Amounts relating to the changes in the remaining coverage					
- Expected claims and other expenses recovery	2,631	-	(184,606)	(63,961)	**(245,936)**
- Change in risk adjustment for non-financial risk	-	-	(20,355)	(3,875)	**(24,230)**
- CSM recognised for the services received	(15,770)	-	(565,983)	(31,136)	**(612,889)**
- Reversal of loss recovery that does not adjust Contractual Service Margin	-	-	-	86	**86**
- Experience adjustments	(5,742)	-	32,777	(6,470)	**20,565**
	(18,881)	**-**	**(738,167)**	**(105,356)**	**(862,404)**
Contracts measured under the PAA	-	-	-	-	-
Allocation of retakaful / reinsurance contributions	**(18,881)**	**-**	**(738,167)**	**(105,356)**	**(862,404)**
Amounts recoverable from retakaful / reinsurance					
Amounts recoverable for incurred claims and other expenses	32,162	-	263,913	122,080	418,155
Changes relating to amounts recoverable on incurred claims	(7,168)	-	(6,131)	(49,647)	(62,946)
Losses recovered on onerous contracts and reversal of those loss recoveries	-	-	-	518	518
Movement in non-performing assets related to reinsurance contracts held	7	-	519	21	547
Amounts recoverable from retakaful / reinsurance	25,001	-	258,301	72,972	356,274
Net income (expense) from retakaful / reinsurance contracts held	6,120	-	(479,866)	(32,384)	(506,130)

21. Insurance & retakaful / reinsurance finance income / expenses

21.1 Finance (expense) / income from insurance contracts issued

	Year Ended 31st December 2025				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Interest accreted	(48,132)	(22,480)	(22,501)	(1,632)	**(94,745)**
Effect of changes in interest rates (finance rate) and other financial assumptions	(4,977)	(1,379)	(647)	170	**(6,833)**
Changes in fair value of underlying assets of contracts measured under the VFA	-	-	-	573,791	**573,791**
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	-	1	**1**
Finance (expense) / income from insurance contracts issued	**(53,109)**	**(23,859)**	**(23,148)**	**572,330**	**472,214**

Changes in fair value of underlying assets of contracts measured under the VFA: Fair value gain/(loss) from Unit-linked investments. Since there is an obligation to pass on the entire fair value gain / loss on the unit linked investment funds to the investors, the fair value gain / loss on these financial assets has not been presented separately as investment income instead, this has been off-set against Insurance Finance income/ (expense) of the respective portfolio.

	Year Ended 31st December 2024				
	Motor	Medical / Health	Property & casualty	Protection & savings	**Total**
	Saudi Riyal (⃁) in 000				
Interest accreted	(41,214)	(7,365)	(18,475)	(1,072)	(68,126)
Effect of changes in interest rates (finance rate) and other financial assumptions	(2,394)	(3,491)	(172)	(41)	(6,098)
Changes in fair value of underlying assets of contracts measured under the VFA	-	-	-	(352,713)	(352,713)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	-	-	-
Finance expense from insurance contracts issued	(43,608)	(10,856)	(18,647)	(353,826)	(426,937)

21. Insurance & retakaful / reinsurance finance income / expenses *(continued)*

21.2 Finance (expense) / income from retakaful / reinsurance contracts held

	Year Ended 31st December 2025				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Interest accreted	710	-	22,025	3,371	**26,106**
Effect of changes in interest rates (finance rate) and other financial assumptions	133	-	240	(360)	**13**
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	-	(1,348)	**(1,348)**
Finance income from retakaful / reinsurance contracts held	**843**	**-**	**22,265**	**1,663**	**24,771**

	Year Ended 31st December 2024				
	Motor	Medical / Health	Property & casualty	Protection & savings	**Total**
	Saudi Riyal (⃁) in 000				
Interest accreted	605	-	38,665	2,037	41,307
Effect of changes in interest rates (finance rate) and other financial assumptions	45	-	1,071	(181)	935
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	-	5	5
Finance income from retakaful / reinsurance contracts held	650	-	39,736	1,861	42,247

22. Investment income

Details on investment income for the year are as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Income on financial assets at fair value		
Un-realized gain (loss) on investments at fair value	(6,765)	16,700
Realized gain on investments at fair value	6,244	9,566
Commission income on investments at fair value	73,635	32,489
Dividend income on investments at fair value	13,129	16,915
	86,243	75,670
Income on financial assets at amortised cost and short-term deposits		
Commission income on investments at amortized cost	128,678	176,218
	214,921	251,888

23. Fair value reserve for FVOCI investments

The fair value reserve for investments comprises the cumulative net change in the fair value of equity securities measured at FVOCI.

24. Commitments and contingencies

24.1 The Company's commitments and contingencies are as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Letters of guarantee	29,588	35,202

24.2 The Company enters into takaful contracts 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 the pending and threatened legal proceedings, management does not believe that any such proceedings (including litigation) that are in progress at reporting date will have a material effect on its results and financial position.

25. Fees & Other income

Other income for the yeard ended 31st December 2025 includes the fee income related to investment contract liabilities amounting to ⃁ 509 million. This is recorded on a straight line basis over the policy term (for 31st December 2024 includes policy administration fees that pertain to individual life business.

Net income (after deducting all charges) as part of investment contract liabilities is ⃁ 10.09 million, out of which ⃁ 8.07 is deferred.

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

26. Expense allocation

	Year Ended	
	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Policy acquisition cost	561,878	493,108
Directly attributable non-acquisition expenses	336,543	251,011
Non-attributable expenses	160,683	126,150
Total Expenses	**1,059,104**	870,269

Pursuant to the Company's policy and takaful model, all administrative and operating expenses are borne by the Shareholders' operations. In compliance with the Islamic Shariah principles governing the management of cooperative insurance operations, the Company estimates and load the management fee while calculating the gross premium. The actual amount of management fee is adjusted on annual basis based on the actual spending.

Following the distribution of 10% of the net insurance surplus to the policyholders, in accordance with the applicable Insurance Law and the executive regulations issued by the Insurance Authority, the Company shall be entitled to deduct its rightful management fees from the remaining balance of the surplus.

Other operating expenses breakdown is:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Staff cost	331,006	263,065
Depreciation and amortization	18,905	36,002
Professional and legal costs	18,878	6,050
Communication and technology	78,833	38,767
Premises and related cost	16,040	15,713
Advertisement and marketing expenses	10,311	7,667
Others	23,253	9,897
	497,226	377,161

Auditors' remuneration for the statutory audit of the Company's financial statements for the year ended 31st December 2025 amounts to ⃁ 800 thousand (2024: ⃁ 745 thousand). Auditors' remuneration for the review of the Company's financial information during the year ended 31st December 2025 amounts to ⃁ 420 thousand (2024: ⃁ 375 thousand). Fee for other statutory and related services provided by the auditors amounts to ⃁ 170 thousand (2024: ⃁ 80

27. Earnings per share

Earnings per share for the year ended 31st December 2025 ⃁ 4.55 per share and 31st December 2024 ⃁ 3.32 per share) are calculated by dividing the net income for the period attributable to the equity holders by the weighted-average number of ordinary shares (100 million shares). There were no material dilutive potential shares in issue as at 31st December 2025 and 31st December 2024.

	Year Ended	
	31st December 2025	31st December 2024
Net income attributable to the shareholders after zakat (⃁ 000)	454,981	332,343
Weighted-average number of ordinary shares	100,000,000	100,000,000
Basic and diluted earning per share (⃁)	4.55	3.32

28. Subsequent events

There are no subsequent events which have occurred subsequent to the reporting date and before the issuance of this financial statements which requires adjustments or additional disclosures to this financial statements.

29. Fair values of financial instruments

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

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

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: financial instruments with quoted quoted market prices (unadjusted) in active markets for the same or identical instrument that an entity can access at the measurement date;

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments (similar assets and liabilities), quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;

- Level 3: This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Carrying amounts and fair value

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

	31st December 2025				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	Saudi Riyal (⃁) in 000				
Financial assets measured at fair value					
Investments measured at FVTPL	1,701,060	94,738	829,230	777,092	**1,701,060**
Investments measured at FVOCI	283,951	211,082	-	72,869	**283,951**
Investment for unit linked contracts	8,374,752	-	8,374,752	-	**8,374,752**
	10,359,763	**305,820**	**9,203,982**	**849,961**	**10,359,763**
Financial assets not measured at fair value					
Cash and bank balance	582,152	582,152	-	-	**582,152**
Investments held at amortised cost	2,023,623	-	2,063,363	-	**2,063,363**
Statutory deposit	99,988	-	99,988	-	**99,988**
	2,705,763	**582,152**	**2,163,351**	**-**	**2,745,503**

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

29. Fair values of financial instruments *(continue)*

	31st December 2024				
	Carrying value	Fair value Level 1	Level 2	Level 3	**Total**
	Saudi Riyal (⃁) in 000				
Financial assets measured at fair value					
Investments measured at FVTPL	1,333,001	290,991	736,619	305,391	**1,333,001**
Investments measured at FVOCI	254,733	193,609	-	61,124	**254,733**
Investment for unit linked contracts	6,289,550	-	6,289,550	-	**6,289,550**
	7,877,284	484,600	7,026,169	366,515	7,877,284
Financial assets not measured at fair value					
Cash and cash equivalents	720,981	720,981	-	-	**720,981**
Investments held at amortised cost	2,413,516	-	2,423,573	-	**2,423,573**
Statutory deposit	99,974	-	99,974	-	**99,974**
	3,234,471	720,981	2,523,547	-	3,244,528

Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances and impact on fair value due to 10% change in price for Level 3 fair values:

Financial assets at FVTPL – Unquoted securities	31st December 2025	31st December 2024
Closing Balance	**777,092**	305,391

+/- 10% change in price will increase or decrease value by ⃁ 77.7 million.

Financial assets at FVOCI – Unquoted securities		
Opening Balance	**61,124**	39,703
Gain included in OCI	**11,745**	21,421
Closing Balance	**72,869**	61,124

+/- 10% change in price will increase or decrease value by ⃁ 7.3 million.

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair value at 31st December 2025 and 31st December 2024, as well as the significant unobservable inputs used. The fair value used for valuation of Level 2 Sukuks are based on prices quoted on reliable and third-party sources.

Type	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to FV
Mutual funds	Mutual funds classified as Level 3 are FV based on the latest available NAV communicated by the fund manager.	FV of underlying assets.	The estimated fair value will increase / decrease directly in line with the change in fair value of underlying assets.
Private equity	Valuation technique (i.e., DCF and market multiple, etc.)	• Annual growth rate • Terminal Growth rate • WACC 17.0% • EV/EBITDA: 6	Annual growth rate is directly proportional. Discount rate is inversely proportional.

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

30. Operating segments

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

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

Segment assets do not include takaful operations' bank balances and cash, net contributions receivable, investments etc., accordingly, they are included in unallocated assets. Segment liabilities do not include takaful operations' payables accruals and other liabilities and re-takaful / re-insurance balances payable etc., accordingly, they are included in unallocated liabilities. These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities as of 31st December 2025 and 31st December 2024, its total revenues, expenses, and net income for the year then ended, are as follows:

30.1 Operating segments Statement of financial position

		31st December 2025					
		Motor	Medical / Health	Property & casualty	Protection & savings	Un-allocated	Total
	Note	Saudi Riyal (⃁) in 000					
Assets							
Insurance contract assets	6	-	-	-	5,366	-	**5,366**
Retakaful / reinsurance contract assets	6	29,156	-	527,010	84,095	-	**640,261**
Cash and cash equivalents	4	-	-	-	-	582,152	**582,152**
Investments	5	-	-	-	8,374,752	4,008,634	**12,383,386**
Other unallocated assets		-	-	-	-	572,827	**572,827**
Total assets		**29,156**	**-**	**527,010**	**8,464,213**	**5,163,613**	**14,183,992**
Liabilities							
Insurance contract liabilities	6	1,823,633	705,165	598,507	7,724,054	-	**10,851,359**
Retakaful / reinsurance contract liabilities	6	-	-	717	-	-	**717**
Investment contract liabilities					508,823		**508,823**
Other unallocated liabilities, equity and surplus		-	-	-	-	2,823,093	**2,823,093**
Total liabilities, accumulated surplus and equity		**1,823,633**	**705,165**	**599,224**	**8,232,877**	**2,823,093**	**14,183,992**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

30. Operating segments *(continue)*

30.1 Operating segments Statement of financial position *(continue)*

		31st December 2024					
		Motor	Medical / Health	Property & casualty	Protection & savings	Un-allocated	**Total**
	Note	Saudi Riyal (⃁) in 000					
Assets							
Insurance contract assets	6	-	-	-	4	-	**4**
Retakaful / reinsurance contract assets	6	18,186	-	550,183	106,300	-	**674,669**
Cash and cash equivalents	4	-	-	-	-	720,981	**720,981**
Investments	5	-	-	-	6,289,550	4,001,250	**10,290,800**
Other unallocated assets		-	-	-	-	400,953	**400,953**
Total assets		18,186	-	550,183	6,395,854	5,123,184	12,087,407
Liabilities							
Insurance contract liabilities	6	1,930,150	706,029	812,743	6,316,423	-	**9,765,345**
Retakaful / reinsurance contract liabilities	6	-	-	15,479	-	-	**15,479**
Other unallocated liabilities, equity and surplus		-	-	-	-	2,306,583	**2,306,583**
Total liabilities, accumulated surplus and equity		1,930,150	706,029	828,222	6,316,423	2,306,583	12,087,407

Other unallocated assets include cash and cash equivalents, prepayments and other assets, statutory deposit, accrued income on statutory deposit, right-of-use assets, intangible assets, property and equipment, and all investments except unit-linked.

Other unallocated liabilities include payables, accruals and other liabilities, provision for employees' end-of-service benefits, provision for zakat, payables to the Insurance Authority, and lease liabilities.

Where portfolios of insurance contracts are set such that they fall across multiple operating segments, the Company considered the best judgements to present information that meets the disclosure objective and is useful.

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

30. Operating segments *(continue)*

30.2 Operating segments Statement of income

	Motor	Medical / Health	Property & casualty	Protection & savings	Un-allocated	Total
	Year Ended 31st December 2025					
	Saudi Riyal (⃁) in 000					
Insurance revenue	2,375,616	1,617,655	546,642	782,215	-	**5,322,128**
Insurance service expenses	(2,157,394)	(1,599,169)	(204,782)	(557,467)	-	**(4,518,812)**
Insurance service result before retakaful / reinsurance contracts held	218,222	18,486	341,860	224,748	-	**803,316**
Allocation of retakaful / reinsurance contributions	(8,833)	-	(342,082)	(68,177)	-	**(419,092)**
Amounts recoverable from retakaful / reinsurance for incurred clair	737	-	61,014	43,427	-	**105,178**
Net (expense) / income from retakaful / reinsurance contracts held	(8,096)	-	(281,068)	(24,750)	-	**(313,914)**
Insurance service result	210,126	18,486	60,792	199,998	-	**489,402**
Finance income / (expense) from insurance contracts issued	(53,109)	(23,859)	(23,148)	572,330	-	**472,214**
Finance income from retakaful / reinsurance contracts held	843	-	22,265	1,663	-	**24,771**
Net finance (expenses) / income	(52,266)	(23,859)	(883)	573,993	-	**496,985**
Income on financial assets at fair value	-	-	-	-	86,243	**86,243**
Income on financial assets at amortised cost & short-term deposits	-	-	-	-	128,678	**128,678**
Fair value gain / (loss) of unit-linked investments	-	-	-	(573,791)	-	**(573,791)**
Net credit impairment losses / reversal on financial assets	-	-	-	-	14	**14**
Net investment income	-	-	-	(573,791)	214,935	**(358,856)**
Net insurance and investment result	157,860	(5,373)	59,909	200,200	214,935	**627,531**
Other operating expenses	-	-	-	-	(160,683)	**(160,683)**
Other income	-	-	-	-	2,018	**2,018**
Net income for the period before zakat	157,860	(5,373)	59,909	200,200	56,270	**468,866**
Provision for zakat	-	-	-	-	(13,885)	**(13,885)**
Net income for the period after zakat	**157,860**	**(5,373)**	**59,909**	**200,200**	**42,385**	**454,981**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

30. Operating segments *(continue)*

30.2 Operating segments Statement of income *(continue)*

	Year Ended					
	31st December 2024					
	Motor	Medical / Health	Property & casualty	Protection & savings	Un-allocated	**Total**
	Saudi Riyal (⃁) in 000					
Insurance revenue	2,667,065	1,491,856	900,727	331,811	-	**5,391,459**
Insurance service expenses	(2,377,686)	(1,757,260)	(330,813)	(197,578)	-	**(4,663,337)**
Insurance service result before retakaful / reinsurance contracts held	289,379	(265,404)	569,914	134,233	-	**728,122**
Allocation of retakaful / reinsurance contributions	(18,881)	-	(738,167)	(105,356)	-	**(862,404)**
Amounts recoverable from retakaful / reinsurance for incurred claims	25,001	-	258,301	72,972	-	**356,274**
Net (expense) / income from retakaful / reinsurance contracts held	6,120	-	(479,866)	(32,384)	-	**(506,130)**
Insurance service result	295,499	(265,404)	90,048	101,849	-	**221,992**
Finance expense from insurance contracts issued	(43,608)	(10,856)	(18,647)	(353,826)	-	**(426,937)**
Finance income from retakaful / reinsurance contracts held	650	-	39,736	1,861	-	**42,247**
Net finance (expenses) / income	(42,958)	(10,856)	21,089	(351,965)	-	**(384,690)**
Income on financial assets at fair value	-	-	-	-	75,670	**75,670**
Income on financial assets at amortised cost & short-term deposits	-	-	-	-	176,218	**176,218**
Fair value gain of unit-linked investments	-		-	352,713	-	**352,713**
Net credit impairment losses on financial assets	-	-	-	-	462	**462**
Net investment income	-	-	-	352,713	252,350	**605,063**
Net insurance and investment result	252,541	(276,260)	111,137	102,597	252,350	**442,365**
Other operating expenses	-	-	-	-	(126,150)	**(126,150)**
Other income	-	-	-	-	13,098	**13,098**
Net income for the period before zakat	252,541	(276,260)	111,137	102,597	139,298	**329,313**
Provision for zakat	-	-	-	-	3,030	**3,030**
Net income for the period after zakat	252,541	(276,260)	111,137	102,597	142,328	**332,343**

30. Operating segments *(continue)*

30.3 Gross contribution written

	Year Ended 31st December 2025				
Customers' category	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Retail	1,615,978	62,746	48,948	5,054,523	**6,782,195**
Very small	180,755	64,159	-	-	**244,914**
Small	50,811	155,130	-	-	**205,941**
Medium	35,441	122,161	87,334	-	**244,936**
Corporate	893,100	1,302,497	380,479	519,128	**3,095,204**
Total gross contribution written	**2,776,085**	**1,706,693**	**516,761**	**5,573,651**	**10,573,190**

	31st December 2024				
Customers' category	Motor	Medical / Health	Property & casualty	Protection & savings	**Total**
	Saudi Riyal (⃁) in 000				
Retail	1,231,990	60,700	22,488	5,887,170	7,202,348
Very small	221,301	66,542	-	-	287,843
Small	84,880	178,168	-	-	263,048
Medium	81,032	160,609	867	-	242,508
Corporate	893,916	1,249,419	608,270	161,737	2,913,342
Total gross contribution written	2,513,119	1,715,438	631,625	6,048,907	10,909,089

30.4 Contribution ceded

	Year Ended 31st December 2025				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Local	-	-	16,723	2,082	**18,805**
Foreign	8,641	-	427,306	75,808	**511,755**
Total contribution ceded	**8,641**	**-**	**444,029**	**77,890**	**530,560**

	31st December 2024				
	Motor	Medical / Health	Property & casualty	Protection & savings	**Total**
	Saudi Riyal (⃁) in 000				
Local	-	-	11,986	-	11,986
Foreign	18,595	-	560,917	120,538	700,050
Total contribution ceded	18,595	-	572,903	120,538	712,036

Gross contribution written and contribution ceded is not defined in International Financial Reporting Standard (IFRS) as endorsed in the Kingdom of Saudi Arabia.

31. Related party transactions and balances

Related parties represent major shareholders, directors, and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the year and the related balances:

	Transactions for year ended		Balance receivable / (payable) as of	
	31st December 2025	31st December 2024	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000			
Major shareholders				
Gross contribution written	6,624,448	6,756,554	695,824	67,399
Claims paid	2,547,883	1,070,214	-	-
Claims incurred and notified during the period	2,423,512	946,779	(330,224)	(400,240)
Commission	504,790	847,318	271,265	134,098
Bank Balance	-	-	373,976	656,413
Investment in shares of Al Rajhi Banking and Investment Corporation	-	-	71,529	68,929
Entities controlled, jointly controlled or significantly influenced by related parties				
Gross contribution written	25,697	327,259	14,589	192,575
Claims paid	6,334	114,816	-	-
Claims incurred and notified during the period	6,123	108,517	(2,734)	(16,197)
Investments managed by affiliates	30,420	7,071	9,119,635	6,444,304
Income received from sale of investment in Al Rajhi Capital commodity fund	22,642	3,542	-	-
Investment management fee paid to Al Rajhi Capital Company	3,190	4,986	-	-

Gross contribution written for the period ended 31st December 2025 includes ⃁ 4.69 billion (period ended 31st December 2024 ⃁ 5.428 billion) related to individual life business through the related party.

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

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Salaries and other allowances	8,360	7,980
End of service benefits	1,625	1,130
	9,985	9,110
Board remuneration	2,240	1,455
Shariah committee remuneration	200	350

32. Capital management

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

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

The Company manages its capital requirements by regularly assessing shortfalls between reported and required capital levels. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company’s activities. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

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

As per guidelines laid out by the Insurance Authority (IA) in Article 66 table 3 & 4 of the Insurance Implementing Regulations detailing the solvency margin required to be maintained, the Company shall maintain a solvency margin equivalent to the highest of the following three methods as per Insurance Implementing Regulations:

- Minimum Capital Requirement of ⃁ 200 million.
- Premium Solvency Margin.
- Claims Solvency Margin.

The capital structure of the Company as of 31st December 2025 consists of paid-up share capital of ⃁ 1 billion, statutory reserves of ⃁ 440.48 million and retained earnings of ⃁ 1.02 billion (31st December 2024: paid-up share capital of ⃁ 1 billion, statutory reserves of ⃁ 349.49 million and retained earnings of ⃁ 658.25 million) in the statement of financial position (SOFP).

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

33. Takaful operations' surplus payable

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Opening balance	**95,360**	74,200
Income attributable to takaful operations	**14,279**	21,859
Surplus paid to policyholders	**(18,256)**	(699)
Closing balance	**91,383**	95,360

The treatment of Takaful operations' surplus payable is defined in Note: 3.19.

34. Risk management

Risk management covers mainly the followings:

- Insurance Risks
- Financial Risks

34.1 Insurance Risks

Insurance risk is the risk transferred from the policyholder to the company, other than financial risk. The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefits payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of longterm claims.

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

For life insurance contracts, the main risks that the Company is exposed to are, as follows:

- Mortality risk – the risk of loss arising due to the incidence of policyholder death being different than expected.
- Morbidity risk – the risk of loss arising due to policyholder health experience being different than expected.
- Expense risk – the risk of loss arising from expense experience being different than expected.
- Policyholder decision risk – the risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

For the life insurance contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

To minimize its financial exposure to potential losses arising from large claims, the Company enters into agreements with other parties for re-takaful purposes. Such re-takaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. Reinsurance held (outward reinsurance) is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Retention limits for non-proportional excess–of–loss reinsurance vary by product line.

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

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

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

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

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

i) Concentration of net insurance contract liabilities by type of contract:

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

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

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

The concentration of insurance risk by Insurance contracts issued & Reinsurance contracts held by major line of business are presented:

	31st December 2025		
Main Insurance Lines	Insurance contracts issued	Reinsurance contracts held	Net
	Saudi Riyal (⃁) in 000		
Motor	1,823,633	(29,156)	**1,794,477**
Medical / Health	705,165	-	**705,165**
Property & casualty	598,507	(526,293)	**72,214**
Protection & savings	7,718,688	(84,095)	**7,634,593**
	10,845,993	**(639,544)**	**10,206,449**

	31st December 2024		
Main Insurance Lines	Insurance contracts issued	Reinsurance contracts held	Net
	Saudi Riyal (⃁) in 000		
Motor	1,930,150	(18,186)	1,911,964
Medical / Health	706,029	-	706,029
Property & casualty	812,743	(534,704)	278,039
Protection & savings	6,316,419	(106,300)	6,210,119
	9,765,341	(659,190)	9,106,151

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

The geographical concentration of the Company's net insurance contract liabilities is noted below. The disclosure is based on the region where the business is written:

	31st December 2025				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Within KSA					
Western region	455,454	30,831	47,145	821,971	**1,355,401**
Eastern region	162,731	34,423	45,769	336,863	**579,786**
Central region	693,699	639,911	471,430	5,407,385	**7,212,425**
Other regions	511,749	-	34,162	1,152,470	**1,698,381**
	1,823,633	**705,165**	**598,506**	**7,718,689**	**10,845,993**

	31st December 2024				
	Motor	Medical / Health	Property & casualty	Protection & savings	Total
	Saudi Riyal (⃁) in 000				
Within KSA					
Western region	49,680	111,059	22,712	75,852	259,303
Eastern region	7,041	45,298	4,287	39,919	96,545
Central region	1,873,429	549,672	785,743	6,200,649	9,409,493
	1,930,150	706,029	812,742	6,316,420	9,765,341

Major cities included in the each region are:

Central Region: Riyadh, Buraydah & Unaizah.

Western Region: Makkah, Jeddah & Medina.

Eastern Region: Dammam, Al Khobar, Hofuf.

ii) Sensitivities on major assumptions considered while applying IFRS 17

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

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

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

ii) Sensitivities on major assumptions considered while applying IFRS 17 *(continued)*

Following are the sensitivities derived before risk mitigation by insurance contracts:

	31st December 2025		
	Insurance contract liabilities	Impact on profit/(loss) before zakat	Impact on equity
	Saudi Riyal (⃁) in 000		
Insurance contract liabilities	**10,845,993**		
Expenses increase by 5%	10,859,688	(12,326)	(12,008)
Expenses decrease by 5%	10,832,169	12,441	12,121
Yields curve shift up by 0.5%	10,855,971	(8,980)	(8,749)
Yields curve shift down by 0.5%	10,832,173	12,438	12,118
Loss reserve increase by 5%	10,995,314	(134,389)	(130,925)
Loss reserve decrease by 5%	10,724,318	109,508	106,685
Lapse rate increase by 5%	10,874,098	(25,295)	(24,642)
Lapse rate decrease by 5%	10,832,132	12,475	12,154
Mortality rate increase by 10%	10,872,555	(23,906)	(23,290)
Mortality rate decrease by 10%	10,832,137	12,470	12,149

	31st December 2024		
	Insurance contract liabilities	Impact on profit/(loss) before zakat	Impact on equity
	Saudi Riyal (⃁) in 000		
Insurance contract liabilities	9,765,341		
Expenses increase by 5%	9,768,522	(2,863)	(2,791)
Expenses decrease by 5%	9,762,247	2,785	2,715
Yields curve shift up by 0.5%	9,764,914	384	375
Yields curve shift down by 0.5%	9,765,789	(403)	(393)
Loss reserve increase by 5%	9,904,586	(125,321)	(122,187)
Loss reserve decrease by 5%	9,661,301	93,636	91,295
Lapse rate increase by 5%	9,765,029	281	274
Lapse rate decrease by 5%	9,765,659	(286)	(279)
Mortality rate increase by 10%	9,764,529	731	713
Mortality rate decrease by 10%	9,765,922	(523)	(510)

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

ii) Sensitivities on major assumptions considered while applying IFRS 17 *(continued)*

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

	31st December 2025		
	Net Insurance contract liabilities	Impact on profit/(loss) before zakat	Impact on equity
	Saudi Riyal (⃁) in 000		
Insurance contract liabilities	10,845,993		
Reinsurance contract Assets	639,544		
Net insurance contract liabilities	**10,206,449**		
Expenses increase by 5%	10,228,168	(18,165)	(17,696)
Expenses decrease by 5%	10,179,511	25,627	24,966
Yields curve shift up by 0.5%	10,229,282	(19,167)	(18,673)
Yields curve shift down by 0.5%	10,179,873	25,301	24,649
Loss reserve increase by 5%	10,315,252	(84,099)	(81,931)
Loss reserve decrease by 5%	10,113,341	97,621	95,105
Lapse rate increase by 5%	10,211,254	9,500	9,255
Lapse rate decrease by 5%	10,193,475	25,500	24,843
Mortality rate increase by 10%	10,232,828	(9,917)	(9,661)
Mortality rate decrease by 10%	10,192,594	26,294	25,616

	31st December 2024		
	Net Insurance contract liabilities	Impact on profit/(loss) before zakat	Impact on equity
	Saudi Riyal (⃁) in 000		
Insurance contract liabilities	9,765,341		
Reinsurance contract Assets	659,190		
Net insurance contract liabilities	9,106,151		
Expenses increase by 5%	9,110,221	(3,663)	(3,571)
Expenses decrease by 5%	9,102,159	3,593	3,503
Yields curve shift up by 0.5%	9,105,821	297	290
Yields curve shift down by 0.5%	9,106,492	(307)	(299)
Loss reserve increase by 5%	9,207,317	(91,049)	(88,773)
Loss reserve decrease by 5%	9,040,188	59,367	57,883
Lapse rate increase by 5%	9,105,758	354	345
Lapse rate decrease by 5%	9,106,688	(483)	(471)
Mortality rate increase by 10%	9,103,946	1,985	1,935
Mortality rate decrease by 10%	9,108,339	(1,969)	(1,920)

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

iii) Claims development table, gross of reinsurance

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

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

	31st December 2025						
Accident year	2020 & earlier	2021	2022	2023	2024	2025	Total
	Saudi Riyal (⃁) in 000						
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	3,995,651	1,949,840	2,249,458	2,821,835	4,051,915	4,014,498	**19,083,197**
1 year later	3,715,939	1,928,213	2,359,109	2,715,001	3,966,393		**14,684,655**
2 years later	3,715,939	1,903,428	2,368,880	2,660,098			**10,648,345**
3 years later	3,690,700	1,902,315	2,348,538				**7,941,553**
4 years later	3,583,424	1,931,299					**5,514,723**
5 years later	3,479,718						**3,479,718**
Gross estimates of the undiscounted amount of the claims	3,479,718	1,931,299	2,348,538	2,660,098	3,966,393	4,014,498	**18,400,544**
Cumulative gross claims and other directly attributable expenses paid	3,405,232	1,865,846	2,144,547	2,547,535	3,559,368	2,592,526	**16,115,054**
Gross undiscounted liabilities for incurred claims	74,486	65,453	203,991	112,563	407,025	1,421,972	**2,285,490**
Effect of discounting	791	2,284	2,465	11,764	26,169	30,438	**73,911**
Gross discounted liabilities for incurred claims excluding risk adjustment	73,695	63,169	201,526	100,799	380,856	1,391,534	**2,211,579**
Effect of the risk adjustment margin for non-financial risk	18,036	5,945	11,322	28,698	43,797	86,712	**194,510**
Gross liabilities for incurred claims before reserve & surplus payable	**91,731**	**69,114**	**212,848**	**129,497**	**424,653**	**1,478,246**	**2,406,089**
Other reserve							320,909
Takaful operations' surplus payable							91,383
Gross liabilities for incurred claims							**2,818,381**

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

iii) Claims development table, gross of reinsurance *(continued)*

	31st December 2024					
Accident year	2020 & earlier	2021	2022	2023	2024	Total
	Saudi Riyal (⃁) in 000					
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	6,159,631	1,949,840	2,249,458	2,821,835	4,051,915	**17,232,679**
1 year later	3,730,513	1,928,213	2,359,109	2,715,001		**10,732,836**
2 years later	3,706,881	1,903,428	2,368,880			**7,979,189**
3 years later	3,660,330	1,902,316				**5,562,646**
4 years later	1,444,297					**1,444,297**
Gross estimates of the undiscounted amount of the claims	1,444,297	1,902,316	2,368,880	2,715,001	4,051,915	**12,482,409**
Cumulative gross claims and other directly attributable expenses paid	1,272,103	1,787,597	2,079,296	2,397,031	2,733,725	**10,269,752**
Gross undiscounted liabilities for incurred claims	172,194	114,719	289,584	317,970	1,318,190	**2,212,657**
Effect of discounting	4,750	6,244	9,914	32,103	37,065	**90,076**
Gross discounted liabilities for incurred claims excluding risk adjustment	167,444	108,475	279,670	285,867	1,281,125	**2,122,581**
Effect of the risk adjustment margin for non-financial risk	28,554	12,306	24,772	57,887	78,718	**202,237**
Gross liabilities for incurred claims before reserve & surplus payable	**195,998**	**120,781**	**304,442**	**343,754**	1,359,843	**2,324,818**
Other reserve						135,338
Takaful operations' surplus payable						95,360
Gross liabilities for incurred claims						**2,555,516**

The claim development table reconciles to the liability for incurred claims (LIC) as disclosed in note 6. to the financial statements when adjusted for surplus payable, accrued attributable expenses, claims payables and impacts of shared pools.

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

iv) Claims development table, net of reinsurance

	31st December 2025						
Accident year	2020 & earlier	2021	2022	2023	2024	2025	Total
	Saudi Riyal (⃁) in 000						
Undiscounted liabilities for incurred claims, net of reinsurance:							
At end of accident year	3,874,328	1,715,703	1,978,858	2,539,926	3,602,143	3,839,624	**17,550,582**
1 year later	3,580,708	1,724,454	1,919,197	2,495,057	3,551,705		**13,271,121**
2 years later	3,598,463	1,713,101	1,965,149	2,449,147			**9,725,860**
3 years later	3,575,139	1,711,517	1,949,684				**7,236,340**
4 years later	3,471,361	1,745,946					**5,217,307**
5 years later	3,368,956						**3,368,956**
Net estimates of the undiscounted amount of the claims	3,368,956	1,745,946	1,949,684	2,449,147	3,551,705	3,839,624	**16,905,062**
Cumulative net claims and other directly attributable expenses paid	3,296,583	1,694,484	1,904,144	2,382,383	3,335,916	2,530,457	**15,143,967**
Net undiscounted liabilities for incurred claims	72,373	51,462	45,540	66,764	215,789	1,309,167	**1,761,095**
Effect of discounting	255	1,519	1,598	7,396	19,717	28,964	**59,449**
Net discounted liabilities for incurred claims excluding risk adjustment	72,118	49,943	43,942	59,368	196,072	1,280,203	**1,701,646**
Effect of the risk adjustment margin for non-financial risk	2,001	2,880	1,525	6,539	31,500	82,640	**127,085**
Net liabilities for incurred claims before reserve & surplus payable	**74,119**	**52,823**	**45,467**	**65,907**	**227,572**	**1,362,843**	**1,828,731**
Other reserve							208,184
Takaful operations' surplus payable							91,383
Net liabilities for incurred claims							**2,128,298**

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

34. Risk management *(continued)*

34.1 Insurance Risks *(continued)*

iv) Claims development table, net of reinsurance *(continued)*

	31st December 2024					
Accident year	2020 & earlier	2021	2022	2023	2024	Total
	Saudi Riyal (⃁) in 000					
Undiscounted liabilities for incurred claims, net of reinsurance:						
At end of accident year	5,986,900	1,715,703	1,978,858	2,539,926	3,602,143	**15,823,530**
1 year later	3,599,513	1,724,454	1,919,197	2,495,057		**9,738,221**
2 years later	3,591,751	1,713,101	1,965,149			**7,270,001**
3 years later	3,544,774	1,711,517				**5,256,291**
4 years later	1,377,061					**1,377,061**
Net estimates of the undiscounted amount of the claims	1,377,061	1,711,517	1,965,149	2,495,057	3,602,143	**11,150,927**
Cumulative net claims and other directly attributable expenses paid	1,210,240	1,616,236	1,844,231	2,266,198	2,638,645	**9,575,550**
Net undiscounted liabilities for incurred claims	166,821	95,281	120,918	228,859	963,498	**1,575,377**
Effect of discounting	3,162	5,194	7,824	23,672	30,877	**70,729**
Net discounted liabilities for incurred claims excluding risk adjustment	163,659	90,087	113,094	205,187	932,621	**1,504,648**
Effect of the risk adjustment margin for non-financial risk	13,873	9,010	11,858	31,542	66,599	**132,882**
Net liabilities for incurred claims before reserve & surplus payable	**177,532**	**99,097**	**124,952**	**236,729**	**999,220**	**1,637,530**
Other reserve						75,261
Takaful operations' surplus payable						95,360
Net liabilities for incurred claims						1,808,151

34. Risk management *(continued)*

34.2 Financial risk

Financial risk comprises of the followings:

- Liquidity risk
- Market risk
- Credit risk

These risks have been briefly explained below:

i) Liquidity risk

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

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

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

- The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

a) Maturity profiles

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarizes the maturity profile of groups of insurance contracts issued and reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

Notes to the financial statements *(continued)*
For the year ended 31 December 2023

34. Risk management *(continued)*

34.2 Financial risk *(continued)*

i) Liquidity risk *(continued)*

a) Maturity analysis for financial assets

	31st December 2025			31st December 2024		
	Up to 1 Year	More than one year	Total	Up to 1 Year	More than one year	**Total**
	Saudi Riyal (⃁) in 000			Saudi Riyal (⃁) in 000		
Cash and cash equivalents	582,152		**582,152**	720,981	-	720,981
Financial assets measured at FVTPL	313,909	1,387,151	**1,701,060**	1,333,001	-	1,333,001
Financial assets measured at FVOCI	-	283,951	**283,951**	-	254,733	254,733
Financial assets measured at amortized cost	20,249	2,003,374	**2,023,623**	319,288	2,094,228	2,413,516
Investment for unit linked contracts		8,374,752	**8,374,752**	6,289,550	-	6,289,550
Total — financial assets	**916,310**	**12,049,228**	**12,965,538**	8,662,820	2,348,961	11,011,781

b) Maturity profiles of reinsurance contract assets

	31st December 2025						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	Saudi Riyal (⃁) in 000						
Motor	55,399	33,662	27,274	6,613	-	(94,952)	**27,996**
Medical / Health	-	-	-	-	-	-	**-**
Property & casualty	607,854	137,320	74,522	34,826	12,260	(606,795)	**259,987**
Protection & savings	85,582	20,427	4,861	1,525	422	(76,601)	**36,216**
Total — Reinsurance contract assets	**748,835**	**191,409**	**106,657**	**42,964**	**12,682**	**(778,348)**	**324,199**

	31st December 2024						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	Saudi Riyal (⃁) in 000						
Motor	8,786	3,444	2,163	1,579	1,252	-	**17,224**
Medical / Health	-	-	-	-	-	-	**-**
Property & casualty	174,155	111,091	21,380	6,291	3,994	1,747	318,658
Protection & savings	35,073	4,988	8,544	40	(12)	-	48,633
Total — Reinsurance contract assets	218,014	119,523	32,087	7,910	5,234	1,747	384,515

Notes to the financial statements *(continued)*
For the year ended 31st December 2025

34. Risk management *(continued)*

34.2 Financial risk *(continued)*

i) Liquidity risk *(continued)*

c) Maturity analysis for financial liabilities

	31st December 2025			31st December 2024		
	Up to 1 Year	More than one year	Total	Up to 1 Year	More than one year	**Total**
	Saudi Riyal (⃁) in 000			Saudi Riyal (⃁) in 000		
Payable, accruals and other liabilities	187,422	-	**187,422**	116,457	-	116,457
Investment contract liabilities	-	508,823	**508,823**	-	-	
Lease liabilities	6,559	24,697	**31,256**	7,026	31,766	38,792
Total — financial liabilities	193,981	533,520	727,501	123,483	31,766	155,249

d) Maturity profiles of Insurance contract Liabilities

	31st December 2025						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	Saudi Riyal (⃁) in 000						
Motor	1,650,876	666,936	386,364	184,702	53,137	(2,062,405)	**879,610**
Medical / Health	1,344,215	287,441	52,681	3,582	108	(915,293)	**772,734**
Property & casualty	584,090	173,158	80,893	35,983	11,402	(462,998)	**422,528**
Protection & savings	448,191	119,232	268,058	1,914,320	1,307,122	3,727,078	**7,784,001**
Total — Insurance contract Liabilities	**4,027,372**	**1,246,767**	**787,996**	**2,138,587**	**1,371,769**	**286,382**	**9,858,873**

	31st December 2024						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	Saudi Riyal (⃁) in 000						
Motor	645,744	214,085	131,186	67,759	44,484	1,475	1,104,733
Medical / Health	483,434	74,577	5,246	211	-	-	563,468
Property & casualty	423,862	78,194	19,083	6,317	4,130	890	532,476
Protection & savings	(207,808)	(49,585)	16,230	424,824	2,560,148	3,278,786	6,022,595
Total — Insurance contract Liabilities	1,345,232	317,271	171,745	499,111	2,608,762	3,281,151	8,223,272

34. Risk management *(continued)*

34.2 Financial risk *(continued)*

ii) Market risk

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

- Currency risk;
- Commission rate risk; and
- Price risk.

a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Company’s principal transactions are carried out in ⃁, and its exposure to foreign exchange risk arises primarily with respect to the US dollar. The Company’s financial assets are primarily denominated in ⃁.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuation, as the majority of monetary assets and liabilities are in currencies linked to the ⃁. In addition, the Company’s foreign currency transactions are primarily in US dollars, which is pegged with ﷼ and therefore the financial instruments are not sensitive to currency fluctuations.

b) Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company has no significant concentration of commission rate risk.

The sensitivity of the income is the effect of the assumed changes in the commission rates, with all other variables held constant, on the Company’s income for one year. Based on the floating rate financial assets held at 31st December 2025, an increase or decrease of 50 basis points in commission rates would result in a change in the loss or gain for the year of ⃁ 0.97 million (31st December 2024: ⃁ 1.044 million).

c) Price risk

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

The Company has investments in equities & mutual funds (classified as FVTPL). A 5% change in the net asset value of funds & equities, with all other variables held constant, would impact the net income for the year 31st December 2025 by an increase/decrease of ⃁ 43.59 million (31st December 2024: ⃁ 29.82 million).

The Company has investments in the Saudi companies' equities listed on Tadawul (Classified as FVOCI). A 5% change in the market value of these investments, with all other variables held constant, would impact the shareholders' equity for 31st December 2025 by an increase/decrease of ⃁ 10.55 million (31st December 2024: ⃁ 9.68 million).

iii) Credit risk

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

34. Risk management *(continued)*

34.2 Financial risk *(continued)*

iii) Credit risk ***(continued)***

Credit risk measurement

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The key judgements & assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed

Significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met.

Quantitative criteria:

- Downward movement in the external credit rating by two notches;
- Downward movement in the external credit rating by one notch if the revised external credit rating becomes below “investment grade”;
- Contractual payments are more than 30 days past due ;

Qualitative criteria:

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the counterparty that results in a significant decrease in the counterparty’s ability to meet its obligations to the Company;
- A group company of the counterparty has defaulted and in the Company’s opinion repayment capacity of the counterparty would also be significantly impacted.

Definition of default and credit-impaired assets

The Company defines a financial instruments as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:
- Contractual payments are more than 90 days past due;
- Counterparty’s refusal to pay the amounts due.

Qualitative criteria:
- Information about the bankruptcy of the counterparty;
- Legal case on recovery proceedings;

34. Risk management *(continue)*

34.2 Financial risk *(continue)*

iii) Credit risk *(continue)*

The criteria above have been applied to all financial assets. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve month. This period has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the KSA and selected private-sector and academic forecasters. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company considers scenarios in range of 3-5 years horizon (consistent with forecast available from public sources) beyond which long term average macroeconomic conditions prevail. Externally available macroeconomic forecast from Global Rating Agencies and the Insurance Authority are used for making base case forecast. For other scenarios, adjustment are made to base case forecast based on expert judgement. The Company uses multiple scenarios and probabilities are assigned to each scenario based on expert judgement.

Based on the detailed analysis of the Companies exposures to the credit risk, the management of the Company have opted to benefit from the practical expedient in calculating the expected credit losses provided by IFRS 9 for financial assets with low credit risk. The management of the Company measures impairment using 12-month expected credit losses for its financial assets subject to impairment. The low credit risk financial assets of the Company meet the following requirements of IFRS 9 to measure impairment using 12-month expected credit losses:

- Low credit risk of default;
- The counterparties have a strong capacity to meet their obligations in the near term;
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparties to fulfil their contractual cash flow obligations.

The Company uses external credit risk ratings of well-known and reputable rating agencies to assess the probability of default of individual counterparties.

The Company does not recognise lifetime expected credit losses on a financial instrument simply because it was considered to have low credit risk in the previous reporting period and is not considered to have low credit risk at the reporting date. In such a case, the Company will determine whether there has been a significant increase in credit risk since initial recognition and thus whether lifetime expected credit losses are required to be recognised.

Measuring expected credit losses

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

34. Risk management *(continue)*

34.2 Financial risk *(continue)*

iii) Credit risk *(continue)*

Measuring expected credit losses (continue)

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the exposure.

Maximum exposure to credit risk – financial instruments subject to ECL

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below also represents the Company's maximum exposure to credit risk on these assets.

	31st December 2025				31st December
Financial statement line item	Stage 1	Stage 2	Stage 3	Total	2024
	Saudi Riyal (⃁) in 000				
Bank balances	582,152	-	-	582,152	720,981
Investments held at amortised cost	2,024,396	-	-	2,024,396	2,414,303
Statutory deposit	100,000			100,000	100,000
Gross carrying amount	2,706,548	-	-	2,706,548	3,235,284
Loss allowance	(785)	-	-	(785)	(813)
Carrying amount	**2,705,763**	**-**	**-**	**2,705,763**	3,234,471

	31st December 2025				31st December
Credit grade	Stage 1	Stage 2	Stage 3	Total	2024
	Saudi Riyal (⃁) in 000				
Investment grade	2,706,548	-	-	2,706,548	3,235,284
Gross carrying amount	2,706,548	-	-	2,706,548	3,235,284
Loss allowance	(785)	-	-	(785)	(813)
Carrying amount	**2,705,763**	**-**	**-**	**2,705,763**	3,234,471

34. Risk management *(continue)*

34.2 Financial risk *(continue)*

iii) Credit risk *(continue)*

Loss allowance

The loss allowance recognised during the year may be impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

	31st December 2025				31st December 2024
	Stage 1	Stage 2	Stage 3	Total	
	Saudi Riyal (⃁) in 000				
Opening loss allowance	813	-	-	813	1,639
Movements with the statement of income					
Transfers:					
Transfer from stage 1 to stage 2	-	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-	-
New financial assets originated or purchased	(390)	-	-	(390)	-
Net re-measurement of loss allowance	362	-	-	362	(826)
Write-offs	-	-	-	-	-
Total loss allowance for the year	(28)	-	-	(28)	(826)
Closing loss allowance	**785**	**-**	**-**	**785**	813

The analysis of the credit ratings of the investment in sukuks and murabaha deposit is as follows:

	31st December 2025	31st December 2024
	Saudi Riyal (⃁) in 000	
Equivalent of: S&P / Fitch (A+) & Moody's (A1)	677,408	664,869
Equivalent of: S&P / Fitch (A) & Moody's (A2)	-	212,212
Equivalent of: S&P / Fitch (A-) & Moody's (A3)	1,947,845	2,008,264
Equivalent of: S&P / Fitch (BBB+) & Moody's (Baa1)	22,500	22,500
Equivalent of: S&P / Fitch (BBB-) & Moody's (Baa3)	100,000	50,000
Equivalent of: S&P / Fitch (BB+) & Moody's (Ba1)	45,000	45,000
Equivalent of: S&P / Fitch (BB) & Moody's (Ba2)	-	85,000
	2,792,753	**3,087,845**

35. Approval of the financial statements

These financial statements for the year ended 31st December 2025 were approved and authorized for issue by the Board of Directors (BOD) of the Company, on 08th Ramadan 1447 Hijri, corresponding 25th February 2026 Gregorian (Wednesday).

36. Supplementary information

Statement of financial position as of:

	31st December 2025		
	Takaful operations	Shareholders' operations	Total
	SAR '000		
Cash equivalents & Investments	10,972,997	1,992,541	**12,965,538**
Insurance & Retakaful / reinsurance contract assets	645,627	-	**645,627**
Other assets	(175,760)	748,587	**572,827**
Total assets	**11,442,864**	**2,741,128**	**14,183,992**
Insurance & Retakaful / reinsurance contract liabilities	10,852,076	-	**10,852,076**
Other liabilities	81,965	205,437	**287,402**
Total liabilities	**11,442,864**	**205,437**	**11,648,301**
Equity	-	2,022,233	**2,022,233**
All reserves	-	542,540	**542,540**
Total equity	**-**	**2,535,691**	**2,535,691**
Total liabilities & equity	**11,442,864**	**2,741,128**	**14,183,992**

	31st December 2024		
	Takaful operations	Shareholders' operations	**Total**
	SAR '000		
Cash equivalents & Investments	9,757,949	1,253,832	11,011,781
Insurance & Retakaful / reinsurance contract assets	674,673	-	674,673
Other assets	(619,666)	1,020,619	400,953
Total assets	9,812,956	2,274,451	12,087,407
Insurance & Retakaful / reinsurance contract liabilities	9,780,824	-	9,780,824
Other liabilities	38,928	187,230	226,158
Total liabilities	9,819,752	187,230	10,006,982
Equity	-	1,658,248	1,658,248
All reserves	(6,796)	428,973	422,177
Total equity	(6,796)	2,087,221	2,080,425
Total liabilities & equity	9,812,956	2,274,451	12,087,407

36. Supplementary information *(continue)*

Statement of income for:

	31st December 2025			31st December 2024		
	Takaful operations	**Shareholders' operations**	**Total**	Takaful operations	Shareholders' operations	Total
		SAR '000			SAR '000	
Insurance revenue	5,322,128	-	**5,322,128**	5,391,459	-	5,391,459
Insurance service expenses	(4,518,812)	-	**(4,518,812)**	(4,663,337)	-	(4,663,337)
Insurance service result before retakaful / reinsurance contracts held	803,316	-	**803,316**	728,122	-	728,122
Allocation of retakaful / reinsurance contributions	(419,092)	-	**(419,092)**	(862,404)	-	(862,404)
Amounts recoverable from retakaful / reinsurance for incurred claims	105,178	-	**105,178**	356,274	-	356,274
Net (expense) / income from retakaful / reinsurance contracts held	(313,914)	-	**(313,914)**	(506,130)	-	(506,130)
Insurance service result	489,402	-	**489,402**	221,992	-	221,992
Income on financial assets at fair value	87,885	(1,642)	**86,243**	57,879	17,791	75,670
Income on financial assets at amortised cost and short-term deposits	95,723	32,955	**128,678**	142,929	33,289	176,218
Net Fair value gain of unit-linked investments	(573,791)	-	**(573,791)**	352,713	-	352,713
Net credit impairment losses on financial assets	14	-	**14**	462	-	462
Net investment income	(390,169)	31,313	**(358,856)**	553,983	51,080	605,063
Finance (expense) / income from insurance contracts issued	472,214	-	**472,214**	(426,937)	-	(426,937)
Finance income from retakaful / reinsurance contracts held	24,771	-	**24,771**	42,247	-	42,247
Net insurance finance (expenses) / income	496,985	-	**496,985**	(384,690)	-	(384,690)
Net insurance and investment result	596,218	31,313	**627,531**	391,285	51,080	442,365
Other operating expenses	-	(160,683)	**(160,683)**	-	(126,150)	(126,150)
Other income	-	2,018	**2,018**	-	13,098	13,098
Net income for the year attributable to the shareholders before zakat	596,218	(127,352)	**468,866**	391,285	(61,972)	329,313
Provision for zakat	-	(13,885)	**(13,885)**	-	3,030	3,030
Net income for the year attributable to the shareholders after zakat	596,218	(141,237)	**454,981**	391,285	(58,942)	332,343

36. Supplementary information *(continue)*

Statement of cash flows for:

	31st December 2025			31st December 2024		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	**Total**
	SAR '000			SAR '000		
Net income for the year attributable to the shareholders before zakat	-	468,866	**468,866**	-	329,313	329,313
Net cash from / (used in) operating activities	(294,724)	(90,230)	**(384,954)**	(553,720)	99,044	(454,676)
Net cash from / (used in) investing activities	522,624	(225,747)	**296,877**	166,854	81,678	248,532
Net cash from / (used in) financing activities	(404,998)	359,860	**(45,138)**	167,826	(176,705)	(8,879)
Net change in cash and cash equivalents	(177,098)	43,883	**(133,215)**	(219,040)	4,017	(215,023)
Cash and cash equivalents at the beginning of the period	646,517	39,262	**685,779**	865,557	35,245	900,802
Cash and cash equivalents at the end of the period	469,419	83,145	**552,564**	646,517	39,262	685,779