GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)

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

GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

Independent auditors' report to the shareholders of Gulf Insurance Group

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gulf Insurance Group (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes, from 1 to 34, to the financial statements, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Independent auditors' report to the shareholders of Gulf Insurance Group (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of liability for incurred claims and loss component	
The estimation of the liability for incurred claims and loss component involves a significant degree of judgment. This entails estimating the present value of future cash flows and risk adjustment for non-financial risk (forming part of liability for incurred claims) and loss component (forming part of liability for remaining coverage). The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils its obligations under insurance contracts. The present value of future cash flows is based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. The loss component is recognised if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous. Such loss component is remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the general measurement model relating to the future service and the carrying amount of the liability for remaining coverage without the loss component. As at 31 December 2025, the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component amount to Saudi Riyals 1,016.7 million, Saudi Riyals 188.2 million and Saudi Riyals 50.3 million respectively, as disclosed in Note 10 to the financial statements. Accordingly, the complexity arises from calculating the actuarial best estimate using historical data which is sensitive to external inputs, as well as the actuarial methodology that is applied and the assumptions on current and future events.	Our procedures included the following: • Updated our understanding, evaluated the design and implementation, and tested the key controls over the accuracy of the claims and related provisions recorded by the Company; • Evaluated the competence, capabilities and objectivity of the management's Appointed Actuary based on their professional qualifications and experience and assessed their independence to the Company; • Performed substantive procedures, on a sample basis, on the amounts recorded by the Company for paid and outstanding claims; • Tested, on a sample basis, the integrity of the claims data, including salvage and subrogation recoveries, used as inputs by management and their Appointed Actuary into the actuarial valuations in estimating the present value of the future cash flows, risk adjustment for non-financial risk and loss component; • Engaged our internal actuarial specialists to assess the reasonableness of the actuarial models and assumptions, including expected loss ratios and expense allocation, used to calculate the present value of the future cash flows (net of salvage and subrogation), the risk adjustment and loss component, to obtain comfort over the actuarial report issued by management's Appointed Actuary. Our internal actuarial specialists also performed reprojections of the present value of future cash flows, risk adjustment for non-financial risk and loss component for significant product lines and compared them with the amounts recorded by the management for reasonableness; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Independent auditors' report to the shareholders of Gulf Insurance Group (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of liability for incurred claims and loss component (continued) The Company also uses an external actuary ("Appointed Actuary") to validate the estimate of such liabilities. A range of methods were used to determine these liabilities which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims as projected by both the Appointed Actuary and management. We have considered this as a key audit matter due to the inherent estimation uncertainty, complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows, risk adjustment for non-financial risk and loss component arising from insurance contracts. Refer to Notes 3 and 4 for the material accounting policy information and significant accounting judgements, estimates and assumptions related to insurance contract liabilities.	

Other information

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

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

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

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

Independent auditors' report to the shareholders of Gulf Insurance Group (continued)

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

We also:

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

Independent auditors' report to the shareholders of Gulf Insurance Group (continued)

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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2 March 2026
13 Ramadan 1447 H

PRICEWATERHOUSECOOPERS
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GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

			31 December
	Note	**2025**	**2024**
ASSETS			
Cash and cash equivalents	5	**90,467**	155,909
Short-term deposits	6	**273,809**	335,186
Reinsurance contract assets	10	**411,624**	198,626
Investments	7	**1,899,250**	1,768,133
Prepaid expenses and other assets	9	**52,139**	41,082
Deferred tax asset	24	**4,214**	7,546
Long-term deposits	6	**147,058**	106,574
Right-of-use assets	11	**24,185**	27,806
Furniture and equipment	12	**5,115**	5,087
Intangible assets	12	**22,747**	22,608
Accrued income on statutory deposit	13	**1,599**	1,541
Goodwill	8	**50,000**	50,000
Statutory deposit	13	**52,500**	52,500
TOTAL ASSETS		**3,034,707**	2,772,598
LIABILITIES AND EQUITY			
Accrued expenses and other liabilities	14	**84,668**	136,814
Insurance contract liabilities	10	**1,604,746**	1,407,756
Reinsurance contract liabilities	10	**2,314**	1,345
Lease liabilities	11	**23,999**	26,536
Due to related parties	23	**2,318**	1,069
Employee benefit obligations	15	**29,883**	28,976
Zakat and income tax	24	**83,696**	78,604
Accrued income payable on statutory deposit	13	**1,599**	1,541
TOTAL LIABILITIES		**1,833,223**	1,682,641
EQUITY			
Share capital	16	**525,000**	525,000
Statutory reserve	25	**190,444**	165,206
Retained earnings		**437,070**	399,401
Fair value reserve on investments	7	**48,970**	350
TOTAL EQUITY		**1,201,484**	1,089,957
TOTAL LIABILITIES AND EQUITY		**3,034,707**	2,772,598

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended 31 December 2025	2024
Insurance revenue	19	**1,503,755**	1,463,521
Insurance service expenses	17,19	**(1,386,441)**	(1,230,826)
Net income (expenses) from reinsurance contracts held	18,19	**232**	(127,287)
Insurance service result from Company's directly written business		**117,546**	105,408
Share of surplus from insurance pools	22	**7,419**	5,330
Total insurance service result		**124,965**	110,738
Finance expense from insurance contracts issued	20	**(26,505)**	(45,705)
Finance income from reinsurance contracts held	20	**6,564**	15,126
Net insurance finance result		**(19,941)**	(30,579)
Investment income	26	**96,330**	92,353
Other operating expenses	21	**(46,112)**	(48,379)
Other income		**249**	1,320
Investment and other income - net		**50,467**	45,294
Total income for the year before zakat and income tax		**155,491**	125,453
Zakat expense	24	**(15,771)**	(14,561)
Income tax expense	24	**(13,531)**	(12,697)
		(29,302)	(27,258)
Total income for the year attributable to the shareholders		**126,189**	98,195
Earnings per share (expressed in Saudi Riyals per share)			
Basic and diluted earnings per share	27	**2.40**	1.87

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended 31 December 2025	2024
Total income for the year attributable to the shareholders		**126,189**	98,195
Other comprehensive income			
Items that will not be reclassified to the statement of income in subsequent years			
Remeasurement loss on employee benefit obligations	15	**(282)**	(997)
Net changes in fair value of investment measured at fair value through other comprehensive income ("FVOCI") - Equity	7,28	**11,605**	21,451
Deferred tax	24	**(1,114)**	-
Items that will be reclassified to the statement of income in subsequent years			
Net changes in fair value of investments measured at FVOCI - Debt	7	**42,215**	(14,782)
Deferred tax	24	**(4,086)**	-
Total other comprehensive income		**48,338**	5,672
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		**174,527**	103,867

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
Balance at 1 January 2025		**525,000**	**165,206**	**399,401**	**350**	**1,089,957**
Total comprehensive income for the year						
Total income for the year attributable to the shareholders		**-**	**-**	**126,189**	**-**	**126,189**
Remeasurement loss on employee benefit obligations	15	**-**	**-**	**(282)**	**-**	**(282)**
Net changes in fair value of the investments measured at FVOCI		**-**	**-**	**-**	**48,620**	**48,620**
Total comprehensive income for the year attributable to the shareholders		**-**	**-**	**125,907**	**48,620**	**174,527**
Transfer to statutory reserve	25	**-**	**25,238**	**(25,238)**	**-**	**-**
Dividends	31	**-**	**-**	**(63,000)**	**-**	**(63,000)**
Balance at 31 December 2025		**525,000**	**190,444**	**437,070**	**48,970**	**1,201,484**
Balance at 1 January 2024		525,000	145,567	400,592	(6,319)	1,064,840
Total comprehensive income for the year						
Total income for the year attributable to the shareholders		-	-	98,195	-	98,195
Remeasurement loss on employee benefit obligations	15	-	-	(997)	-	(997)
Net changes in fair value of the investments measured at FVOCI		-	-	-	6,669	6,669
Total comprehensive income for the year attributable to the shareholders		-	-	97,198	6,669	103,867
Transfer to statutory reserve	25	-	19,639	(19,639)	-	-
Dividends	31	-	-	(78,750)	-	(78,750)
Balance at 31 December 2024		525,000	165,206	399,401	350	1,089,957

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Yousef S Abalkhail
Chairman of the Board of Directors

Khalid Al Shuwaier
Chief Executive Officer

Babar Ali Khan
Chief Financial Officer

GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2025**	**2024**
Cash flows from operating activities			
Total income for the year before zakat and income tax		**155,491**	125,453
Adjustments for non-cash items:			
Depreciation of furniture and equipment	12	**3,395**	5,606
Depreciation of right-of-use assets	11	**3,621**	3,532
Amortisation of intangible assets	12	**8,211**	8,194
Finance cost on leases	11	**1,463**	1,629
Accretion of discount on financial assets at FVOCI	7	**(8,547)**	(7,890)
Realised loss (gain) on financial assets at fair value through profit or loss ("FVTPL")	26	**3,866**	(2,584)
Unrealised (gain) loss on financial assets at FVTPL	7,26	**(1,935)**	7,461
Realised fair value losses reclassified to statement of income	7,26	**40**	406
Amortisation of premium on financial assets at FVOCI	7	**2,078**	2,232
Net impairment credit losses (reversal of losses) on financial assets at FVOCI	7,26	**(21)**	852
Net finance expense from insurance and reinsurance contracts	20	**19,941**	30,579
Provision for employee benefit obligations	15	**4,674**	4,641
Changes in operating assets and liabilities:			
Reinsurance contract assets	10	**(206,434)**	166,222
Prepaid expenses and other assets	9	**(11,057)**	13,620
Accrued income on statutory deposit	13	**(58)**	1,054
Accrued expenses and other liabilities	14	**(52,146)**	27,345
Insurance contract liabilities	10	**170,485**	(274,256)
Reinsurance contract liabilities	10	**969**	1,021
Due to related parties	23	**1,249**	(3,834)
Accrued income payable on statutory deposit	13	**58**	(1,054)
		95,343	110,229
Employee benefit obligations paid	15	**(4,049)**	(4,037)
Zakat and income tax paid	24	**(26,078)**	(33,389)
Finance cost paid	11	**(1,463)**	(1,629)
Net cash inflow from operating activities		**63,753**	71,174

(Continued)

GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS (continued)
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended 31 December 2025	2024
Cash flows from investing activities			
Redemption (placement) of short-term deposits, net	6	**61,377**	(17,767)
Purchase of investments	7	**(322,362)**	(315,839)
Proceeds from sale of investments	7	**249,584**	170,647
(Placement) redemption of long-term deposits, net	6	**(40,484)**	107,079
Payments against purchases of furniture and equipment	12	**(3,423)**	(1,748)
Additions to intangible assets	12	**(8,350)**	(4,122)
Net cash outflow from investing activities		**(63,658)**	(61,750)
Cash flows from financing activities			
Payment against principal portion of lease liabilities	11	**(2,537)**	(3,556)
Dividends paid	31	**(63,000)**	(78,750)
Net cash outflow from financing activities		**(65,537)**	(82,306)
Net decrease in cash and cash equivalents		**(65,442)**	(72,882)
Cash and cash equivalents at beginning of the year	5	**155,909**	228,791
Cash and cash equivalents at end of the year		**90,467**	155,909
Supplemental non-cash information			
Net changes in fair value of financial assets at FVOCI		**48,620**	6,669

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

1. General information - legal status and principal activities

Gulf Insurance Group, a Saudi joint stock company (the “Company”), was formed pursuant to Royal Decree No. M/36 dated 27 Jumada II 1429H (corresponding to 1 July 2008). The Company was incorporated vide Ministerial Order number Q/192, dated 10 Jumada II 1430H, (corresponding to 3 September 2009). The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration (“CR”) number 1010271203 issued in Riyadh on 20 Rajab, 1430H (corresponding to 13 July 2009). The Company’s registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance activities in accordance with the Law on Supervision of Cooperative Insurance (the “Law”), the Company’s by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. Its principal lines of business include health, motor, marine, property, engineering, accident and liability and protection insurance. The Company obtained license from the Saudi Arabia Monetary Authority (“SAMA”) to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/25/20101, dated 11 Safar 1431H (corresponding to 26 January 2010). The Company has commenced insurance operations on 4 Rabi’ I 1431H (corresponding to 18 February 2010).

The Company operates through multiple branches located in the Kingdom of Saudi Arabia. Following are the CR numbers of these branches:

Branch type	Location	CR number
Head Office	Riyadh	1010271203
Regional Branch	Khobar	2051044972
Regional Branch	Jeddah	4030209279

2. Basis of preparation

(a) Statement of compliance

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders’ operations. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management.

In accordance with the requirements of the Implementing Regulations for Co-operative Insurance Companies (the “Regulations”) issued by the Insurance Authority, (formerly SAMA) and as per by-laws of the Company, 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. Surplus entitled to the policyholders is part of insurance service expenses.

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders' operations have been provided as supplementary financial information and to comply with the requirements of the guidelines from the Regulations and is not required by International Financial Reporting Standards. The Regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operation. Moreover, the details relating to the gross written premium is also disclosed under Note 32 of these financial statements to comply with the requirements of the Regulator.

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

(b) Basis of measurement

The financial statements are prepared under the going concern basis and the historical cost convention, except as explained in the relevant accounting policies in these financial statements.

(c) Basis of presentation

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

(d) Functional and presentation currency

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

(e) Seasonality of operations

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

3. Material accounting policy information

3.1 New and amended standards adopted by the Company

There were no new standards or amendments to standards and interpretations that become applicable for the current reporting period, except for the amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates'. This amendment is applicable when an entity has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The transactions in foreign currencies entered by the Company in the normal course of its operations are not exposed to lack of exchangeability and consequently, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting this amendment.

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

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

- **Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7**

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

Effective date:

Annual periods beginning on or after 1 January 2026.

Impact assessment

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

- **Annual improvements to IFRS - Volume 11**

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

Effective date:

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

Impact assessment

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

3. Material accounting policy information (continued)

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

- **IFRS 18 - Presentation and Disclosure in Financial Statements**

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

Effective date:

Annual periods beginning on or after 1 January 2027.

Impact assessment

Management is currently in the process of assessing the impact of this new standard.

- **IFRS 19 - Subsidiaries without Public Accountability: Disclosures**

IFRS 19 introduces new disclosure requirements for subsidiaries that do not have public accountability. The standard requires these subsidiaries to provide additional disclosures related to financial performance, position, and cash flows, thereby enhancing transparency for users of the financial statements. The disclosures aim to provide a clearer picture of the financial health of subsidiaries without public accountability.

Effective date:

Annual periods beginning on or after 1 January 2027.

Impact assessment

Management has assessed the applicability of this new standard and concluded that it does not apply to the Company since the Company has public accountability.

- **IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity**

These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as ‘contracts referencing nature-dependent electricity.

Effective date:

Annual periods beginning on or after 1 January 2026.

Impact assessment

Management has assessed the applicability of this new standard and concluded that it does not apply to the Company.

3. Material accounting policy information (continued)

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

- Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency

The entity applies the amendments if:

- Its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or

- It is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy

Effective date:

Annual periods beginning on or after 1 January 2027.

Impact assessment

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

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

3.3 Insurance and reinsurance contracts

(i) Classification and summary of measurement models

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

The Company issues insurance products to individuals and businesses. Insurance products offered include medical, motor, liability, engineering, property, general accident, marine, group life and protection. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident. The Company does not issue any contracts with direct participating features.

Contracts within/outside the scope of IFRS 17:

- A contract is an insurance contract that falls under the scope of IFRS 17 if it transfers significant insurance risk or it is an investment contract with Discretionary Participation Features ("DPF"). IFRS17 identifies insurance contracts as those contracts under which the entity accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder if a specified uncertain future event (the insured event), adversely affects the policyholder.

- A reinsurance contract held is defined as an insurance contract issued by one entity (the reinsurer), to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts). Even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(i) Classification and summary of measurement models (continued)

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

(ii) Level of aggregation

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

(i) any contracts that are onerous on initial recognition;
(ii) any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
(iii) any remaining contracts in the portfolio.

Each group of insurance contracts is further divided by year of issue. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

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

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

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

Each group of reinsurance contracts comprises a single contract.

(iii) Recognition

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

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

3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(iii) Recognition (continued)

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

- For reinsurance contracts that provide proportionate coverage, at the later of:

(i) the beginning of the coverage period of the group of reinsurance contracts and
(ii) the initial recognition of any underlying contract.

All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts.

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

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

(iv) Contract boundaries

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

A substantive obligation to provide services ends when:

(i) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

(ii) Both of the following criteria are satisfied

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

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

3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) Measurement

The General Measurement Model ("GMM"), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach ("PAA"), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

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

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

● Insurance contracts:

The coverage period of medical, motor, property and protection contracts in the group of contracts is one year or less. PAA eligibility testing has been performed for the commercial engineering-construction, commercial liability and personal health group of contracts. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

● Reinsurance contracts:

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

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

Measurement on initial recognition under PAA:

On initial recognition of each group of contracts that are not onerous, the carrying amount of the LRC is measured at the premiums received on initial recognition less any acquisition cash flows paid.

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

Subsequent measurement under PAA:

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

(a) the LRC; and
(b) the LIC, comprising the Fulfilment Cash Flows ("FCF") related to past service allocated to the group at the reporting date.

3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(v) Measurement (continued)

Subsequent measurement under PAA: (continued)

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

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

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

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

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

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

On initial recognition of each group of contracts, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a year.

Accordingly, for commercial engineering-construction, commercial liability and personal health, the liability for remaining coverage is discounted to the extent of loss component. For all other group of contracts, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

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

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

The Company recognises LIC of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates). The cashflows used for LRC and LIC computations are excluding VAT.

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

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

3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(vi) Onerous contract assessment:

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition unless "facts and circumstances" indicate otherwise. The Company has performed the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment is re-assessed if 'facts and circumstances' indicate that there are significant changes in the facts and circumstances as compared to initial assessment.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the LRC to the extent that the current estimates of the FCF, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Loss component is calculated based on expected combined ratio (including risk adjustment) for the unexpired coverage period.

The Company had identified onerous contracts on initial recognition from the property and casualty, health and motor segments on the basis of expected combined ratios derived from both the current and past years.

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

(vii) Non-performance risk ("NPR") adjustment:

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

(viii) De-recognition and contract modification

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

(ix) Insurance Acquisition Cash flows & Attributable Costs

Insurance acquisition cash flows are the costs that directly associated with selling and handling acquired businesses. The company considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are not expensed when incurred and are deferred over the life of the insurance contract. While attributable costs are the costs that can fully or partially attributed to the insurance operations. The company has in place allocation technique to allocate the costs based on direct to indirect costs ratio. Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(x) Risk Adjustment for non-financial risk ("RA") methodology, including correlations, and confidence level selected

RA are generally determined by considering the expected cash flows arising from insurance contracts in each segment, consistent with the way that non-financial risk is managed and are allocated to groups of contracts using methods that are systematic and rational. They are determined separately from estimates of the present value of future cash flows using the confidence level technique.

Applying Mac method, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk.

In reference to the presentation in statement of income - Disaggregation of RA, the Company has decided that the entire risk adjustment (if any) will be presented in the insurance service results.

(xi) Length of cohorts

Under the guidance of the IFRS 17 entities shall not include contracts issued more than one year apart in the same group in reference to grouping annual cohorts of new business, since it determines a corresponding time limit. Which enables the option to further divide the groups into smaller groups based on smaller cohorts. However, having smaller cohorts would result in multiple groups and would result in increased measurement requirements. The Company has decided the length of cohort to be on an annual basis.

(xii) Presentation

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

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

Insurance revenue

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

Insurance service expenses

Insurance service expenses include the following:

(a) incurred claims for the year.
(b) other incurred directly attributable expenses.
(c) insurance acquisition cash flows amortisation.
(d) changes that relate to past service – changes in the FCF relating to the LIC.
(e) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

3. Material accounting policy information (continued)

3.3 Insurance and reinsurance contracts (continued)

(xii) Presentation (continued)

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

Net expenses from reinsurance contracts

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

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

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

Share of surplus from insurance pools

The co-insurance arrangements, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. Given the bespoke nature of the arrangement and given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the statement of comprehensive income (refer Note 22).

Insurance finance income and expenses

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

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

3.4 Financial assets and liabilities

(i) Initial recognition

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

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

(i) Initial recognition (continued)

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Amortised cost and effective interest rate

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. 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.

Commission 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, commission 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, commission income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Classification and subsequent measurement of financial assets

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

- FVTPL;
- FVOCI.
- Held at amortised cost.

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

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

Business model:

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

3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

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

Debt instruments (continued)

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.

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

Amortised cost:

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

FVOCI:

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

3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

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

Debt instruments (continued)

FVTPL:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the year in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

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

Equity instruments:

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

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

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

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

(iii) Settlement date accounting

All regular way purchases and sales of financial assets are recognised / derecognised on the settlement date (i.e. the date on which the financial assets is delivered to or by an entity). Regular way purchases or sales of financial assets are transactions that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

Equity instruments (continued)

(iv) Impairment of financial assets

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

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

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

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

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

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

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

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

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

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

3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

Equity instruments (continued)

(iv) Impairment of financial assets (continued)

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

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

Credit impaired financial asset

At each reporting date, the Company will assess whether financial assets carried at amortised cost and FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

ECL methodology

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

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

Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD')

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

Exposure at Default ('EAD')

The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate

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

3. Material accounting policy information (continued)

3.4 Financial assets and liabilities (continued)

Equity instruments (continued)

(v) Derecognition of financial assets

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

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

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

(vi) Classification and subsequent measurement of financial liabilities

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

(vii) Derecognition of financial liabilities

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

3.5 Operating segment

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incur expenses and about which discrete financial statements is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Segment assets do not include cash and cash equivalents, short-term deposits, long-term deposits, statutory deposit, investments, prepaid expenses and other receivable, deferred tax asset, right-of-use asset, furniture and equipment, goodwill, intangible assets and accrued income on statutory deposit.

Segment liabilities do not include accrued expenses and other liabilities, lease liabilities, due to a related parties, employee benefit obligations, zakat and income tax, and accrued income payable to Insurance Authority.

Operating segments do not include shareholders’ operations.

3. Material accounting policy information (continued)

3.5 Operating segment (continued)

For management purposes, the Company is organised into business units based on their products and services and has the following reportable segments:

- Motor
- Property and casualty
- Health; and
- Protection

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

Where intersegment transaction was to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of financial statements of the Company.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with less than three months maturity from the date of placement.

3.7 Short-term and long-term deposits

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

3.8 Furniture and equipment

Furniture and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation and any impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

The assets' useful lives are reviewed at the end of each reporting date and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of income under other income.

3.9 Goodwill and Intangible assets

(a) Goodwill

Goodwill arising on acquisition of a business is presented as a separate financial statement line item on the statement of financial position.

Goodwill arising on acquisition of a business is carried at cost as at the acquisition date. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less impairment losses.

3. Material accounting policy information (continued)

3.9 Goodwill and Intangible assets (continued)

(a) Goodwill (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the merger date, allocated to the cash-generating units ("CGU") that are expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored for internal management purposes. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on pro-rata based on the carrying amount of each asset in the CGU.

Any impairment loss is recognised immediately in the statement of income. Impairment of goodwill is not subsequently reversed.

Impairment of Goodwill

The Company tests whether goodwill has suffered any impairment on an annual basis. For the 2025 and 2024 reporting periods, the recoverable amount of the CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the Company operates.

Goodwill is initially measured at cost being the excess of the net fair value of the identifiable assets and liabilities acquired. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The recoverable amount is the greater of its value in use or fair value less cost to sell. In assessing the 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 risk specific to the asset.

(b) Intangible assets

Intangible assets, including software, are measured at cost less accumulated amortisation and impairment losses. Those with a finite useful life are amortised over their estimated useful life in accordance with the pattern of expected consumption of economic benefits using straight-line method. Estimated useful life of software is 4 years. Intangible assets with an infinite useful life are not subject to amortisation but are tested for impairment at each statement of financial position date or more often if there is an indication of impairment. Intangible assets with a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets acquired separately are initially recognised and measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, where applicable.

Capital work in progress includes software under development which is under development and not yet ready for use.

3. Material accounting policy information (continued)

3.9 Goodwill and Intangible assets (continued)

(b) Intangible assets (continued)

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in intangible assets, once the asset is in a location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work-in-progress comprises its purchase price, construction/development costs and any other directly attributable costs to the construction or acquisition of an item of capital work-in-progress intended by management. Capital work-in-progress is not amortised. Capital work in progress represents software under development that is not yet completed or available for its intended use as at the reporting date. Accordingly, these costs are capitalised and classified under work in progress, with amortization to commence once the asset is ready for use

3.10 Leases

Lease liabilities

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

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

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

3. Material accounting policy information (continued)

3.10 Leases (continued)

Lease liabilities (continued)

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

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

Right-of-use assets (ROU)

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

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

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

The ROU assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 ‘Impairment of Assets’ to determine whether a ROU asset is impaired and accounts for any identified impairment loss.

3.11 Provisions, accrued expenses and other liabilities

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

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be measured reliably. Provisions are not recognised for future operating losses. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

3.12 Prepaid expenses and other assets

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

3. Material accounting policy information (continued)

3.13 Employee benefit obligations

The Company operates a single employee benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The employee benefits plans is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to employee benefits and unwinding of the liability at discount rates used are recorded in the statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in the statement of comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognised immediately in statement of income as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

3.14 Zakat and tax

The Company is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Income taxes are computed on the foreign shareholders' share of adjusted net income for the year. Additional amounts payable, if any, at the finalisation of final assessments are accounted for when such amounts are determined.

(a) Zakat

The Company is subject to zakat in accordance with the regulations of the ZATCA. Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

(b) Income and withholding taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, and is charged to the statement of income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Adjustments arising from the final income tax assessments are recorded in the year in which such assessments are made.

The Company withholds taxes on certain transactions, with non-resident parties, in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

3. Material accounting policy information (continued)

3.14 Zakat and tax (continued)

(c) Deferred tax

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, and for the carry forward losses in the financial statements, if any. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

3.15 Investment income

This include commission income on short-term deposits, long-term deposits, statutory deposit, investments, investments held at fair value through other comprehensive income FVOCI) and investment at amortised cost which is recognised on a time proportion basis using the effective interest rate method. Further, this includes dividend income recognised when the right to receive a dividend is established.

3.16 Dividends payable

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

4. Significant accounting judgments, estimates and assumptions

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

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

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

4.1 Onerousity determination

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

Areas of potential judgements include judgements that might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

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

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 established a process to determine onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately. Refer Note 3.3 for further details in this regard.

4.2 Estimates of future cash flows to fulfil insurance contracts

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

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

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

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

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

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

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

4.3 Discounting methodology

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims.

The Company adopted a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves– taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the Moody's Analytics yield curves for risk-free rates for USD adjusted for illiquidity premiums, and the relevant country specific risk premium will be loaded as required.

The Company had discounted the liability for incurred claims for all groups of insurance contracts.

31 December 2025	**Currency**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**
Insurance contracts issued and reinsurance contracts held	Saudi Riyals	**4.51%**	**4.14%**	**4.56%**	**5.06%**	**5.42%**

31 December 2024	**Currency**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**
Insurance contracts issued and reinsurance contracts held	Saudi Riyals	4.99%	5.05%	5.25%	5.47%	5.67%

4.4 Risk adjustments for non-financial risk

The Company adjusted the estimate of the present value of the future cashflows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. So, the purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk.

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

4.4 Risk adjustments for non-financial risk (continued)

The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The Company adopted the PAA simplification for the calculation of liability for remaining coverage. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognised as onerous.

There is no prescribed approach for determining the risk adjustment for non-financial risk for each group of insurance contracts. Applying a confidence level technique, the Company estimated the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculated the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile (the target confidence level) over the expected present value of the future cash flows for all portfolios.

4.5 Estimates for expected premium receipts

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

4.6 Impairment of Goodwill

The Company's management tests, at each reporting date, whether goodwill arising on acquisition has suffered any impairment. This requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 8.

4.7 Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 28 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

4.8 Presentation of the Share of surplus from insurance pools

IFRS 17 does not have specific requirements on the presentation of assigning insurance income and expenses, and insurance assets and liabilities when an insurance contract is issued by more than one entity. Accordingly, the Company applied the requirements in IAS 8 in developing a policy for the presentation of the arrangement in which it is a co-insurer (refer to Note 22). The Company analysed the contractual terms of the arrangement policy and concluded that given the nature and substance of the arrangement, it is appropriate to present the results within net insurance results as a separate line item in the statement of income, with details provided in the notes. The Company believes this is appropriate as management has no ability to change the pricing or control the expenditure and as such do not think it is appropriate to include the results within revenue and expenses that are controllable by the Company. The current presentation of the arrangement is similar where an entity is acting as an agent, as there is no control over the pool and the net presentation is more appropriate. Further, relevant details are provided in the notes. Management believes the presentation and disclosure reflect the substance of the arrangement.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

5. Cash and cash equivalents

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

	31 December 2025	31 December 2024
Cash at banks		
- Current accounts	**90,467**	135,910
- Time deposits	**-**	20,000
Impairment credit losses	**-**	(1)
	90,467	155,909

Cash at banks is placed with counterparties with sound credit ratings. As at 31 December 2025, no time deposits were placed (31 December 2024: the Company placed time deposit with the local bank with original maturity of less than three months from the date of placement and earned commission income at the rate of 5.4% per annum).

6. Short-term and long-term deposits

Short-term deposits are placed with local banks with maturity of more than three months but less than or equal to twelve months from the date of placement and earned commission income at a rate between 4.9% and 6% (2024: 5.2% and 6%) per annum.

The gross carrying amount of short-term deposit represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Refer to Note 29 for details.

Long-term deposits represent deposits in various banks carrying commission income at a between rate 4.0% and 7% (2024: 3.6% and 5.4%) per annum.

The gross carrying amount of long-term deposit represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Refer to Note 29 for details.

	31 December 2025	31 December 2024
Term deposits	**418,714**	438,491
Accrued commission income	**2,164**	3,280
Impairment credit losses	**(11)**	(11)
Balance at end of the year	**420,867**	441,760

Movement in allowance for net impairment credit losses on term deposits is as follows:

	31 December 2025	31 December 2024
Balance at beginning of the year	**11**	9
Impairment credit losses recognised in statement of income during the year	**-**	2
Balance at end of the year	**11**	11

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7. Investments

(a) Investments are classified as follows:

	31 December 2025	31 December 2024
Financial assets at FVTPL	**114,704**	76,165
Financial assets at FVOCI	**1,784,546**	1,691,968
	1,899,250	1,768,133

The Company has classified its investments in ordinary shares at FVTPL, except for Najm which is held at FVOCI. The Company holds an investment in the equity of Najm in accordance with Company's accounting policy under Note 3.4(ii), investments in equity instruments should be measured at fair value. The fair value of Najm investment as at 31 December 2025 amounts to Saudi Riyals 72.8 million (2024: Saudi Riyals 61.2 million). Also refer Note 28.

The gross carrying amount of financial assets (debt instruments) measured at FVOCI represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Refer to Note 28 for details.

(b) Movement in financial assets at FVOCI

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

	31 December 2025	31 December 2024
Opening balance	**1,691,968**	1,543,361
Additions during the year	**248,639**	296,603
Withdrawal during the year	**(216,331)**	(159,065)
Realized fair value losses reclassified to statement of income	**(40)**	(406)
Accretion of discount	**8,547**	7,890
Amortisation of premium	**(2,078)**	(2,232)
Impairment credit losses reversed (recognised) during the year	**21**	(852)
Changes in fair value	**53,820**	6,669
Closing balance	**1,784,546**	1,691,968

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7. Investments (continued)

(c) During the year, the following gains (losses) were recognised in other comprehensive income:

	31 December 2025	31 December 2024
Related to equity investments	**11,605**	21,451
Related to debt investments	**42,215**	(14,782)
	53,820	6,669

(d) Movement in allowance for net impairment credit losses on financial assets carried at FVOCI is as follows:

	31 December 2025	31 December 2024
Opening balance	**1,682**	830
Impairment credit (losses) reversal of losses in statement of income during the year	**(21)**	852
Closing balance	**1,661**	1,682

(e) Financial assets at FVTPL

	31 December 2025	31 December 2024
Listed equities	**109,948**	57,514
Mutual funds	**4,756**	18,651
	114,704	76,165

(f) Movement in financial assets at FVTPL:

	31 December 2025	31 December 2024
Opening balance	**76,165**	73,389
Additions during the year	**73,723**	19,236
Disposals during the year	**(37,119)**	(8,999)
Changes in fair value	**1,935**	(7,461)
Closing balance	**114,704**	76,165

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

8. Goodwill

This represents goodwill recognised on acquisition of insurance portfolio and net assets of AXA Saudi Arabia Holding W.L.L. The Company received approval from SAMA on 15 Dhul-Qadah 1433H (corresponding to 1 October 2012) to transfer the insurance portfolio from AXA Saudi Arabia Holding W.L.L. at a total consideration of Saudi Riyals 106.6 million. During 2015, the Company met payment conditions imposed by SAMA and received approval for payment of Saudi Riyals 50 million in respect of initial consideration to AXA Saudi Arabia Holding W.L.L. which was recognised as goodwill being the excess of consideration paid and the net assets acquired. The remaining amount of Saudi Riyals 56.6 million which was recorded as contingent liability was accordingly relinquished.

As part of the annual goodwill impairment testing, management determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' business plan, and use of an appropriate discount rate applicable to the circumstances of the Company. Cash flows beyond the five-years period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. Key assumptions underlying the projections are:

Key assumptions	**31 December 2025**	**31 December 2024**
Insurance service expenses as a percentage of insurance revenue (%)	**91.3**	80
Discount rate (%)	**11**	9.4
Terminal value growth rate (%)	**2**	2

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

Sensitivity to the changes in assumptions

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

Insurance service expenses as a percentage of insurance revenue

The insurance services expenses as a percentage of insurance revenue in the forecast period have been estimated to be 91.3% of the insurance revenue. If all other assumptions kept the same, an increase of insurance services expenses from 91.3% to 97.6% of insurance revenue would give a value in use equal to the current carrying amount.

Discount rate

The discount rate used to calculate the present value of future cashflows in the forecast period has been estimated to be 11.0%. If all other assumptions kept the same, an increase of this ratio from 11.0% to approximately 15.9% would give a value in use equal to the current carrying amount.

Terminal value growth rate

A sensitivity analysis has been performed and a decrease of 1% of the terminal value growth will have no impact on the result of impairment tests.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

8. Goodwill (continued)

Sensitivity to the changes in assumptions (continued)

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

9. Prepaid expenses and other assets

	31 December 2025	31 December 2024
Receivable - insurance arrangements - Note 9.1	**22,310**	9,568
Accrued income	**19,083**	17,902
Prepaid expenses	**8,199**	11,947
Employees' receivable	**1,124**	1,167
Other	**1,423**	498
	52,139	41,082

9.1 This mainly includes balance of receivable for discontinued Covid 19 and Travel products, share of surplus from insurance pools for Inherent Defect Insurance, Rights and Entitlements of Non-Saudi Employees in Private Sector Entities Insurance and Hajj & Umrah. Also see Note 22.

10. Insurance and reinsurance contracts

10.1 Composition of the statement of financial position

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

	Motor	Property and Casualty	Health	Protection	Total
31 December 2025					
Insurance contracts					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	**592,906**	**761,575**	**200,240**	**50,025**	**1,604,746**
					1,604,746
Reinsurance contracts					
Reinsurance contract assets	**2,224**	**390,273**	**7,832**	**11,295**	**411,624**
Reinsurance contract liabilities	**(1,131)**	**(1,182)**	-	**(1)**	**(2,314)**
					409,310
31 December 2024					
Insurance contracts					
Insurance contract assets	-	-	-	-	-
Insurance contract liabilities	562,927	522,071	275,268	47,490	1,407,756
					1,407,756
Reinsurance contracts					
Reinsurance contract assets	691	188,413	4,293	5,229	198,626
Reinsurance contract liabilities	(725)	(363)	-	(257)	(1,345)
					197,281

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10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.1 Insurance contracts

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk*		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk*	
Insurance contracts issued										
Insurance contracts liabilities - opening	274,119	39,307	920,079	174,251	1,407,756	296,010	42,607	1,038,261	259,429	1,636,307
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	274,119	39,307	920,079	174,251	1,407,756	296,010	42,607	1,038,261	259,429	1,636,307
Insurance revenue	(1,503,755)	-	-	-	(1,503,755)	(1,463,521)	-	-	-	(1,463,521)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	(39,295)	1,244,494	84,081	1,289,280	-	-	1,198,300	75,305	1,273,605
Changes that relate to past service – adjustment to the LIC	-	-	(101,058)	(70,165)	(171,223)	-	-	(84,384)	(173,714)	(258,098)
Losses (reversal of losses) on onerous contracts	-	50,282			50,282	-	(3,300)	-	-	(3,300)
Insurance acquisition cash flows amortisation	218,102	-	-	-	218,102	218,619	-	-	-	218,619
Insurance service expenses	218,102	10,987	1,143,436	13,916	1,386,441	218,619	(3,300)	1,113,916	(98,409)	1,230,826
Finance expense from insurance contracts issued	-	-	26,491	14	26,505	-	-	32,474	13,231	45,705
Total changes in the statement of income	(1,285,653)	10,987	1,169,927	13,930	(90,809)	(1,244,902)	(3,300)	1,146,390	(85,178)	(186,990)
Cash flows										
Premium received	1,589,695	-	-	-	1,589,695	1,435,077	-	-	-	1,435,077
Claims and other incurred insurance service expenses paid	-	-	(1,073,284)	-	(1,073,284)	-	-	(1,264,572)	-	(1,264,572)
Insurance acquisition cash flows paid	(228,612)	-	-	-	(228,612)	(212,066)	-		-	(212,066)
Total cash flows	1,361,083	-	(1,073,284)	-	287,799	1,223,011	-	(1,264,572)	-	(41,561)
Insurance contract liabilities - closing	349,549	50,294	1,016,722	188,181	1,604,746	274,119	39,307	920,079	174,251	1,407,756
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	349,549	50,294	1,016,722	188,181	1,604,746	274,119	39,307	920,079	174,251	1,407,756

** The Company has determined risk adjustment at 75th percentile for all portfolios (2024: 75th percentile for all portfolios except for commercial motor which had been determined at 70th percentile).*

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.1 Motor

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
Insurance contracts issued	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	
Insurance contracts liabilities - opening	**180,771**	**14,276**	**332,037**	**35,843**	**562,927**	186,526	13,925	399,884	56,931	657,266
Insurance contract assets - opening	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Opening balance – net	**180,771**	**14,276**	**332,037**	**35,843**	**562,927**	186,526	13,925	399,884	56,931	657,266
Insurance revenue	**(659,353)**	**-**	**-**	**-**	**(659,353)**	(624,064)	-	-	-	(624,064)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	**-**	**(14,266)**	**532,864**	**4,348**	**522,946**	-	-	496,575	7,169	503,744
Changes that relate to past service - adjustment to the LIC	**-**	**-**	**(49,481)**	**(7,280)**	**(56,761)**	-	-	(49,336)	(31,137)	(80,473)
Losses on onerous contracts	**-**	**13,268**	**-**	**-**	**13,268**	-	351	-	-	351
Insurance acquisition cash flows amortisation	**104,063**	**-**	**-**	**-**	**104,063**	105,945	-	-	-	105,945
Insurance service expenses	**104,063**	**(998)**	**483,383**	**(2,932)**	**583,516**	105,945	351	447,239	(23,968)	529,567
Finance expense from insurance contracts issued	**-**	**-**	**8,597**	**-**	**8,597**	-	-	11,454	2,880	14,334
Total changes in the statement of income	**(555,290)**	**(998)**	**491,980**	**(2,932)**	**(67,240)**	(518,119)	351	458,693	(21,088)	(80,163)
Cash flows										
Premium received	**782,897**	**-**	**-**	**-**	**782,897**	611,640	-	-	-	611,640
Claims and other incurred insurance service expenses paid	**-**	**-**	**(566,367)**	**-**	**(566,367)**	-	-	(526,540)	-	(526,540)
Insurance acquisition cash flows paid	**(119,311)**	**-**	**-**	**-**	**(119,311)**	(99,276)	-	-	-	(99,276)
Total cash flows	**663,586**	**-**	**(566,367)**	**-**	**97,219**	512,364	-	(526,540)	-	(14,176)
Insurance contract liabilities - closing	**289,067**	**13,278**	**257,650**	**32,911**	**592,906**	180,771	14,276	332,037	35,843	562,927
Insurance contract assets - closing	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Closing balance - net	**289,067**	**13,278**	**257,650**	**32,911**	**592,906**	180,771	14,276	332,037	35,843	562,927

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.2 Property and Casualty

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
Insurance contracts issued	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	
Insurance contracts liabilities - opening	37,975	-	366,338	117,758	522,071	24,363	-	442,618	177,156	644,137
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	37,975	-	366,338	117,758	522,071	24,363	-	442,618	177,156	644,137
Insurance revenue	(422,660)	-	-	-	(422,660)	(334,125)	-	-	-	(334,125)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	321,417	69,873	391,290	-	-	223,852	53,611	277,463
Changes that relate to past service - adjustment to the LIC	-	-	(46,357)	(48,265)	(94,622)	-	-	(56,861)	(121,995)	(178,856)
Losses on onerous contracts	-	20,399	-	-	20,399	-	-	-	-	-
Insurance acquisition cash flows amortisation	63,464	-	-	-	63,464	51,779	-	-	-	51,779
Insurance service expenses	63,464	20,399	275,060	21,608	380,531	51,779	-	166,991	(68,384)	150,386
Finance expense from insurance contracts issued	-	-	10,865	-	10,865	-	-	15,165	8,986	24,151
Total changes in the statement of income	(359,196)	20,399	285,925	21,608	(31,264)	(282,346)	-	182,156	(59,398)	(159,588)
Cash flows										
Premium received	434,125	-	-	-	434,125	353,518	-	-	-	353,518
Claims and other incurred insurance service expenses paid	-	-	(101,516)	-	(101,516)	-	-	(258,436)	-	(258,436)
Insurance acquisition cash flows paid	(61,841)	-	-	-	(61,841)	(57,560)	-	-	-	(57,560)
Total cash flows	372,284	-	(101,516)	-	270,768	295,958	-	(258,436)	-	37,522
Insurance contract liabilities - closing	51,063	20,399	550,747	139,366	761,575	37,975	-	366,338	117,758	522,071
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	51,063	20,399	550,747	139,366	761,575	37,975	-	366,338	117,758	522,071

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.3 Health

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
Insurance contracts issued	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	
Insurance contracts liabilities - opening	57,140	25,031	179,466	13,631	275,268	87,110	28,682	175,452	20,812	312,056
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	57,140	25,031	179,466	13,631	275,268	87,110	28,682	175,452	20,812	312,056
Insurance revenue	(330,947)	-	-	-	(330,947)	(428,126)	-	-	-	(428,126)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	(25,029)	309,472	6,513	290,956	-	-	407,235	9,557	416,792
Changes that relate to past service - adjustment to the LIC	-	-	(1,209)	(8,969)	(10,178)	-	-	19,463	(17,865)	1,598
Losses (reversal of losses) on onerous contracts	-	16,615	-	-	16,615	-	(3,651)	-	-	(3,651)
Insurance acquisition cash flows amortisation	42,854	-	-	-	42,854	52,391	-	-	-	52,391
Insurance service expenses	42,854	(8,414)	308,263	(2,456)	340,247	52,391	(3,651)	426,698	(8,308)	467,130
Finance expense from insurance contracts issued	-	-	5,994	14	5,993	-	-	5,297	1,127	6,424
Total changes in the statement of income	(288,093)	(8,414)	314,242	(2,442)	15,293	(375,735)	(3,651)	431,995	(7,181)	45,428
Cash flows										
Premium received	281,675	-	-	-	281,675	391,813	-	-	-	391,813
Claims and other incurred insurance service expenses paid	-	-	(332,792)	-	(332,792)	-	-	(427,981)	-	(427,981)
Insurance acquisition cash flows paid	(39,204)	-	-	-	(39,204)	(46,048)	-	-	-	(46,048)
Total cash flows	242,471	-	(332,792)	-	(90,321)	345,765	-	(427,981)	-	(82,216)
Insurance contract liabilities - closing	11,518	16,617	160,916	11,189	200,240	57,140	25,031	179,466	13,631	275,268
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	11,518	16,617	160,916	11,189	200,240	57,140	25,031	179,466	13,631	275,268

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

10.2.1.4 Protection

	As at 31 December 2025					As at 31 December 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
Insurance contracts issued	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	
Insurance contracts liabilities - opening	**(1,767)**	-	**42,238**	**7,019**	**47,490**	(1,989)	-	20,307	4,530	22,848
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**(1,767)**	-	**42,238**	**7,019**	**47,490**	(1,989)	-	20,307	4,530	22,848
Insurance revenue	**(90,795)**	-	-	-	**(90,795)**	(77,206)	-	-	-	(77,206)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	**80,741**	**3,347**	**84,088**	-	-	70,638	4,968	75,606
Changes that relate to past service - adjustment to the LIC	-	-	**(4,011)**	**(5,651)**	**(9,662)**	-	-	2,350	(2,717)	(367)
Losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	**7,721**	-	-	-	**7,721**	8,504	-	-	-	8,504
Insurance service expenses	**7,721**	-	**76,730**	**(2,304)**	**82,147**	8,504	-	72,988	2,251	83,743
Finance expense from insurance contracts issued	-	-	**1,050**	-	**1,050**	-	-	558	238	796
Total changes in the statement of income	**(83,074)**	-	**77,780**	**(2,304)**	**(7,598)**	(68,702)	-	73,546	2,489	7,333
Cash flows										
Premium received	**90,998**	-	-	-	**90,998**	78,106	-	-	-	78,106
Claims and other incurred insurance service expenses paid	-	-	**(72,609)**	-	**(72,609)**	-	-	(51,615)	-	(51,615)
Insurance acquisition cash flows paid	**(8,256)**	-	-	-	**(8,256)**	(9,182)	-	-	-	(9,182)
Total cash flows	**82,742**	-	**(72,609)**	-	**10,133**	68,924	-	(51,615)	-	17,309
Insurance contract liabilities - closing	**(2,099)**	-	**47,409**	**4,715**	**50,025**	(1,767)	-	42,238	7,019	47,490
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	**(2,099)**	-	**47,409**	**4,715**	**50,025**	(1,767)	-	42,238	7,019	47,490

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Assets for incurred claims			Asset for remaining coverage		Assets for incurred claims		
Reinsurance contracts held	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk*	Total	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk*	Total
Reinsurance contracts liabilities - opening	**(6,132)**	**-**	**2,874**	**1,913**	**(1,345)**	(353)	-	19	10	(324)
Reinsurance contracts assets - opening	**(78,841)**	**-**	**215,148**	**62,319**	**198,626**	(50,602)	-	284,328	115,996	349,722
Opening balance – net	**(84,973)**	**-**	**218,022**	**64,232**	**197,281**	(50,955)	-	284,347	116,006	349,398
Allocation of reinsurance premium	**(226,447)**	**-**	**-**	**-**	**(226,447)**	(175,940)	-	-	-	(175,940)
Amounts recoverable from reinsurers										
Claim recovered and other directly attributable expenses	**-**	**-**	**206,719**	**42,371**	**249,090**	-	-	104,978	24,282	129,260
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	**-**	**-**	**(18,294)**	**(18,397)**	**(36,691)**	-	-	1,344	(81,951)	(80,607)
Loss-recovery on onerous underlying contracts	**-**	**14,280**	**-**	**-**	**14,280**	-	-	-	-	-
Amounts recoverable from reinsurers - net	**(226,447)**	**14,280**	**188,425**	**23,974**	**232**	(175,940)	-	106,322	(57,669)	(127,287)
Finance income from reinsurance contracts held	**-**	**-**	**6,558**	**6**	**6,564**	-	-	9,231	5,895	15,126
Total changes in statement of income	**(226,447)**	**14,280**	**194,983**	**23,980**	**6,796**	(175,940)	-	115,553	(51,774)	(112,161)
Cash flows										
Premiums ceded	**233,953**	**-**	**-**	**-**	**233,953**	141,922	-	-	-	141,922
Recoveries from reinsurance	**-**	**-**	**(28,720)**	**-**	**(28,720)**	-	-	(181,878)	-	(181,878)
Total cash flows	**233,953**	**-**	**(28,720)**	**-**	**205,233**	141,922	-	(181,878)	-	(39,956)
Reinsurance contract liabilities – closing	**(4,561)**	**-**	**1,360**	**887**	**(2,314)**	(6,132)	-	2,874	1,913	(1,345)
Reinsurance contract assets – closing	**(72,906)**	**14,280**	**382,925**	**87,325**	**411,624**	(78,841)	-	215,148	62,319	198,626
Closing balance – net	**(77,467)**	**14,280**	**384,285**	**88,212**	**409,310**	(84,973)	-	218,022	64,232	197,281

**The Company has determined risk adjustment at 75th percentile for all reinsurance portfolios for the year ended 31 December 2025 and 2024.*

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.1 Motor

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Assets for incurred claims			Asset for remaining coverage		Assets for incurred claims		
Reinsurance contracts held	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total
Reinsurance contracts liabilities - opening	**(148)**	**-**	**(855)**	**278**	**(725)**	-	-	-	-	-
Reinsurance contracts assets - opening	**(560)**	**-**	**1,201**	**50**	**691**	(2,140)	-	3,598	954	2,412
Opening balance – net	**(708)**	**-**	**346**	**328**	**(34)**	(2,140)	-	3,598	954	2,412
Allocation of reinsurance premium	**(5,368)**	**-**	**-**	**-**	**(5,368)**	(3,023)	-	-	-	(3,023)
Amounts recoverable from reinsurers										
Claim recovered and other directly attributable expenses	**-**	**-**	**55**	**16**	**71**	-	-	(50)	18	(32)
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	**-**	**-**	**(651)**	**(173)**	**(824)**	-	-	(2,312)	(709)	(3,021)
Amounts recoverable from reinsurers - net	**(5,368)**	**-**	**(596)**	**(157)**	**(6,121)**	(3,023)	-	(2,362)	(691)	(6,076)
Finance income from reinsurance contracts held	**-**	**-**	**26**	**-**	**26**	-	-	143	65	208
Total changes in statement of income	**(5,368)**	**-**	**(570)**	**(157)**	**(6,095)**	(3,023)	-	(2,219)	(626)	(5,868)
Cash flows										
Premiums ceded	**8,109**	**-**	**-**	**-**	**8,109**	4,455	-	-	-	4,455
Recoveries from reinsurance	**-**	**-**	**(887)**	**-**	**(887)**	-	-	(1,033)	-	(1,033)
Total cash flows	**8,109**	**-**	**(887)**	**-**	**7,222**	4,455	-	(1,033)	-	3,422
Reinsurance contract liabilities - closing	**(97)**	**-**	**(468)**	**(566)**	**(1,131)**	(148)	-	(855)	278	(725)
Reinsurance contract assets – closing	**2,130**	**-**	**(643)**	**737**	**2,224**	(560)	-	1,201	50	691
Closing balance - net	**2,033**	**-**	**(1,111)**	**171**	**1,093**	(708)	-	346	328	(34)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.2 Property and Casualty

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Assets for incurred claims			Asset for remaining coverage		Assets for incurred claims		
Reinsurance contracts held	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total
Reinsurance contracts liabilities - opening	**(4,841)**	-	**3,365**	**1,113**	**(363)**	-	-	-	-	-
Reinsurance contracts assets - opening	**(73,087)**	-	**201,165**	**60,335**	**188,413**	(43,517)	-	267,746	112,804	337,033
Opening balance – net	**(77,928)**	-	**204,530**	**61,448**	**188,050**	(43,517)	-	267,746	112,804	337,033
Allocation of reinsurance premium	**(203,101)**	-	-	-	**(203,101)**	(159,423)	-	-	-	(159,423)
Amounts recoverable from reinsurers										
Claim recovered and other directly attributable expenses	-	-	**193,104**	**42,073**	**235,177**	-	-	85,386	22,480	107,866
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	**(16,274)**	**(17,231)**	**(33,505)**	-	-	2,988	(79,564)	(76,576)
Loss-recovery on onerous underlying contracts	-	**14,280**	-	-	**14,280**	-	-	-	-	-
Amounts recoverable from reinsurers - net	**(203,101)**	**14,280**	**176,830**	**24,842**	**12,851**	(159,423)	-	88,374	(57,084)	(128,133)
Finance income from reinsurance contracts held	-	-	**6,086**	-	**6,086**	-	-	8,676	5,726	14,402
Total changes in statement of income	**(203,101)**	**14,280**	**182,916**	**24,842**	**18,937**	(159,423)	-	97,050	(51,358)	(113,731)
Cash flows										
Premiums ceded	**201,541**	-	-	-	**201,541**	125,012	-	-	2	125,014
Recoveries from reinsurance	-	-	**(19,437)**	-	**(19,437)**	-	-	(160,266)	-	(160,266)
Total cash flows	**201,541**	-	**(19,437)**	-	**182,104**	125,012	-	(160,266)	2	(35,252)
Reinsurance contract liabilities - closing	**(4,464)**	-	**1,828**	**1,454**	**(1,182)**	(4,841)	-	3,365	1,113	(363)
Reinsurance contract assets - closing	**(75,024)**	**14,280**	**366,181**	**84,836**	**390,273**	(73,087)	-	201,165	60,335	188,413
Closing balance - net	**(79,488)**	**14,280**	**368,009**	**86,290**	**389,091**	(77,928)	-	204,530	61,448	188,050

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.3 Health

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Assets for incurred claims			Asset for remaining coverage		Assets for incurred claims		
Reinsurance contracts held	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total
Reinsurance contracts liabilities - opening	-	-	-	-	-	-	-	-	-	-
Reinsurance contracts assets - opening	**(4,448)**	-	**8,268**	**473**	**4,293**	(3,784)	-	11,155	1,397	8,768
Opening balance – net	**(4,448)**	-	**8,268**	**473**	**4,293**	(3,784)	-	11,155	1,397	8,768
Allocation of reinsurance premium	**(12,403)**	-	-	-	**(12,403)**	(10,043)	-	-	-	(10,043)
Amounts recoverable from reinsurers										
Claim recovered and other directly attributable expenses	-	-	**8,548**	**80**	**8,628**	-	-	14,734	269	15,003
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	**(1,117)**	**(393)**	**(1,510)**	-	-	775	(1,265)	(490)
Amounts recoverable from reinsurers - net	**(12,403)**	-	**7,431**	**(313)**	**(5,285)**	(10,043)	-	15,509	(996)	4,470
Finance income from reinsurance contracts held	-	-	**274**	**1**	**275**	-	-	377	72	449
Total changes in statement of income	**(12,403)**	-	**7,705**	**(312)**	**(5,010)**	(10,043)	-	15,886	(924)	4,919
Cash flows										
Premiums ceded	**14,620**	-	-	-	**14,620**	9,379	-	-	-	9,379
Recoveries from reinsurance	-	-	**(6,071)**	-	**(6,071)**	-	-	(18,773)	-	(18,773)
Total cash flows	**14,620**	-	**(6,071)**	-	**8,549**	9,379	-	(18,773)	-	(9,394)
Reinsurance contract liabilities - closing	-	-	-	-	-	-	-	-	-	-
Reinsurance contract assets - closing	**(2,231)**	-	**9,902**	**161**	**7,832**	(4,448)	-	8,268	473	4,293
Closing balance - net	**(2,231)**	-	**9,902**	**161**	**7,832**	(4,448)	-	8,268	473	4,293

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

10.2.2.4 Protection

	As at 31 December 2025					As at 31 December 2024				
	Asset for remaining coverage		Assets for incurred claims			Asset for remaining coverage		Assets for incurred claims		
Reinsurance contracts held	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment for non-financial risk	Total
Reinsurance contracts liabilities - opening	**(1,143)**	**-**	**364**	**522**	**(257)**	(353)	-	19	10	(324)
Reinsurance contracts assets - opening	**(746)**	**-**	**4,514**	**1,461**	**5,229**	(1,161)	-	1,829	841	1,509
Opening balance – net	**(1,889)**	**-**	**4,878**	**1,983**	**4,972**	(1,514)	-	1,848	851	1,185
Allocation of reinsurance premium	**(5,575)**	**-**	**-**	**-**	**(5,575)**	(3,451)	-	-	-	(3,451)
Amounts recoverable from reinsurers										
Claim recovered and other directly attributable expenses	**-**	**-**	**5,012**	**202**	**5,214**	-	-	4,908	1,515	6,423
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	**-**	**-**	**(252)**	**(600)**	**(852)**	-	-	(107)	(413)	(520)
Amounts recoverable from reinsurers - net	**(5,575)**	**-**	**4,760**	**(398)**	**(1,213)**	(3,451)	-	4,801	1,102	2,452
Finance income from reinsurance contracts held	**-**	**-**	**172**	**5**	**177**	-	-	35	32	67
Total changes in statement of income	**(5,575)**	**-**	**4,932**	**(393)**	**(1,036)**	(3,451)	-	4,836	1,134	2,519
Cash flows										
Premiums ceded	**9,683**	**-**	**-**	**-**	**9,683**	3,076	-	-	(2)	3,074
Recoveries from reinsurance	**-**	**-**	**(2,325)**	**-**	**(2,325)**	-	-	(1,806)	-	(1,806)
Total cash flows	**9,683**	**-**	**(2,325)**	**-**	**7,358**	3,076	-	(1,806)	(2)	1,268
Reinsurance contract liabilities - closing	**-**	**-**	**-**	**(1)**	**(1)**	(1,143)	-	364	522	(257)
Reinsurance contract assets - closing	**2,219**	**-**	**7,485**	**1,591**	**11,295**	(746)	-	4,514	1,461	5,229
Closing balance - net	**2,219**	**-**	**7,485**	**1,590**	**11,294**	(1,889)	-	4,878	1,983	4,972

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11. Right-of-use assets and lease liabilities

Right-of-use assets (Buildings)	31 December 2025	31 December 2024
Cost:		
Opening balance	**43,854**	43,854
Addition	**-**	-
Closing balance	**43,854**	43,854
Accumulated depreciation:		
Opening balance	**(16,048)**	(12,516)
Charge for the year	**(3,621)**	(3,532)
Closing balance	**(19,669)**	(16,048)
Net book value	**24,185**	27,806

Lease liabilities

Movement in lease liabilities is as follows:

	31 December 2025	31 December 2024
Opening balance	**26,536**	30,092
Addition	**-**	-
Finance costs	**1,463**	1,629
Payments during the year	**(4,000)**	(5,185)
Closing balance	**23,999**	26,536

Commitments in relation to lease obligations are payable as follows:

	31 December 2025	31 December 2024
Within one year	**4,592**	4,000
Later than one year but not later than five years	**16,593**	17,185
Later than five years	**8,000**	12,000
	29,185	33,185
Future finance costs	**(5,186)**	(6,649)
Total lease liability	**23,999**	26,536
Current portion	**4,592**	4,000
Non-current portion	**19,407**	22,536
	23,999	26,536

In June 2019, the Company leased its head office building for a period of 5 years with an extension option for an additional 5 years, on the terms that contract would be renewed as per mutual consent upon completion of first 5 years. Depreciation on right to use asset is charged at 10% on straight line basis.

Effective from 1 January 2023, a new lease agreement for Khobar branch for a term of 5 years was entered. Depreciation on this right of use asset is charged at 20% on straight line basis.

The weighted average incremental borrowing rate applied to the lease liability having range of 4.9% to 5.75%.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11. Right-of-use assets and lease liabilities (continued)

Finance expense on leases amounted to Saudi Riyals 1.5 million for the year ended 31 December 2025 (2024: Saudi Riyals 1.6 million).

Short-term leases that were expensed during the year ended 31 December 2025 amounted to Saudi Riyals 0.9 million (2024: Saudi Riyals 1.6 million).

The total cash outflow for the year ended 31 December 2025 amounts to Saudi Riyals 4.9 million (2024: Saudi Riyals 7.4 million).

Depreciation charge for the year ended 31 December 2025 amounts to Saudi Riyals 3.3 million (2024: Saudi Riyals 3.0 million) has been allocated to insurance service expenses.

12. Furniture, equipment and intangible assets

(a) Furniture and equipment

	Furniture	**Equipment**	**Total**
Cost:			
1 January	**30,940**	**28,771**	**59,711**
Additions	**42**	**3,381**	**3,423**
31 December	**30,982**	**32,152**	**63,134**
Accumulated depreciation:			
1 January	**(28,664)**	**(25,960)**	**(54,624)**
Charge for the year	**(1,479)**	**(1,916)**	**(3,395)**
31 December	**(30,143)**	**(27,876)**	**(58,019)**
Net book value:			
31 December 2025	**839**	**4,276**	**5,115**
Cost:			
1 January	30,706	27,257	57,963
Additions	234	1,514	1,748
31 December	30,940	28,771	59,711
Accumulated depreciation:			
1 January	(24,698)	(24,320)	(49,018)
Charge for the year	(3,966)	(1,640)	(5,606)
31 December	(28,664)	(25,960)	(54,624)
Net book value:			
31 December 2024	2,276	2,811	5,087

Depreciation is charged to the statement of income on a straight-line basis based on the following estimated useful lives for years ended 31 December 2025 and 2024:

	Years
Furniture	5
Equipment	3 - 4

Depreciation charge for the year ended 31 December 2025 amounts to Saudi Riyals 1.3 million (2024: Saudi Riyals 3.3 million) has been allocated to insurance service expenses.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

12. Furniture, equipment and intangible assets (continued)

(b) Intangible assets

	31 December 2025			31 December 2024		
	Computer software	Capital work-in-progress	Total	Computer software	Capital work-in-progress	Total
Cost:						
1 January	**67,577**	**10,746**	**78,323**	66,904	7,297	74,201
Additions	**5,207**	**3,143**	**8,350**	673	3,449	4,122
Transfers	**11,923**	**(11,923)**	**-**	-	-	-
31 December	**84,707**	**1,966**	**86,673**	67,577	10,746	78,323
Accumulated amortisation:						
1 January	**(55,715)**	**-**	**(55,715)**	(47,521)	-	(47,521)
Amortisation	**(8,211)**	**-**	**(8,211)**	(8,194)	-	(8,194)
31 December	**(63,926)**	**-**	**(63,926)**	(55,715)	-	(55,715)
Net book value	**20,781**	**1,966**	**22,747**	11,862	10,746	22,608

Capital work-in-progress represents software and related modules under development. Transfers during the year relate to the fully developed software modules that were completed and became available for use.

Computer software mainly includes programs which are used for operating and financial reporting purposes.

Amortisation charge for the year ended 31 December 2025 of Saudi Riyals 6.6 million (2024: Saudi Riyals 6.4 million) has been allocated to insurance service expenses.

13. Statutory deposit

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. Insurance Authority is entitled to the earnings of this statutory deposit, and it cannot be withdrawn without its consent. In accordance with the instruction received from the SAMA vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 31 December 2025 as an asset and a liability in these financial statements. As requested by IA, the Company has released the accrued income on statutory deposit to IA up to 22 May 2025, amounting to Saudi Riyals 1.3 million.

The gross carrying amount of statutory deposit represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 December 2025 and 2024, the ECL allowance on such financial assets was immaterial.

14. Accrued expenses and other liabilities

	31 December 2025	31 December 2024
Advance from customers	**30,684**	67,549
Accrued salaries	**15,909**	16,339
Regulators' fee	**14,653**	13,555
Payable to vendors	**9,847**	12,165
Unclaimed cheques	**5,383**	17,125
Directors' fees	**1,059**	1,174
Other	**7,133**	8,907
	84,668	136,814

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

15. Employee benefit obligations

15.1 General description of the plan

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

	31 December 2025	31 December 2024
1 January	**28,976**	27,375
Current service cost	**3,062**	3,121
Interest expense	**1,612**	1,520
Payments	**(4,049)**	(4,037)
Remeasurement loss	**282**	997
31 December	**29,883**	28,976

15.2 Amounts recognised in the statements of income and comprehensive income

The amounts recognised in the statements of income and other comprehensive income related to employee benefit obligations are as follows:

	31 December 2025	31 December 2024
Current service cost	**3,062**	3,121
Interest expense	**1,612**	1,520
Total amount recognised in the statement of income	**4,674**	4,641
Remeasurement:		
Loss from change in experience adjustments	**282**	997
Total amount recognised in the statement of comprehensive income	**4,956**	5,638

15.3 Principal actuarial assumptions

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

	31 December 2025	31 December 2024
Discount rate	**5.55%**	5.45%
Salary growth rate	**3.00%**	3.00%

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

15. Employee benefit obligations (continued)

15.4 Sensitivity analysis for actuarial assumptions

	31 December 2025	
	Change in assumption	**Impact on employee benefit obligations**
Discount rate:		
Increase in assumption	**+1%**	**(2,237)**
Decrease in assumption	**-1%**	**2,778**
Salary growth rate:		
Increase in assumption	**+1%**	**2,822**
Decrease in assumption	**-1%**	**(2,311)**

	31 December 2024	
	Change in assumption	**Impact on employee benefit obligations**
Discount rate:		
Increase in assumption	+1%	(2,171)
Decrease in assumption	-1%	2,674
Salary growth rate:		
Increase in assumption	+1%	2,714
Decrease in assumption	-1%	(2,241)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to prior year.

15.5 Expected maturity analysis

The weighted average duration of the defined benefit obligation is 11.3 years (2024: 10.9 years). The expected maturity analysis of undiscounted employee benefit obligations is as follows:

The following are the expected payments to the defined benefit plan in future years:

	31 December 2025	31 December 2024
12 months	**8,902**	7,531
24 months	**2,287**	3,263
36 months	**3,806**	2,259
48 months	**2,094**	3,050
60 months	**4,505**	2,451
Beyond 60 months	**12,874**	15,432
Total expected payments	**34,468**	33,986

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

16. Share capital

The authorised, issued and paid-up capital of the Company was Saudi Riyals 525 million as at 31 December 2025 and 2024 consisting of 52.5 million shares of Saudi Riyals 10 each.

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

	Authorised and issued		Paid up
	No. of shares	Saudi Riyals	
Gulf Insurance Group (Gulf) B.S.C (c).	**26,250**	**262,500**	**262,500**
General public	**26,250**	**262,500**	**262,500**
	52,500	**525,000**	**525,000**

17. Insurance service expenses

	31 December 2025	31 December 2024
Incurred claims	**1,144,407**	1,133,848
Incurred insurance service expenses	**100,087**	64,452
Changes in risk adjustment for non-financial risk	**84,081**	75,305
Incurred claims and other incurred insurance service expenses	**1,328,575**	1,273,605
Changes that relate to past service - adjustment to the LIC	**(171,223)**	(258,098)
Changes that relate to future service (i.e. losses on onerous groups of contracts and reversals of such losses)	**50,282**	39,308
Systematic allocation of loss component	**(39,295)**	(42,608)
Losses on onerous contracts	**10,987**	(3,300)
Insurance acquisition cash flows amortisation	**218,102**	218,619
Insurance service expenses	**1,386,441**	1,230,826

18. Net income (expenses) from reinsurance contracts held

	31 December 2025	31 December 2024
Allocation of reinsurance premium	**(226,447)**	(175,940)
Claim recovered and other directly attributable expenses	**249,090**	129,260
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	**(36,691)**	(80,607)
Loss-recovery on onerous underlying contracts	**14,280**	-
Net income (expenses) from reinsurance contracts held	**232**	(127,287)

19. Segmental information

Operating segments for the purpose of segmental information are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company’s Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

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

For management purposes, the Company is organised into business units based on their products and services and has the following reportable segments:

- Motor;
- Property and casualty;
- Health; and
- Protection.

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

Where intersegment transactions were to occur, transfer prices between operating segments are set on an arm’s length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of financial statements of the Company.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

19. Segmental information (continued)

(a) Segmental statement of income:

	31 December 2025				
	Motor	**Property and casualty**	**Health**	**Protection**	**Total**
Insurance revenue	**659,353**	**422,660**	**330,947**	**90,795**	**1,503,755**
Insurance service expenses	**(583,516)**	**(380,531)**	**(340,247)**	**(82,147)**	**(1,386,441)**
Net (expenses) income from reinsurance contracts held	**(6,121)**	**12,851**	**(5,285)**	**(1,213)**	**232**
Net insurance finance expense	**(8,571)**	**(4,779)**	**(5,718)**	**(873)**	**(19,941)**
Segment results	**61,145**	**50,201**	**(20,303)**	**6,562**	**97,605**
Share of surplus from insurance pools					**7,419**
Investment income					**96,330**
Other operating expenses					**(46,112)**
Other income					**249**
Total income for the year before zakat and income tax					**155,491**

	31 December 2024				
	Motor	**Property and casualty**	**Health**	**Protection**	**Total**
Insurance revenue	624,064	334,125	428,126	77,206	1,463,521
Insurance service expenses	(529,567)	(150,386)	(467,130)	(83,743)	(1,230,826)
Net (expenses) income from reinsurance contracts held	(6,076)	(128,133)	4,470	2,452	(127,287)
Net insurance finance expense	(14,126)	(9,749)	(5,975)	(729)	(30,579)
Segment results	74,295	45,857	(40,509)	(4,814)	74,829
Share of surplus from insurance pool					5,330
Investment income					92,353
Other operating expenses					(48,379)
Other income					1,320
Total income for the year before zakat and income tax					125,453

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

19. Segmental information (continued)

(b) Segmental statement of financial position

31 December 2025	**Motor**	**Property and casualty**	**Health**	**Protection**	**Total**
ASSETS AND LIABILITIES					
Reinsurance contract asset	**2,224**	**390,273**	**7,832**	**11,295**	**411,624**
Unallocated assets	-	-	-	-	**2,623,083**
TOTAL ASSETS					**3,034,707**
Insurance contract liabilities	**592,906**	**761,575**	**200,240**	**50,025**	**1,604,746**
Reinsurance contract liabilities	**1,131**	**1,182**	-	**1**	**2,314**
Unallocated liabilities	-	-	-	-	**226,163**
TOTAL LIABILITIES					**1,833,223**
31 December 2024					
ASSETS AND LIABILITIES					
Reinsurance contract asset	691	188,413	4,293	5,229	198,626
Unallocated assets	-	-	-	-	2,573,972
TOTAL ASSETS					2,772,598
Insurance contract liabilities	562,927	522,071	275,268	47,490	1,407,756
Reinsurance contract liabilities	725	363	-	257	1,345
Unallocated liabilities	-	-	-	-	273,540
TOTAL LIABILITIES					1,682,641

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20. Insurance finance expense - net

An analysis of the net insurance finance expense by segments for the year ended 31 December 2025 and 2024, respectively, is presented below:

	31 December 2025				
	Motor	**Property and casualty**	**Health**	**Protection**	**Total**
Finance expense from insurance contracts issued					
Interest accreted	**(8,126)**	**(10,194)**	**(5,678)**	**(1,018)**	**(25,016)**
Effects of changes in interest rates and other financial assumptions	**(471)**	**(671)**	**(315)**	**(32)**	**(1,489)**
Foreign exchange differences	**-**	**-**	**-**	**-**	**-**
Finance expense from insurance contracts issued	**(8,597)**	**(10,865)**	**(5,993)**	**(1,050)**	**(26,505)**
Finance income from reinsurance contracts held					
Interest accreted	**21**	**5,658**	**256**	**168**	**6,103**
Effects of changes in interest rates and other financial assumptions	**5**	**428**	**19**	**9**	**461**
Foreign exchange differences	**-**	**-**	**-**	**-**	**-**
Finance income from reinsurance contracts held	**26**	**6,086**	**275**	**177**	**6,564**
Insurance finance expense - net	**(8,571)**	**(4,779)**	**(5,718)**	**(873)**	**(19,941)**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

20. Insurance finance expense - net (continued)

	31 December 2024				
	Motor	**Property and casualty**	**Health**	**Protection**	**Total**
Finance (expense) income from insurance contracts issued					
Interest accreted	(14,348)	(24,363)	(6,458)	(797)	(45,966)
Effects of changes in interest rates and other financial assumptions	14	212	34	1	261
Foreign exchange differences	-	-	-	-	-
Finance expense from insurance contracts issued	(14,334)	(24,151)	(6,424)	(796)	(45,705)
Finance income (expense) from reinsurance contracts held					
Interest accreted	208	14,455	451	67	15,181
Effects of changes in interest rates and other financial assumptions	-	(53)	(2)	-	(55)
Foreign exchange differences	-	-	-	-	-
Finance income from reinsurance contracts held	208	14,402	449	67	15,126
Insurance finance expense - net	(14,126)	(9,749)	(5,975)	(729)	(30,579)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

21. Operating expenses

	31 December 2025	31 December 2024
Commission incurred	**154,314**	148,875
Salaries and benefits	**124,539**	119,532
Regulators' fees	**23,037**	26,889
Information technology	**25,610**	25,151
Legal and professional fees	**8,969**	12,690
Depreciation expense (Note 12)	**7,016**	9,138
Amortisation expense (Note 12)	**8,211**	8,194
Directors' remunerations	**1,595**	1,900
Other	**11,531**	17,154
	364,822	369,523

21.1 Allocation of expenses is as follows:

	31 December 2025	31 December 2024
Insurance acquisition cashflows amortisation (Note 21.2)	**218,102**	218,619
Other incurred insurance service expenses (Note 21.2)	**100,608**	102,525
Other operating expenses (Note 21.3)	**46,112**	48,379
	364,822	369,523

21.2 Reported as part of insurance service expenses.

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

21.4 Auditors' remuneration for the audit and reviews of the Company's financial statements for the year ended 31 December 2025 and related quarters amounted to Saudi Riyals 2.0 million (2024: Saudi Riyals 2.3 million). Fee for other statutory and related services provided by the auditors to the Company amounts to Saudi Riyals 0.1 million (2024: Saudi Riyals 0.1 million).

22. Share of surplus from insurance pools

	Insurance Revenue	
	31 December 2025	31 December 2024
Hajj and Umrah (Note 22.1)	**-**	12,753
Inherent Defect Insurance (Note 22.2)	**5,901**	1,975
Rights and Entitlements of Non-Saudi Employee (Note 22.3)	**47,708**	-
	53,609	14,728

	Net expenses	
	31 December 2025	31 December 2024
Hajj and Umrah (Note 22.1)	**-**	9,237
Inherent Defect Insurance (Note 22.2)	**5,287**	161
from Rights and Entitlements of Non-Saudi Employee (Note 22.3)	**40,903**	-
	46,190	9,398
Share of surplus from insurance pools	**7,419**	5,330

22. Share of surplus from insurance pools (continued)

22.1 Share of surplus from Hajj and Umrah

This includes the Company's share in the surplus for medical and general accident product arising from the Hajj and Umrah scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers medical and general accidents of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from 1 January 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement as at 31 December 2025 as the aforementioned arrangement has been discontinued.

22.2 Inherent Defect Insurance

This represents the Company’s share of surplus 8.54% in the Inherent Defects Insurance (“IDI”) product. On June 25, 2020, a Joint Venture agreement was signed among thirteen insurance companies (“Participating Companies”) operating in Kingdom of Saudi Arabia for IDI product, based on the SAMA approval authorizing Malath Cooperative Insurance Company as the leading company, to manage the IDI program on behalf of the participating insurance companies, selling the product and providing its insurance coverage by creating joint insurance portfolios. Malath Cooperative Insurance Company will exclusively manage the portfolio during the period of validity of the IDI agreement of five years from issue date. The agreement expired during the year ended 31 December 2025. Effective 24 June 2025, Tawuniya Cooperative Insurance Company has been appointed as the new operator for IDI. Following an increase in the number of participants from thirteen to seventeen, the Company’s share has now changed to 12.22%

IDI is a mandatory insurance policy for contractors to insure against inherent defects that may appear in buildings and constructions after their occupation in non-governmental sector projects, according to Saudi Council of Ministers Decree No. 509 of 21/09/1439 AH (corresponding to 05/06/2018) and in accordance with the decision 441/187of the Governor of Saudi Central Bank (“SAMA”) dated 05/08/1441 AH (corresponding to 29/03/2020).

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

The Company along with nineteen other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with Al-Etihad Cooperative Insurance Company, effective from 3 November 2024. This compulsory product covers defaults default of entities in paying the rights and entitlements of non-Saudi employees in private sector entities offered by the “Ministry of Human Resources and Social Development” through IA.

The agreement is valid for an initial term of five years, starting from 3 November 2024, and renewable for another five years, subject to the terms and conditions of the agreement.

23. Related party transactions and balances

The controlling shareholder of the Company is Gulf Insurance Group (Gulf) B.S.C. (GIG Gulf) which is ultimately owned by Fairfax Financial Holdings Limited.

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 ended 31 December 2025 and 2024, and the related balances:

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

23. Related party transactions and balances (continued)

	31 December 2025	31 December 2024
Major shareholders:		
Reinsurance premiums ceded (forming part of net expenses/income from reinsurance contracts held)	**18,264**	5,038
Reinsurance commissions (forming part of net expenses/income from reinsurance contracts held)	**922**	381
Reinsurers' share of gross claims paid (forming part of net expenses/income from reinsurance contracts held)	**1,189**	6,249
Other operating expenses	**2,804**	2,284
Entities controlled, jointly controlled or significantly influenced by related parties:		
Gross premiums (forming part of insurance revenue)	**2,597**	3,122
Net claims paid (forming part of insurance service expenses)	**4,230**	16,933
Investment measured at FVTPL	**-**	3,621

The compensation of key management personnel during the year ended 31 December 2025 and 2024 is as follows:

	31 December 2025	31 December 2024
Salaries and benefits	**13,559**	10,334
Employee benefit obligations	**651**	786

Remunerations to the Board of Directors' amounted to Saudi Riyals 1.6 million for the year ended 31 December 2025 (2024: Saudi Riyals 1.9 million).

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

Due to a related parties represents amounts payable to the GIG group which is provided as below:

	31 December 2025	31 December 2024
Gulf Insurance Group (Gulf) B.S.C)	**4**	680
Gulf Insurance Group K.S.C.P	**2,314**	389
	2,318	1,069

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

24. Zakat and income tax

(a) Shareholding percentage

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

	31 December 2025	31 December 2024
Shareholding percentage subject to zakat	**52%**	52%
Shareholding percentage subject to income tax	**48%**	48%
	100%	100%

(b) Zakat

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

	31 December 2025	31 December 2024
Equity and provisions at the end of year	**1,725,346**	1,209,414
Liabilities and other additions to Zakat base	**352,466**	569,221
Zakat adjustments	**-**	(5,186)
Lease liabilities	**23,999**	26,536
Investments	**(734,111)**	(617,782)
Right-of-use assets	**(24,185)**	(27,806)
Furniture and equipment	**(5,115)**	(5,087)
Intangible assets	**(22,747)**	(22,608)
Goodwill	**(50,000)**	(50,000)
Statutory deposits	**(52,500)**	(52,500)
Zakat base	**1,213,153**	1,024,202
Zakat due at 2.578% (Saudi Shareholders' share of zakat base @ 52%)	**15,771**	14,561

	31 December 2025	31 December 2024
Zakat expense	**(15,771)**	(14,561)
Income tax expense	**(15,399)**	(12,879)
Deferred tax credit (recognised in the statement of income)	**1,868**	182
	(29,302)	(27,258)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

24. Zakat and income tax (continued)

(c) Movement in provision for zakat and income tax is as follows:

2025	**Zakat**	**Income tax**	**Total**
1 January	**75,732**	**2,872**	**78,604**
Provision for the year	**15,771**	**15,399**	**31,170**
Payments	**(13,195)**	**(12,883)**	**(26,078)**
31 December	**78,308**	**5,388**	**83,696**

2024	**Zakat**	**Income tax**	**Total**
1 January	85,112	(559)	84,553
Provision for the year	14,561	12,879	27,440
Payments	(23,941)	(9,448)	(33,389)
31 December	75,732	2,872	78,604

(d) Numerical reconciliation of income tax expense to prima facie tax payable

	31 December 2025	**31 December 2024**
Accounting profit before tax and zakat	**155,491**	125,453
Less: Income subject to zakat	**(80,855)**	(65,236)
Accounting profit for non-Saudi shareholders	**74,636**	60,217
Tax effects of:		
Non-tax-deductible expenses	**2,359**	4,178
Adjusted profit for tax base	**76,995**	64,395
Corporate tax at 20%	**15,399**	12,879

(e) Status of assessments

The Company has filed its Zakat and Income Tax returns with the ZATCA up to the year 2024. The Company has finalised its zakat and tax assessments with the ZATCA for all years up to 31 December 2020.

Further, the assessments for the years from 2021 to 2024 have not been raised yet.

(f) Deferred tax reconciliation

	31 December 2025	**31 December 2024**
Opening deferred tax asset	**7,546**	7,364
Deferred tax (recognised in the statement of income)	**1,868**	182
Deferred tax (charged to other comprehensive income)	**(5,200)**	-
Closing deferred tax asset	**4,214**	7,546

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

24. Zakat and income tax (continued)

(f) Deferred tax reconciliation (continued)

The Company has recognised a deferred tax asset as it is probable that future taxable profits will be available, and the credits can be utilised. The deferred tax arises mainly on expected premium receipts, furniture and equipment, right of use assets, lease liabilities, employee benefit obligations and investments carried at FVOCI.

25. Statutory reserve

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

26. Investment income

	31 December 2025	31 December 2024
Income from deposits	**25,512**	28,865
Income on financial assets at FVOCI	**63,588**	60,703
Income on financial assets at FVTPL	**2,710**	3,265
Unrealised gain (loss) on financial assets at FVTPL	**1,935**	(7,461)
Realised loss on financial assets at FVOCI	**(40)**	(406)
Realised (loss) gain on sale of investments at FVTPL	**(3,866)**	2,584
Impairment credit reversal of losses (losses) on short-term deposit	**1**	(3)
Impairment credit reversal of losses (losses) on investments at FVOCI	**21**	(852)
Amortisation on financial assets at FVOCI, net	**6,469**	5,658
Total investment income - net	**96,330**	92,353

27. Basic and diluted earnings per share

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

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

	31 December 2025	31 December 2024
Total income for the year attributable to the shareholders	**126,189**	98,195
Weighted average number of ordinary shares for basic and diluted income per share	**52,500**	52,500
Basic and diluted earnings per share	**2.40**	1.87

28. Fair value of financial instruments

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

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

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

28. Fair value of financial instruments (continued)

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

- Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3: valuation techniques for which any significant input is not based on observable market data.

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

(a) Carrying amounts and fair value

	Fair value			
	Level 1	**Level 2**	**Level 3***	**Total**
31 December 2025				
Financial assets measured at fair value				
Investments at FVOCI	**1,689,787**	**22,000**	**72,759**	**1,784,546**
Investments at FVTPL	**114,704**	**-**	**-**	**114,704**
Total investments	**1,804,491**	**22,000**	**72,759**	**1,899,250**
31 December 2024				
Financial assets measured at fair value				
Investments at FVOCI	1,602,633	28,181	61,154	1,691,968
Investments at FVTPL	76,165	-	-	76,165
Total investments	1,678,798	28,181	61,154	1,768,133

The fair value of investment in quoted securities at Level 1 is based on quoted prices available in the market. Additionally, there were no changes in the valuation techniques.

The fair value of Level 2 investments is taken from reliable and third-party sources.

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

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

*Financial assets at FVOCI at 31 December 2025 include investment in Najm. The investment is carried at fair value of Saudi Riyals 72.8 million as at 31 December 2025 (2024: Saudi Riyals 61.2 million) computed using "Discounted Cash Flow Method" and "Market Multiples Method" based on valuation by consultant.

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

28. Fair value of financial instruments (continued)

(a) Carrying amounts and fair value (continued)

- **Discounted cashflows ("DCF") method:** The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate ("WACC"). The value derived from such an analysis results into a value for the enterprise (the "Enterprise Value"). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the "Equity Value"), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabahas and other investments, are subtracted from the Enterprise Value; and

- **Market multiples method:** The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

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

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

	31 December 2025	**31 December 2024**
Balance at the beginning of the year	**61,154**	39,703
Unrealised gain on fair value of investment measured at FVOCI	**11,605**	21,451
Balance at the end of the year	**72,759**	61,154

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

28. Fair value of financial instruments (continued)

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

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	31 December 2025	**31 December 2024**	**31 December 2025**	**31 December 2024**	**31 December 2025**	**31 December 2024**	
Unquoted equity investment in Najm	**72,759**	61,154	**Revenue growth rate**	Revenue growth rate	**8.8%**	9.9%	Reducing the revenue growth rate by 100 basis points, would decrease the fair value by Saudi Riyals 1.1 million. (2024: Saudi Riyals 0.6 million)
			WACC	WACC	**17%**	16.5%	Increasing the WACC by 100 basis points, would decrease the fair value by Saudi Riyals 1.9 million. (2024: Saudi Riyals 1.7 million)
			Terminal value growth rate	Terminal value growth rate	**1.5%**	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by Saudi Riyals 1 million. (2024: Saudi Riyals 1.1 million)
			EV/EBITDA multiple	EV/EBITDA multiple	**7**	7	Reducing the EV/EBITDA multiple to 6, would decrease the fair value by Saudi Riyals 3 million (2024: Saudi Riyals 1.4 million).

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

28. Fair value of financial instruments (continued)

(d) Valuation process

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

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

29. Risk management

(a) Risk governance

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

(b) Risk management structure:

A cohesive organizational structure is established within the Company in order to identify, asses, monitor and control risks.

(c) Board of Directors:

The apex of risk governance is the centralised oversight of Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

(d) Audit Committee and Internal Audit Department:

The Internal Audit Department performs risk assessments with senior management annually. The Internal Audit Department examines both adequacy of procedures and the Company's compliance with the procedures through regular audits. Audit findings and recommendations are reported directly to the Audit Committee.

(e) Senior management:

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

(f) Risk Management Committee:

Board of Directors of the Company has constituted a Risk Management Committee, which oversees the risk management function of the Company and report to the Board of Directors on periodic basis. This committee operates under framework established by the Board of Directors.

29. Risk management (continued)

(f) Risk Management Committee: (continued)

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

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

29.1 Insurance risk management

The risk under an insurance contract is the possibility that the insured event may occur and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk the Company faces under insurance contracts is that the actual claim payments or the timing thereof, differs from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

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

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

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

Frequency and severity of claims

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

29. Risk management (continued)

29.1 Insurance risk management (continued)

Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims at the statement of financial position date. The details of estimation of insurance contract liabilities are given under Note 4.

Process used to determine assumptions

The process used to determine the assumptions for calculating the estimate of present value of cash flows is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of estimate of present value of cash flows is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. Such estimates are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. Following is the details of concentration of risk based on class of business:

(a) Accident, liability, motor and other general insurance

The accident category includes personal accident, money insurance, business all risk insurance and business travel insurance. Liability insurance includes general third-party liability, product liability and workmen’s compensation/employer’s liability protection arising out of acts of negligence during their business operations.

Motor insurance is designed to compensate policyholders for damage suffered to their vehicles or liability to third parties arising through accidents. Policyholders could also receive compensation for fire damage or theft of their vehicles.

For accident, liability and motor policies the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company has well developed risk acceptance procedures based on critical underwriting factors such as driver's age, diving experience and nature of vehicle to control the quality of risks that it accepts. It also has risk management procedures in place to control the costs of claims.

29. Risk management (continued)

29.1 Insurance risk management (continued)

Concentration of insurance risk (continued)

(b) Property

Property insurance is designed to compensate policyholders for damage suffered to properties or for the value of property lost. Policyholders could also receive compensation for the loss of earnings caused by the inabilityto use the insured properties.

Significant risks underwritten by the Company under this class are physically inspected by qualified risk engineers to make sure adequate fire protection and security is in place. Also, the Company tracks for the potential of risk accumulation.

(c) Marine

Marine insurance solutions are mainly designed to compensate policyholders from accidents at sea, on land and in the air resulting in the total or partial loss to goods and/or merchandise cargo insurance.

The underwriting strategy for the marine class of business is to ensure that coverage is provided based on the quality of vessels used and shipping routes followed. Vessel details are validated through international agencies while making the underwriting decisions.

(d) Engineering

Engineering covers two principal types as summarised below:

(i) "Contractors all risk "insurance offering cover during erection or construction of buildings or civil engineering works such as houses, shops, blocks of flats, factory buildings, buildings, roads, bridges, sewage works and reservoirs; and
(ii) "Erection all risk" insurance offering cover during the erection or installation of plant and machinery such as power stations, oil refineries, chemical works, cement works, metallic structures or any factory with plant and machinery.

The Engineering line of business also includes machinery breakdown insurance, electronic equipment insurance and plant all risk.

Significant risks underwritten by the Company under this class are physically inspected to make sure adequate fire protection, security and project management is in place.

(e) Health and protection

Health insurance is designed to cover the medical expenses incurred as a result of a disease or an illness or an injury. The policy seeks to provide the policyholder and their employees with access to good medical facilities and the latest treatments and technologies, subject to the terms of the relevant policy and the policyholders' personal circumstances.

Protection insurance covers the risks of death or disability following accident or illnesses and compensates the member or dependents in event of loss.

The main risk the Company faces on health and protection insurance is an increase of medical costs which can be more than expected or increase in claims due to exceptional events like outbreak of pandemic diseases. The underwriting strategy includes management of exposures and concentrations within acceptable risk appetite and risk tolerance levels and optimisation of reinsurance strategies through a combination of reinsurance cession with approved and well-rated reinsurers. The Company utilizes facultative reinsurance arrangements for the medical line of business. The Company's centralised claims management platform controls and manages its medical insurance claims.

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.2 Reinsurance risks

Similar to other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance 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. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

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.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company only deals with reinsurers approved by the Board of Directors of the Company. The criteria may be summarised as follows:

(a) Minimum acceptable credit rating by agencies that is not lower than prescribed in the Regulations;
(b) Reputation of particular reinsurance companies; and
(c) Existing or past business relationships.

The Company evaluates concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to the acceptable levels. Additionally, it conducts regular reviews of reinsurance and have the well-defined strategy and plan in place to effectively manage this risk.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors before approving them for reinsurance business. As at 31 December 2025, 21% of reinsurance receivables balance was due from one party (2024: 9% due from one party).

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

The financial strengths, managerial, technical expertise and historical performance of reinsurer, wherever applicable, are thoroughly reviewed by the Company before placement of reinsurance.

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

	31 December 2025			**31 December 2024**		
	Insurance contracts issued	**Reinsurance contracts held, net**	**Net**	**Insurance contracts issued**	**Reinsurance contracts held, net**	**Net**
Motor	**592,906**	**(1,093)**	**591,813**	562,927	34	562,961
Property and Casualty	**761,575**	**(389,091)**	**372,484**	522,071	(188,050)	334,021
Health	**200,240**	**(7,832)**	**192,408**	275,268	(4,293)	270,975
Protection	**50,025**	**(11,294)**	**38,731**	47,490	(4,972)	42,518
Total	**1,604,746**	**(409,310)**	**1,195,436**	1,407,756	(197,281)	1,210,475

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.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.3 Sensitivities on major assumptions considered while applying IFRS 17

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

The following sensitivity analysis shows the impact on gross and net liabilities, net income before income tax and zakat for reasonably possible movements in key assumptions with all other assumptions in Note 4 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.

	31 December 2025	31 December 2024
Liability for incurred claims		
Estimates of present value of FCF	**1,016,722**	920,079
Risk adjustment for non-financial risk	**188,181**	174,251
Asset for incurred claims		
Estimates of present value of FCF	**384,285**	218,022
Risk adjustment for non-financial risk	**88,212**	64,232

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

	31 December 2025	31 December 2024
Change in estimates of present value of FCF		
5 % increase in claims ratio**	**(61,003)**	(58,699)
5 % decrease in claims ratio	**61,003**	58,699
Impact on equity and net income before zakat and income tax of change in direct expense ratio – loss component*		
2 % increase	**(24,401)**	(23,479)
2 % decrease	**24,401**	23,479
Impact on equity and net income before zakat and income tax of change in risk adjustment for non-financial risk		
5 percentile increase in the confidence level	**(50,655)**	(50,081)
5 percentile decrease in the confidence level	**44,271**	43,770

** Claims ratio is defined as incurred claims as a percentage of insurance revenue.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

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

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

	31 December 2025	31 December 2024
Change in estimates of present value of FCF		
5 % increase in claims ratio	**9,189**	7,057
5 % decrease in claims ratio	**(9,189)**	(7,057)
Impact on equity and net income of change in risk adjustment for non-financial risk		
5 percentile increase in the confidence level	**26,290**	16,264
5 percentile decrease in the confidence level	**(24,656)**	(9,289)

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

29.4 Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and claims not reported for each successive accident year at each reporting date, together with cumulative payments to date.

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.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.4 Claims development table (continued)

2025	2019 & earlier	2020	2021	2022	2023	2024	2025	Total
Accident year - Gross								
Undiscounted liabilities for incurred claims:								
At end of accident year	**7,015,972**	**778,116**	**1,040,702**	**1,267,358**	**1,290,821**	**1,105,624**	**1,154,883**	**13,653,476**
1 year later	**7,153,234**	**819,596**	**1,142,658**	**1,251,556**	**1,236,620**	**1,087,334**	**-**	**12,690,998**
2 years later	**7,138,490**	**923,239**	**1,154,630**	**1,257,141**	**1,191,346**	**-**	**-**	**11,664,846**
3 years later	**7,214,062**	**915,887**	**1,157,117**	**1,250,171**	**-**	**-**	**-**	**10,537,237**
4 years later	**7,201,565**	**899,369**	**1,155,876**	**-**	**-**	**-**	**-**	**9,256,810**
5 years later	**7,186,718**	**898,100**	**-**	**-**	**-**	**-**	**-**	**8,084,818**
6 year later	**6,752,769**	**-**	**-**	**-**	**-**	**-**	**-**	**6,752,769**
Gross estimates of the undiscounted amount of the claims	**6,752,769**	**898,100**	**1,155,876**	**1,250,171**	**1,191,346**	**1,087,334**	**1,154,883**	**13,490,479**
Cumulative Gross claims and other directly attributable expenses paid	**(6,719,613)**	**(853,548)**	**(1,063,129)**	**(1,181,201)**	**(1,074,367)**	**(929,660)**	**(659,359)**	**(12,480,877)**
Gross undiscounted liabilities for incurred claims	**33,156**	**44,552**	**92,747**	**68,970**	**116,979**	**157,674**	**495,524**	**1,009,602**
Effect of discounting	**(1,304)**	**(1,752)**	**(3,646)**	**(2,712)**	**(4,599)**	**(6,199)**	**(19,487)**	**(39,699)**
Gross discounted liabilities for incurred claims excluding risk adjustment	**31,852**	**42,800**	**89,101**	**66,258**	**112,380**	**151,475**	**476,037**	**969,903**
Effect of the risk adjustment margin for non-financial risk	**6,178**	**8,301**	**17,281**	**12,851**	**21,796**	**29,379**	**92,395**	**188,181**
Gross liabilities for incurred claims before other reserves	**38,030**	**51,101**	**106,382**	**79,109**	**134,176**	**180,854**	**568,432**	**1,158,084**
Other reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**46,819**
Gross liabilities for incurred claims	**38,030**	**51,101**	**106,382**	**79,109**	**134,176**	**180,854**	**568,432**	**1,204,903**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.4 Claims development table (continued)

2024	**2018 & earlier**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Accident year - Gross								
Undiscounted liabilities for incurred claims:								
At end of accident year	5,378,583	752,253	778,116	1,040,702	1,267,358	1,290,821	1,105,624	11,613,457
1 year later	6,263,719	838,837	819,596	1,142,658	1,251,556	1,236,620	-	11,552,986
2 years later	6,316,448	851,413	923,239	1,154,630	1,257,141	-	-	10,502,871
3 years later	6,317,758	929,957	915,887	1,157,117	-	-	-	9,320,719
4 years later	6,323,139	919,010	899,369	-	-	-	-	8,141,518
5 years later	6,281,925	913,684	-	-	-	-	-	7,195,609
6 year later	6,273,034	-	-	-	-	-	-	6,273,034
Gross estimates of the undiscounted amount of the claims	6,273,034	913,684	899,369	1,157,117	1,257,141	1,236,620	1,105,624	12,842,589
Cumulative Gross claims and other directly attributable expenses paid	(6,219,686)	(922,290)	(855,445)	(1,062,071)	(1,132,606)	(1,044,772)	(688,558)	(11,925,428)
Gross undiscounted liabilities for incurred claims	53,348	(8,606)	43,924	95,046	124,535	191,848	417,066	917,161
Effect of discounting	(1,915)	309	(1,577)	(3,412)	(4,470)	(6,887)	(14,522)	(32,474)
Gross discounted liabilities for incurred claims excluding risk adjustment	51,433	(8,297)	42,347	91,634	120,065	184,961	402,544	884,687
Effect of the risk adjustment margin for non-financial risk	10,131	(1,634)	8,341	18,049	23,648	36,430	79,286	174,251
Gross liabilities for incurred claims before other reserves	61,564	(9,931)	50,688	109,683	143,713	221,391	481,830	1,058,938
Other reserves	-	-	-	-	-	-	-	35,392
Gross liabilities for incurred claims	61,564	(9,931)	50,688	109,683	143,713	221,391	481,830	1,094,330

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.4 Claims development table (continued)

2025 **Accident year - Net**	**2019 & earlier**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
Undiscounted liabilities for incurred claims:								
At end of accident year	**6,264,368**	**749,328**	**940,751**	**1,000,733**	**1,076,496**	**994,507**	**940,576**	**11,966,759**
1 year later	**6,413,093**	**786,360**	**1,008,981**	**1,087,372**	**1,028,303**	**984,807**	**-**	**11,308,916**
2 years later	**6,428,049**	**836,614**	**1,075,160**	**1,097,456**	**987,762**	**-**	**-**	**10,425,041**
3 years later	**6,475,166**	**884,151**	**1,052,439**	**1,093,765**	**-**	**-**	**-**	**9,505,521**
4 years later	**6,535,256**	**867,657**	**1,050,572**	**-**	**-**	**-**	**-**	**8,453,485**
5 years later	**6,525,442**	**866,739**	**-**	**-**	**-**	**-**	**-**	**7,392,181**
6 year later	**6,154,188**	**-**	**-**	**-**	**-**	**-**	**-**	**6,154,188**
Gross estimates of the undiscounted amount of the claims	**6,154,188**	**866,739**	**1,050,572**	**1,093,765**	**987,762**	**984,807**	**940,576**	**12,078,409**
Cumulative Gross claims and other directly attributable expenses paid	**(6,122,004)**	**(822,339)**	**(986,612)**	**(1,063,767)**	**(909,814)**	**(911,123)**	**(651,163)**	**(11,466,822)**
Gross undiscounted liabilities for incurred claims	**32,184**	**44,400**	**63,960**	**29,998**	**77,948**	**73,684**	**289,413**	**611,587**
Effect of discounting	**(1,270)**	**(1,746)**	**(2,648)**	**(1,361)**	**(3,246)**	**(3,288)**	**(12,410)**	**(25,969)**
Gross discounted liabilities for incurred claims excluding risk adjustment	**30,914**	**42,654**	**61,312**	**28,637**	**74,702**	**70,396**	**277,003**	**585,618**
Effect of the risk adjustment margin for non-financial risk	**5,963**	**8,268**	**10,916**	**4,234**	**13,166**	**10,808**	**46,614**	**99,969**
Gross liabilities for incurred claims before other reserves	**36,877**	**50,922**	**72,228**	**32,871**	**87,868**	**81,204**	**323,617**	**685,587**
Other reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**46,819**
Gross liabilities for incurred claims	**36,877**	**50,922**	**72,228**	**32,871**	**87,868**	**81,204**	**323,617**	**732,406**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.4 Claims development table (continued)

2024 Accident year - Net	2018 & earlier	2019	2020	2021	2022	2023	2024	Total
Undiscounted liabilities for incurred claims:								
At end of accident year	4,689,130	738,312	749,328	940,751	1,000,733	1,076,496	994,507	10,189,257
1 year later	5,526,056	827,524	786,360	1,008,981	1,087,372	1,028,303	-	10,264,596
2 years later	5,581,245	839,996	836,614	1,075,160	1,097,456	-	-	9,430,471
3 years later	5,587,389	855,224	884,151	1,052,439	-	-	-	8,379,203
4 years later	5,607,878	909,974	867,657	-	-	-	-	7,385,509
5 years later	5,641,556	905,084	-	-	-	-	-	6,546,640
6 year later	5,620,358	-	-	-	-	-	-	5,620,358
Gross estimates of the undiscounted amount of the claims	5,620,358	905,084	867,657	1,052,439	1,097,456	1,028,303	994,507	11,565,804
Cumulative Gross claims and other directly attributable expenses paid	(5,570,107)	(914,237)	(824,253)	(985,816)	(1,041,670)	(867,808)	(671,539)	(10,875,430)
Gross undiscounted liabilities for incurred claims	50,251	(9,153)	43,404	66,623	55,786	160,495	322,968	690,374
Effect of discounting	(1,787)	331	(1,555)	(2,237)	(1,628)	(5,590)	(11,243)	(23,709)
Gross discounted liabilities for incurred claims excluding risk adjustment	48,464	(8,822)	41,849	64,386	54,158	154,905	311,725	666,665
Effect of the risk adjustment margin for non-financial risk	9,256	(1,789)	8,194	10,022	4,233	27,570	52,533	110,019
Gross liabilities for incurred claims before other reserves	57,720	(10,611)	50,043	74,408	58,391	182,475	364,258	776,684
Other reserves	-	-	-	-	-	-	-	35,392
Gross liabilities for incurred claims	57,720	(10,611)	50,043	74,408	58,391	182,475	364,258	812,076

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.4 Claims development table (continued)

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

31 December 2025	**Estimates of present value of FCF**	**Risk adjustment for non-financial risk**	**Total**
Gross liabilities for incurred claims	**1,016,722**	**188,181**	**1,204,903**
Amounts recoverable from reinsurers	**(384,285)**	**(88,212)**	**(472,497)**
Net liabilities for incurred claims	**632,437**	**99,969**	**732,406**

31 December 2024	**Estimates of present value of FCF**	**Risk adjustment for non-financial risk**	**Total**
Gross liabilities for incurred claims	920,079	174,251	1,094,330
Amounts recoverable from reinsurers	(218,022)	(64,232)	(282,254)
Net liabilities for incurred claims	702,057	110,019	812,076

29. Risk management (continued)

29.5 Financial risk

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

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

Financial risk is comprised of the following:

- Liquidity risk
- Market risk
- Credit risk

These risks have been briefly explained below:

(a) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with insurance contracts. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any commitments as they arise.

The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets. Further, the Company manages liquidity risk as follows:

- The Company's liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company investment committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company has a cash call option in place with the reinsurer in case of excess of loss where claim exceeds a certain size.
- The Company ensures the use of sound asset-liability management practices.
- The Company ensures the use of a variety of techniques for funds management.

Further, the Company utilises stress testing conducted by the risk management department to identify potential liquidity shortages and address them. Stress and scenario tests are conducted to assess the anticipated financial and non-financial repercussions of adverse circumstances and events occurring within the relevant time horizon. Stress tests considers fluctuations in key financial parameters, such as interest rates, asset values, or liability values. On the other hand, scenario tests involve the causes of adverse developments, such as a significant natural catastrophe or a major industrial incident.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.5 Financial risk (continued)

(a) Liquidity risk (continued)

To assess the company's resilience to uncontrollable negative events, hypothetical scenarios or scenarios based on industry information are created. The impact of these changes is evaluated based on various factors, including return on equity, solvency margin, liquidity of the Company, and the average credit rating of reinsurance counterparties.

The table below summarizes the maturities of the Company's undiscounted contractual obligations at 31 December 2025 and 2024. As the Company does not have any commission bearing liabilities (except for insurance contract liabilities and lease liabilities), contractual cash flows of financial liabilities approximates their carrying value.

	Less than 12 months		More than 12 months		Total	Total
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Financial assets:						
Cash and cash equivalents	**90,467**	155,909	**-**	-	**90,467**	155,909
Short term deposits	**273,809**	335,186	**-**	-	**273,809**	335,186
Long term deposits	**-**	50,005	**147,058**	56,569	**147,058**	106,574
Investments measured at FVTPL	**114,704**	76,165	**-**	-	**114,704**	76,165
Investment measured at FVOCI	**193,850**	224,883	**1,590,696**	1,467,085	**1,784,546**	1,691,968
Other assets (included in prepaid expenses and other assets)	**43,940**	29,135	**-**	-	**43,940**	29,135
Statutory deposit	**-**	-	**52,500**	52,500	**52,500**	52,500
Accrued income on statutory deposit	**1,599**	1,541	**-**	-	**1,599**	1,541
Reinsurance contract assets	**218,111**	107,807	**206,300**	90,819	**424,411**	198,626
	936,480	980,631	**1,996,554**	1,666,973	**2,933,034**	2,647,604

	Less than 12 months		More than 12 months		Total	Total
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Financial liabilities:						
Accrued expenses and other liabilities	**48,601**	52,140	**-**	-	**48,601**	52,140
Due to related parties	**2,318**	1,069	**-**	-	**2,318**	1,069
Accrued income payable to insurance authority	**1,599**	1,541	**-**	-	**1,599**	1,541
Lease liabilities	**4,592**	4,000	**24,593**	29,185	**29,185**	33,185
Insurance contract liabilities	**866,992**	659,360	**542,473**	434,396	**1,409,465**	1,093,756
Reinsurance contract liabilities	**1,722**	1,345	**-**	-	**1,722**	1,345
	925,824	719,455	**567,066**	463,581	**1,492,890**	1,183,036
Total liquidity gap	**10,656**	261,176	**1,429,488**	1,203,392	**1,440,144**	1,464,568

29. Risk management (continued)

29.5 Financial risk (continued)

(b) Market risk

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

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

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

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

(i) Currency risk

The Company's exposure to foreign currency risk is limited to United States Dollars which is pegged against Saudi Riyals. The Company did not undertake significant transactions in currencies other than Saudi Riyals and United States Dollars, during the year.

(ii) Interest rate risk

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

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

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

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

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.5 Financial risk (continued)

(b) *Market risk* (continued)

(ii) *Interest rate risk* (continued)

The Company's exposure to interest rate risk relates to the insurance and reinsurance contracts, deposits and debt instruments is, as follows:

	31 December 2025	**31 December 2024**
Insurance contract liabilities, net	**732,406**	1,407,756
Debt instruments at FVOCI	**1,711,787**	1,630,814
Long term deposits	**147,058**	106,574

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on total income for the year before zakat and income tax and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

		Impact on total income before zakat and tax	
	Changes in interest rate	**31 December 2025**	**31 December 2024**
Insurance contract liabilities, net	+1%	**7,116**	8,004
Long term deposits	+1%	**1,471**	1,066
Debt instruments at FVOCI	+1%	**1,850**	791
Insurance contract liabilities, net	-1%	**(7,116)**	(8,004)
Long term deposits	-1%	**(1,471)**	(1,066)
Debt instruments at FVOCI	-1%	**(1,850)**	(791)

(iii) *Price risk*

Price risk is the risk that the value of financial instruments may fluctuate as a result 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 security or its issuer or factors affecting all securities traded in the market.

The Company's price risk exposure relates to financial instruments whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.5 Financial risk (continued)

(b) Market risk (continued)

(iii) Price risk (continued)

The impact of a hypothetical change of a 10% increase and 10% decrease in the market prices of investments on company's profit is given below. These investments are susceptible to market price risk arising from uncertainty about the future value of invested equity securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

	Fair value	Price change	Estimated fair value	Effect on profit before tax
31 December 2025				
	114,704	Increase 10%	**126,174**	**11,470**
	114,704	Decrease 10%	**103,233**	**(11,470)**
31 December 2024				
	62,778	Increase 10%	69,055	6,278
	62,778	Decrease 10%	56,500	(6,278)

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

(c) Credit risk

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

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

The Company only enters into insurance and reinsurance contracts with recognised and credit worthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an on-going basis in order to reduce the Company's exposure to bad debts. The Company limits its credit risk with regard to time deposits by dealing with reputed banks only.

The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables. As at 31 December 2025, 12% of premium receivables balance was due from one party (2024: 27% due from one party).

The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with investment grade credit rating.

The Company's investment portfolio is managed by the investment committee in accordance with the investment policy established by the investment committee, which is approved by the Board of Directors. The policy sets out the limits of investments in different categories.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.5 Financial risk (continued)

(c) Credit risk (continued)

Maximum exposure to credit risk

The Company's maximum exposure to credit risk on its financial assets at 31 December 2025 is Saudi Riyals 2.47 billion (2024: Saudi Riyals 2.37 billion).

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade is considered the highest possible rating. Assets falling outside the range of investment grade are classified as non-investment grade (satisfactory) or past due but not impaired.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. Ratings below the mentioned threshold are considered speculative grade with a higher default risk.

Financial assets as at 31 December 2025:

		Non-investment grade		
	Investment grade	**Satisfaction**	**Past due but not impaired**	**Total**
Cash and cash equivalents, investments and deposits				
Fixed-rate securities	**1,942,173**	**33,652**	**-**	**1,975,825**
Floating-rate securities	**203,850**	**7,078**	**-**	**210,928**
Equities and mutual funds	**112,857**	**74,606**	**-**	**187,463**
Cash at bank	**90,467**	**-**	**-**	**90,467**
	2,349,347	**115,336**	**-**	**2,464,683**

Financial assets as at 31 December 2024:

		Non-investment grade		
	Investment grade	**Satisfaction**	**Past due but not impaired**	**Total**
Cash and cash equivalents, investments and deposits				
Fixed-rate securities	1,871,414	35,456	-	1,906,870
Floating-rate securities	175,604	10,100	-	185,704
Equities and mutual funds	70,902	66,417	-	137,319
Cash at bank (excluding time deposits)	135,910	-	-	135,910
	2,253,830	111,973	-	2,365,803

Credit quality of investments as at:

	31 December 2025	**31 December 2024**
Investment grade	**2,349,347**	2,253,830
Below Investment grade	**40,730**	39,185
Not rated but considered satisfactory	**74,606**	72,788
	2,464,683	2,365,803

29. Risk management (continued)

29. 5 Financial risk (continued)

(c) Credit risk (continued)

Concentration of credit risk

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

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

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

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

Exposures to individual policyholders and groups of policyholders are managed through the ongoing monitoring by the credit control department.

Impairment assessment

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

(i) Significant increase in credit risk, default, and cure

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

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 90 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (continued)

29.5 Financial risk (continued)

(c) Credit risk (continued)

Impairment assessment (continued)

*(i) Significant increase in credit risk, default, and cure (*continued)

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

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

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

(ii) Net impairment credit losses

The Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

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

Impairment losses on financial investments subject to impairment assessment

Debt instruments measured at FVOCI

The table below shows the fair value of the Company's debt instruments measured at FVOCI by credit risk, based on its internal credit rating system.

	31 December 2025			**31 December 2024**		
Internal rating grade	**12 months ECL**	**Lifetime ECL**	**Total**	**12 months ECL**	**Lifetime ECL**	**Total**
Investment grade	**1,672,633**	**-**	**1,672,633**	1,586,923	-	1,586,923
Below investment grade	**35,257**	**5,562**	**40,819**	28,786	5,151	33,937
Not rated but considered satisfactory	**-**	**-**	**-**	11,636	-	11,636
Gross	**1,707,890**	**5,562**	**1,713,452**	1,627,345	5,151	1,632,496
Net impairment credit losses	**(1,601)**	**(64)**	**(1,665)**	(1,660)	(22)	(1,682)
Net	**1,706,289**	**5,498**	**1,711,787**	1,625,685	5,129	1,630,814

29. Risk management (continued)

29.6 Capital risk management

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

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

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

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

- Minimum capital requirement
- Premium solvency margin; or
- Claims solvency margin

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

30. Commitments and contingencies

The Company's commitments and contingencies are as follows:

(i) The Company has issued various bank guarantees amounting to Saudi Riyals 27.3 million (2024: Saudi Riyals 28.5 million) in the ordinary course of business.

(ii) The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business primarily pertaining to insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position. Further, there was no material change in the status of legal proceedings during the current year from the status disclosed as at 31 December 2024. Refer to Note 24 for zakat and tax related matters.

31. Dividends

The Board of Directors resolved on 27 Ramadan 1446H (corresponding to 27 March 2025) to distribute cash dividends to the shareholders related to the year ended 31 December 2024 amounting to Saudi Riyals 1.2 per share. This cash dividends had been approved by the General Assembly in their meeting dated 2 Dul' Hijjah 1446H (corresponding to 29 May 2025). Accordingly, during the year ended 31 December 2025, the Company has paid cash dividend amounting to Saudi Riyals 63 million (2024: Saudi Riyals 78.75 million).

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

32. Gross written premium

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

31 December 2025	**Motor**	**Property and casualty**	**Health**	**Protection**	**Total**
Large corporates	**54,398**	**178,866**	**220,586**	**-**	**453,850**
Medium corporates	**85,909**	**158,720**	**3,649**	**87,641**	**335,919**
Small corporates	**92,339**	**109,958**	**1,122**	**-**	**203,419**
Micro corporates	**6,413**	**12,434**	**2**	**-**	**18,849**
Retail	**559,886**	**653**	**17,546**	**-**	**578,085**
	798,945	**460,631**	**242,905**	**87,641**	**1,590,122**

31 December 2024	**Motor**	**Property and casualty**	**Health**	**Protection**	**Total**
Large corporates	82,628	102,146	357,211	-	541,985
Medium corporates	130,491	129,868	5,292	81,917	347,568
Small corporates	64,674	72,303	1,038	-	138,015
Micro corporates	6,393	7,546	-	-	13,939
Retail	320,365	65,093	36,677	-	422,135
	604,551	376,956	400,218	81,917	1,463,642

Total insurance revenue of Saudi Riyals 1,503.8 million (2024: Saudi Riyals 1,463.5 million) is calculated through adjustment of Saudi Riyals 86.4 million (2024: Saudi Riyals 0.1 million) for the remaining coverage period and the expected premium receipts which reconcile to the total gross written premium of Saudi Riyals 1,590.1 million (2024: Saudi Riyals 1,463.6 million).

33. Subsequent event

No events have arisen subsequent to 31 December 2025, and before the date of approval of the financial statements, that could have a significant effect on the financial statements as at 31 December 2025.

34. Approval of the financial statements

These financial statements have been authorized for issue by the Company's Board of Directors on 6 Ramadan 1447H (corresponding to 23 February 2026).

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Supplementary information

As required by the Regulations, the statement of financial position, statement of income and statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

Statement of financial position:

	31 December 2025			31 December 2024		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	**90,467**	**-**	**90,467**	135,910	19,999	155,909
Short-term deposits	**273,809**	**-**	**273,809**	230,668	104,518	335,186
Reinsurance contract assets	**411,624**	**-**	**411,624**	198,626	-	198,626
Investments	**720,071**	**1,179,179**	**1,899,250**	746,445	1,021,688	1,768,133
Prepaid expenses and other assets	**41,212**	**10,927**	**52,139**	31,188	9,894	41,082
Deferred tax asset	**-**	**4,214**	**4,214**	-	7,546	7,546
Long-term deposits	**66,757**	**80,301**	**147,058**	46,490	60,084	106,574
Right-of-use assets	**24,185**	**-**	**24,185**	27,806	-	27,806
Furniture and equipment	**5,115**	**-**	**5,115**	5,087	-	5,087
Intangible assets	**22,747**	**-**	**22,747**	22,608	-	22,608
Accrued income on statutory deposit	**-**	**1,599**	**1,599**	-	1,541	1,541
Goodwill	**-**	**50,000**	**50,000**	-	50,000	50,000
Statutory deposit	**-**	**52,500**	**52,500**	-	52,500	52,500
Due from shareholders' operations	**45,087**	**(45,087)**	**-**	134,547	(134,547)	-
TOTAL ASSETS	**1,701,074**	**1,333,633**	**3,034,707**	1,579,375	1,193,223	2,772,598

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

Supplementary information (continued)

Statement of financial position (continued)

	31 December 2025			**31 December 2024**		
	Insurance operations	**Share-holders' operations**	**Total**	**Insurance operations**	**Share-holders' operations**	**Total**
LIABILITIES						
Accrued expenses and other liabilities	**83,609**	**1,059**	**84,668**	135,638	1,176	136,814
Insurance contract liabilities	**1,604,746**	**-**	**1,604,746**	1,407,756	-	1,407,756
Reinsurance contract liabilities	**2,314**	**-**	**2,314**	1,345	-	1,345
Lease liabilities	**23,999**	**-**	**23,999**	26,536	-	26,536
Due to related parties	**2,318**	**-**	**2,318**	1,069	-	1,069
Employee benefit obligations	**29,883**	**-**	**29,883**	28,976	-	28,976
Zakat and income tax	**-**	**83,696**	**83,696**	-	78,604	78,604
Accrued income payable on statutory deposit	**-**	**1,599**	**1,599**	-	1,541	1,541
Due to insurance operations	**(45,087)**	**45,087**	**-**	(134,547)	134,547	-
TOTAL LIABILITIES	**1,701,782**	**131,441**	**1,833,223**	1,466,773	215,868	1,682,641
EQUITY						
Share capital	**-**	**525,000**	**525,000**	-	525,000	525,000
Statutory reserve	**-**	**190,444**	**190,444**	-	165,206	165,206
Retained earnings	**-**	**437,070**	**437,070**	-	399,401	399,401
Fair value reserve on investments	**(4,311)**	**53,281**	**48,970**	(21,945)	22,295	350
TOTAL EQUITY	**(4,311)**	**1,205,795**	**1,201,484**	(21,945)	1,111,902	1,089,957
TOTAL LIABILITIES AND EQUITY	**1,697,471**	**1,337,236**	**3,034,707**	1,444,828	1,327,770	2,772,598

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

Supplementary information (continued)

Statement of income:

	31 December 2025			31 December 2024		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Insurance revenue	**1,503,755**	**-**	**1,503,755**	1,463,521	-	1,463,521
Insurance service expenses*	**(1,386,441)**	**-**	**(1,386,441)**	(1,230,826)	-	(1,230,826)
Net income (expense) from reinsurance contracts held	**232**	**-**	**232**	(127,287)	-	(127,287)
Insurance service result from Company's directly written business	**117,546**	**-**	**117,546**	105,408	-	105,408
Share of surplus from insurance pools	**7,419**	**-**	**7,419**	5,330	-	5,330
Total insurance service result	**124,965**	**-**	**124,965**	110,738	-	110,738
Finance expense from insurance contracts issued	**(26,505)**	**-**	**(26,505)**	(45,705)	-	(45,705)
Finance income from reinsurance contracts held	**6,564**	**-**	**6,564**	15,126	-	15,126
Net insurance financial result	**(19,941)**	**-**	**(19,941)**	(30,579)	-	(30,579)
Investment income	**47,427**	**48,903**	**96,330**	50,846	41,507	92,353
Other operating expenses	**(44,516)**	**(1,596)**	**(46,112)**	(45,932)	(2,447)	(48,379)
Other income	**249**	**-**	**249**	1,320	-	1,320
Investment and other income - net	**3,160**	**47,307**	**50,467**	6,234	39,060	45,294
Total income for the year before zakat and income tax	**108,184**	**47,307**	**155,491**	86,393	39,060	125,453
Zakat expense	**-**	**(15,771)**	**(15,771)**	-	(14,561)	(14,561)
Income tax expense	**-**	**(13,531)**	**(13,531)**	-	(12,697)	(12,697)
	-	**(29,302)**	**(29,302)**	-	(27,258)	(27,258)
Total income for the year attributable to the shareholders	**108,184**	**18,005**	**126,189**	86,393	11,802	98,195
Earnings per share (expressed in Saudi Riyals per share)						
Basic and diluted earnings per share			**2.40**			1.87

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Supplementary information (continued)

**This includes surplus distribution for the year ended 31 December 2025 amounting to Saudi Riyals 12 million (2024: Saudi Riyals 9.6 million)*

Statement of comprehensive income

	31 December 2025			31 December 2024		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Total income for the year attributable to the shareholders	**108,184**	**18,005**	**126,189**	86,393	11,802	98,195
Other comprehensive income						
Items that will not be reclassified to the statement of income in subsequent years	-					
Remeasurement loss on employee benefit obligations		**(282)**	**(282)**	-	(997)	(997)
Net changes in fair value of investment measured at FVOCI - Equity	-	**11,605**	**11,605**	-	21,451	21,451
Deferred tax	-	**(1,114)**	**(1,114)**	-	-	-
Items that will be reclassified to the statement of income in subsequent years						
Net changes in fair value of investment measured at FVOCI - Debt	**17,634**	**24,581**	**42,215**	(25,292)	10,510	(14,782)
Deferred tax	-	**(4,086)**	**(4,086)**	-	-	-
Total other comprehensive income	**17,634**	**30,704**	**48,338**	(25,292)	30,964	5,672
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	**125,818**	**48,709**	**174,527**	61,101	42,766	103,867

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

Supplementary information (continued)

Statement of cash flows

	31 December 2025			**31 December 2024**		
	Insurance operations	**Share-holders' operations**	**Total**	**Insurance operations**	**Share-holders' operations**	**Total**
Cash flows from operating activities						
Total income for the year before zakat and income tax	**108,184**	**47,307**	**155,491**	86,393	39,060	125,453
Adjustments for non-cash items:						
Depreciation of furniture and equipment	**3,395**	**-**	**3,395**	5,606	-	5,606
Depreciation of right-of-use assets	**3,621**	**-**	**3,621**	3,532	-	3,532
Amortisation of intangible assets	**8,211**	**-**	**8,211**	8,194	-	8,194
Finance cost on leases	**1,463**	**-**	**1,463**	1,629	-	1,629
Accretion of discount on financial assets at FVOCI	**(3,309)**	**(5,238)**	**(8,547)**	(3,055)	(4,835)	(7,890)
Realised loss (gain) on financial assets at FVTPL	**-**	**3,866**	**3,866**	-	(2,584)	(2,584)
Unrealised (gain) loss on financial assets at FVTPL	**110**	**(2,045)**	**(1,935)**	58	7,403	7,461
Realized fair value losses reclassified to statement of income	**40**	**-**	**40**	361	45	406
Amortisation of premium on financial assets at FVOCI	**973**	**1,105**	**2,078**	1,000	1,232	2,232
Net impairment credit losses (reversal of losses) on financial assets at FVOCI	**(3)**	**(18)**	**(21)**	336	516	852
Net finance expense from insurance and reinsurance contracts	**19,941**	**-**	**19,941**	30,579	-	30,579
Provision for employee benefit obligations	**4,392**	**282**	**4,674**	3,644	997	4,641
Changes in operating assets and liabilities:						
Reinsurance contract assets	**(206,434)**	**-**	**(206,434)**	166,222	-	166,222
Prepaid expenses and other assets	**(10,024)**	**(1,033)**	**(11,057)**	12,917	703	13,620
Accrued expenses and other liabilities	**(52,029)**	**(117)**	**(52,146)**	27,345	-	27,345
Insurance contract liabilities	**170,485**	**-**	**170,485**	(274,256)	-	(274,256)
Reinsurance contract liabilities	**969**	**-**	**969**	1,021	-	1,021
Due to a related parties	**1,249**	**-**	**1,249**	(3,834)	-	(3,834)

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Supplementary information (continued)

Statement of cash flows (continued)

	31 December 2025			**31 December 2024**		
	Insurance operations	**Share-holders' operations**	**Total**	**Insurance operations**	**Share-holders' operations**	**Total**
Accrued income payable on statutory deposit	**-**	**(58)**	**(58)**	-	(1,054)	(1,054)
Accrued income on statutory deposit	**-**	**58**	**58**	-	1,054	1,054
Due from shareholders' operations	**(89,460)**	**89,460**	**-**	(184,276)	184,276	-
	(38,226)	**133,569**	**95,343**	(116,584)	226,813	110,229
Employee benefit obligations paid	**(4,049)**	**-**	**(4,049)**	(4,037)	-	(4,037)
Zakat and income tax paid	**-**	**(26,078)**	**(26,078)**	-	(33,389)	(33,389)
Finance cost paid	**(1,463)**	**-**	**(1,463)**	(1,629)	-	(1,629)
Net cash (outflow) inflow from operating activities	**(43,738)**	**107,491**	**63,753**	(122,250)	193,424	71,174

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Supplementary information (continued)

Statement of cash flows (continued)

	31 December 2025			31 December 2024		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Cash flows from investing activities						
(Placement) redemption in short-term deposits, net	**(43,141)**	**104,518**	**61,377**	(109,605)	91,838	(17,767)
Purchases of investments	**(79,804)**	**(242,558)**	**(322,362)**	(105,812)	(210,027)	(315,839)
Proceeds from sale of investments	**155,814**	**93,770**	**249,584**	137,052	33,595	170,647
(Placement) redemption of long-term deposits, net	**(20,267)**	**(20,217)**	**(40,484)**	117,163	(10,084)	107,079
Payments for purchases of furniture and equipment	**(3,423)**	**-**	**(3,423)**	(1,748)	-	(1,748)
Additions to intangible assets	**(8,350)**	**-**	**(8,350)**	(4,122)	-	(4,122)
Net cash inflow (outflow) from investing activities	**829**	**(64,487)**	**(63,658)**	32,928	(94,678)	(61,750)
Cash flows from financing activities						
Payment against lease liabilities	**(2,537)**	**-**	**(2,537)**	(3,556)	-	(3,556)
Dividends paid	**-**	**(63,000)**	**(63,000)**	-	(78,750)	(78,750)
Net cash outflow from financing activities	**(2,537)**	**(63,000)**	**(65,537)**	(3,556)	(78,750)	(82,306)
Net changes in cash and cash equivalents	**(45,446)**	**(19,996)**	**(65,442)**	(92,878)	19,996	(72,882)
Cash and cash equivalents at beginning of the year	**135,913**	**19,996**	**155,909**	228,791	-	228,791
Cash and cash equivalents at end of the year	**90,467**	**-**	**90,467**	135,913	19,996	155,909
<u>Supplemental non-cash information:</u>						
Net changes in fair value of financial assets at FVOCI	**17,634**	**30,986**	**48,620**	(3,841)	10,510	6,669