



SAUDI REINSURANCE COMPANY

The Directors' Report 2022



Radial **Growth**

Saudi Re maintained a robust growth trajectory across most parameters of its business. Over the years, we have continued to grow outwards from “the center” – our home in The Kingdom Of Saudi Arabia – building an international presence in 40 plus countries across MENA, Asia, Africa and Lloyd's Market in the UK. We have sharpened our focus on expansion into international markets, guided by our blueprint for the future, Strategy Towards 2026.

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1. ABOUT THIS REPORT

Saudi Re's Annual Report 2022 has been prepared in accordance with integrated reporting principles. Continuing the tradition of issuing a Financial Report, a Sustainability Report, and a Directors' Report. The Report's objective is to concisely communicate the salient aspects of Saudi Re's strategy, governance, performance, and prospects in the context of the operating environment.

1.1 REPORT BOUNDARY

Unless otherwise specified this Report covers Saudi Re's operations. The boundary for financial reporting includes Saudi Re and its associate Companies.

1.2 REPORTING PERIOD

This Report covers the period from 1 January 2022 to 31 December 2022. This is consistent with our previous financial and sustainability reporting, as well as the Directors' Report. There are no restatements of any information contained in previous reports, and no significant changes in the scope and aspect boundaries of previous reports. The most recent Directors' Report, Sustainability Report, and Financial Report were all for the fiscal year ended 31 December 2022.

The Report is available in both English and Arabic, and in the event of any discrepancy between the two the Arabic version will prevail.

1.3 COMPLIANCE

The Report complies with all the applicable rules, regulations, and standards of the Saudi Central Bank (SAMA), the Capital Market Authority (CMA), and the Ministry of Commerce (MOC), and other regulatory agencies.

1.4 FINANCIAL STATEMENTS

The financial statements for the fiscal year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia (collectively referred to as 'IFRS endorsed in KSA') as well as other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

1.5 QUERIES

Investor Relations Department
Address: 4130 Northern Ring
Rd, Al Wadi, Riyadh 13313,
Saudi Arabia
Email: Invest@saudi-re.com
Phone: +966 11 510 2000 Ext:181
Website: www.saudire.net
IR App : IOS – Android

2. ABOUT SAUDI RE

2.1 WHO WE ARE

Saudi Re is the only specialized reinsurance company in Saudi Arabia which operates in more than 40+ countries across the Middle East, Asia, Africa and Lloyd's Market in the UK through its HO in Riyadh and through its Labuan KL branch. The Company operates under the supervision of the Saudi Central Bank (SAMA) and listed on the Saudi Exchange (Tadawul). Based in a G20 economy, with one of the world's fastest-growing insurance markets, giving Saudi Re significant opportunities for growth and development.

Saudi Re's financial strength and stability have been affirmed by receiving a rating of "A-" for long-term issuer credit and insurer financial strength and a "gcAAA" regional scale rating with a stable outlook by Standard & Poor's Global Ratings (S&P); and a rating of A3 Insurance Financial Strength Rating (IFSR) international scale and an A1.sa national scale IFSR with a stable outlook from Moody's. The financial ratings are attributable to Saudi Re's strong brand and market position (both locally and internationally), low exposure to large risks, strong asset quality, and high capital adequacy.

The only specialized Reinsurance Company in the Kingdom of Saudi Arabia

Among the top performing reinsurance companies in MENA region

Established and listed in 2008

Capital of SR 891 million

GWP SR 1.403 billion in 2022, with CAGR 21% 2019-2022 – strong growth momentum from 2019-22

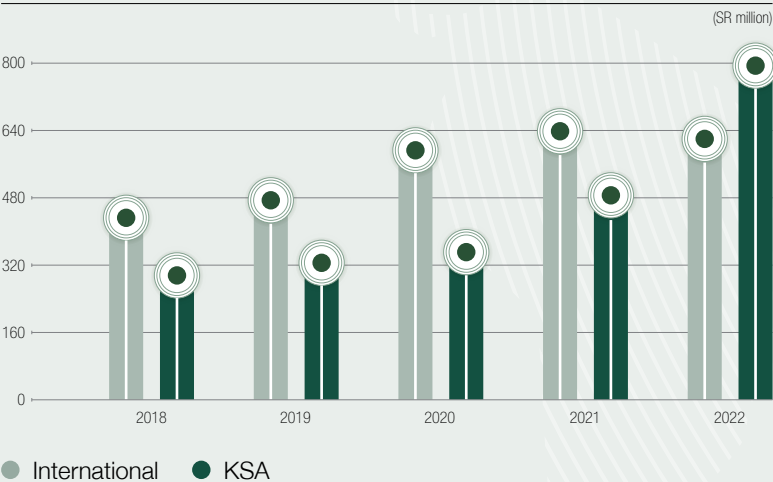
A- rating by Standard & Poor's S&P/ A3 rating by Moody's (stable outlook)

In formulating its strategies and policies, Saudi Re follows a sustainability framework based on international practices, incorporating ESG criteria into reinsurance practices, and operates as a Sharia-compliant company. The Company also incorporates sustainability into its supply chain practices, ensuring that its procurement processes are prudently formulated and executed.

2.2 WHAT WE DO

Saudi Re specializes in facultative and treaty reinsurance solutions in various classes, including property, engineering, liability, marine, motor, life, and health. The company aims to support Saudi Arabia’s Vision 2030 by expanding the non-oil sector and non-oil exports, and by maximizing the local content of reinsurance and retaining premiums within the Kingdom. Strong client relationships, established through direct and broker channels, are managed by market-based underwriting teams and supported by a robust technological and analytical infrastructure. The Company’s underwriting expertise, combined with its strong analytical and actuarial skills, enables sound risk assessments and judicious pricing.

Gross Written Premium (GWP)



3. VALUE DRIVERS: 2022 AT A GLANCE

Saudi
Reinsurance
Company

The Directors'
Report
2022

SR 1.4 billion

Gross Written
Premium (GWP)

2021: SR 1.1 billion

40+

Countries
in operation

44%

International
business

**A- S&P & A3
Moody's**

Credit Ratings

SR 127.5 million

UW profit

2021: SR 71.6 million

SR 41.5 million

Net profit

2021: SR 38.3 million

SR 4.2 billion

Total assets

2021: SR 3.1 billion

SR 1 billion

Total equity

2021: SR 963 million

0.47

EPS

2021: 0.43

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OVERVIEW

BUSINESS
CONTEXT,
STRATEGY, AND
PERFORMANCE

ESG REPORT

CORPORATE
GOVERNANCE

3.1 AWARDS AND RECOGNITION

Saudi Re was awarded General Reinsurance Company of the Year, for the second consecutive year. The Company's excellence in corporate disclosure and Annual Reporting was also recognized at the Middle East Investor Relations (MEIRA) IR Awards, with two awards.



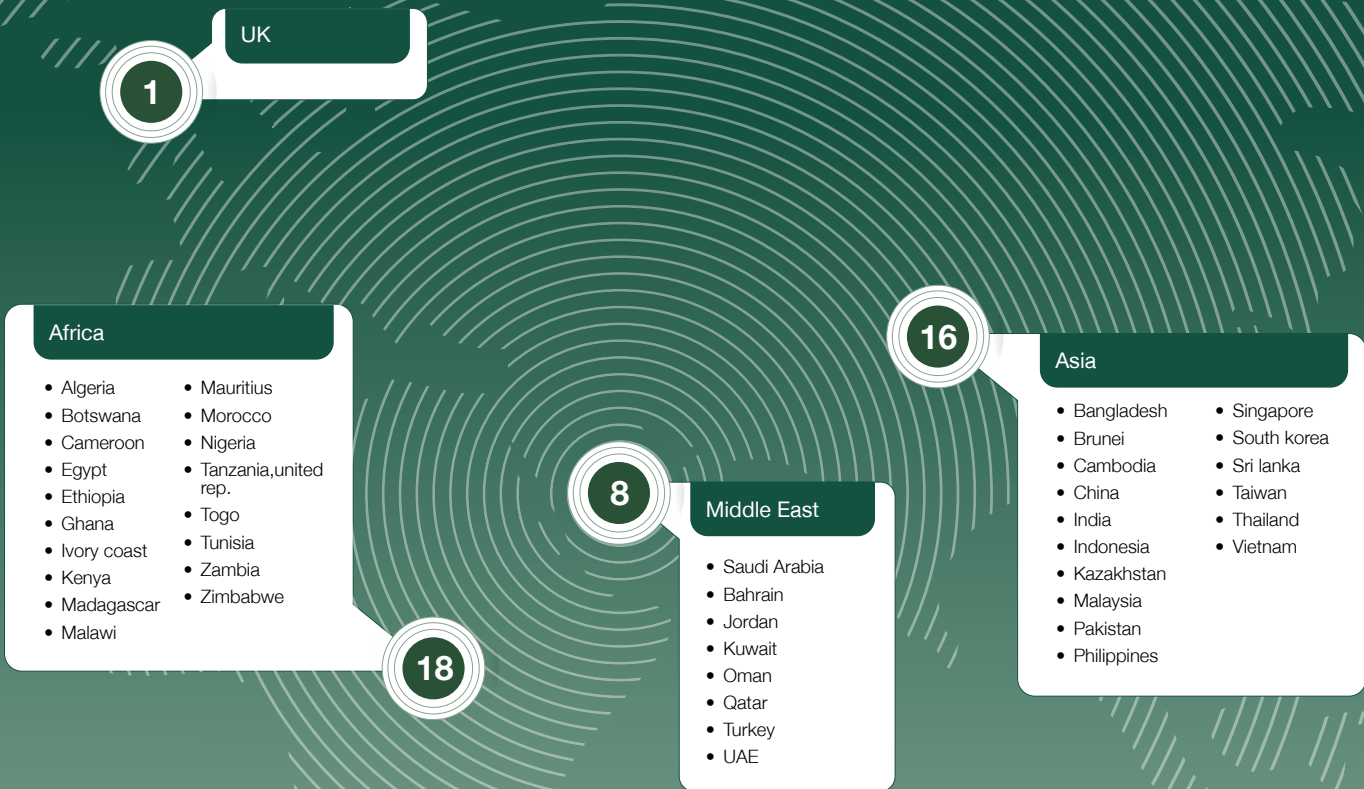
General Reinsurance
Company of the year



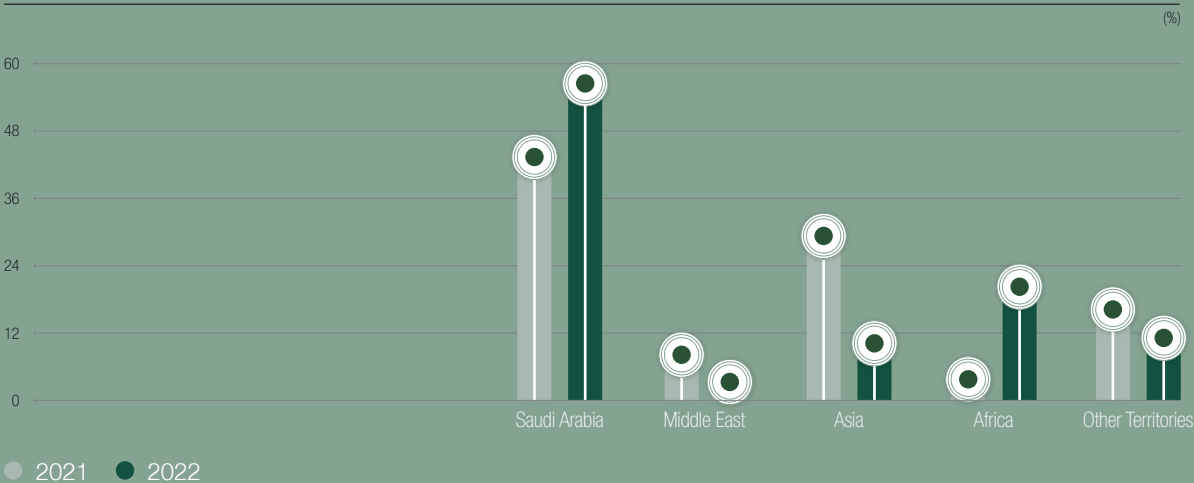
Best Annual Report – Print -
Small-cap companies – 3rd place

Best Digital IR – Middle East,
Small-cap companies – 2nd place

3.2 OUR MARKET PRESENCE



GWP By Geographical Representation



4. FIVE-YEAR SUMMARY

4.1 REVENUES

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Gross written premiums	1,403,281	1,115,880	935,114	792,848	721,605
Retroceded premiums	462,919	123,898	132,993	127,844	72,997
Net written premiums	898,599	958,968	772,639	646,605	616,896
Net earned premiums	927,891	854,730	647,120	642,535	613,615
Total revenues	942,706	874,406	659,814	660,711	630,083

4.2 TOTAL COMPREHENSIVE INCOME

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Net Income for the year	41,479	38,309	45,918	45,444	13,722
Other comprehensive income/(loss)	(8,721)	(2,124)	2,191	(3,021)	3,036
Total comprehensive income	32,758	36,185	48,109	42,423	16,758

4.3 TOTAL COSTS AND EXPENSES

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Total policyholders' costs and expenses	(890,779)	(852,669)	(629,166)	(593,467)	(578,524)
Total shareholders' costs and expenses	(18,154)	(13,174)	(10,447)	(9,684)	(9,224)
Total costs and expenses	(908,933)	(865,842)	(639,614)	(603,151)	(587,748)

4.4 INVESTMENT INCOME

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Shareholders' investment/income	31,425	46,293	34,533	37,855	13,218
Reinsurance investment income	1,812	4,440	3,795	9,299	5,340
Total reinsurance investment income	33,237	50,732	38,329	47,154	18,559

4.5 NET INVESTMENT INCOME

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Shareholders' investments	26,645	42,969	33,765	36,341	9,702
Reinsurance operations investments	1,666	3,975	3,674	9,139	4,936
Total net investment income	28,311	46,944	37,439	45,479	14,638

4.6 SURPLUS/DEFICIT FROM REINSURANCE OPERATIONS

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Surplus/(deficit) from reinsurance operations	48,234	23,141	30,890	31,662	12,339

4.7 NET INCOME FROM SHAREHOLDERS' OPERATIONS

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Net income from shareholders	41,479	38,309	45,918	45,444	819

4.8 TECHNICAL RESERVE POSITION

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Technical reserves	1,707,819	1,603,938	1,343,897	1,126,114	1,081,668

4.9 TOTAL ASSETS

For the years ended 31 December	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Reinsurance total assets	3,130,172	1,998,858	1,751,312	1,640,548	1,456,378
Shareholders' total assets	1,134,768	1,118,611	1,056,898	1,013,762	1,002,393

5. CHAIRMAN'S STATEMENT



Saudi Re has made continuous progress in the “Strategy towards 2026”, which aims at achieving a ranking among the top 50 global reinsurers, by placing its primary focus on its home market, while also expanding and diversifying into international markets

The Company's robust performance and resilience during challenging times is a testament to the effectiveness of its strategy

The markets faced yet another turbulent year in 2022, with conflict in Europe hampering global growth prospects, interrupted energy supply, capital markets experiencing high volatility and an increasing threat of inflation. However, the global reinsurance market began to firm up, after a six-year negative spell. Despite a volatile global environment, Saudi Re was able to deliver consistently strong financial results and provide enhanced value to our stakeholders.

5.1 A VOLATILE OPERATING ENVIRONMENT

The MENA region is expecting a substantial slowdown in economic activity in 2023, following a period of robust growth in 2022, which was led by the Saudi Arabian economy. Saudi Arabia experienced 8.7% growth in 2022, the highest among the G20 countries.

The insurance market in Saudi Arabia began to improve in 2022, with a turnaround in investor sentiment. Saudi insurers are now required to adopt an adequate pricing strategy for both motor and medical insurance, as they are retaining more risk. Among challenges faced in 2022, were claims resulting from floods in Saudi Arabia and Asia, as well as claims relating to an unexpected mall fire at Dhahran. Additionally, the Company also faced economic hardships, including increased competition and the impact of rising interest rates and currency exchange fluctuation. Despite numerous challenges during the year, Saudi Re was able to deliver a strong performance.

Despite the headwinds facing global economic outlook, the reinsurance market capacity shortage, hardening market and tightened terms are expected to drive further increases in the

reinsurance pricing. Overlapping disruptions, financial shocks, geopolitical instability, increased exposure to natural catastrophes all have brought resilience to the forefront, making way for risk transfer and reinsurance solutions.

In spite of the overall economic uncertainty, the local market experienced developments that were favorable to Saudi Re, including local retention mechanism and improved reinforcement of the Inherent Defects Insurance (IDI) program.

On a local front, demand for insurance and reinsurance is expected to continue, given the current economic boom in the Kingdom.

5.2 A STRONG
STRATEGIC FOCUS

Saudi Re has made continuous progress in the “Strategy towards 2026”, which aims at achieving a ranking among the top 50 global reinsurers, by placing its primary focus on its home market, while also expanding and diversifying into international markets.

The Company's robust performance and resilience during challenging times is a testament to the effectiveness of its strategic focus. Various key factors have been carefully considered in our strategy formulation, including the evolution of the (re)insurance regulatory landscape, the international reinsurance landscape and global consolidation trends, the Kingdom's national agenda, and the creation of shareholder value. We have leveraged our competitive advantage in the Saudi market through improved market retention and capitalizing on the growth prospects of the economy.

The Board of Directors recommended increasing the Company's capital through a rights issue. The SR 445.5 million rights issue will raise the capital from SR 891 million to SR 1.336 billion. The capital increase will strengthen Saudi Re's capital base and support the expansion plans in the domestic and international markets while aligning with Saudi Re's effort to generate better returns and create greater shareholder value.

Prioritizing diversification has remained central to Saudi Re's strategy, aiming to minimize concentration and accumulation risks in its portfolio. To achieve this objective, the Company has expanded into various business lines, maintaining a balance between proportional and non-proportional contracts, while also diversifying geographically. Its portfolio spans over 40 markets in the Middle East, Asia, Lloyd's market, and Africa. In expanding our international footprint prudently, we have been able to demonstrate the effectiveness of our diversification strategy, with international business accounting for 44% of our portfolio in 2022. This signifies Saudi Re's ability to deploy technical and business development capabilities to build a strong footing in international markets, even during challenging times, in a manner that reinforces profitable growth.

To empower our teams across underwriting, actuarial, analytical, and claims management functions to provide exceptional service to clients, Saudi Re has invested in capability building. In line with our strategy to develop international business, the Company has established strong relationships with partners and brokers outside the home market, projecting Saudi Re as an emerging and reliable Middle Eastern reinsurer.

Moreover, Saudi Re has significantly enhanced communication facilities and data connectivity, as well as strengthened cybersecurity protection to ensure maximum availability of IT services while delivering uninterrupted services to clients.

5.3 EXCEPTIONAL
GROWTH AND RECORD
ACHIEVEMENTS IN 2022

I am pleased to report that 2022 was an exceptional year for Saudi Re, with outstanding results that demonstrate our strength and resilience as a leading reinsurer in the Middle East and beyond. Our Gross Written Premium (GWP) grew by an exceptional 26% to SR 1,403,281, recording the highest year-on-year growth and marking the highest premium level achieved in our history. This remarkable accomplishment is evidence of our unwavering commitment to providing superior value to our clients and partners, reinforcing our position as one of the top-ranked Middle Eastern reinsurers.

Our total equity increased from SR 963 million to SR 1 billion, while total assets increased by 32% to SR 4.2 billion. We maintained a healthy solvency position and our technical reserves reached SR 1.7 billion as of 31 December 2022. These results demonstrate the strength of our balance sheet and our ability to manage risk efficiently.

Additionally, our efficient business model, improved technical performance and recovery of investment returns have led to sustained profitability over the last seven years. Our net profit increased year-on-year, and we have a track record of profitability that underscores our long-term viability.

Our Gross Written Premium (GWP) grew by an exceptional **26%** to **SR 1.4 billion** marking the highest premium level achieved in our history

We continuously seek to optimize the composition of our investment portfolio, considering factors including risk, return, capital, regulation and tax legislation changes.

In December 2022, S&P Global Ratings assigned Saudi Re an "A-" long-term issuer credit and insurer financial strength rating, with a stable outlook, citing the Company's profitable business growth, diversification, and strong capital adequacy. Meanwhile, Moody's affirmed Saudi Re's "A3" Insurance Financial Strength Rating, also with a stable outlook, in June 2022, highlighting the Company's strong brand and market position in Saudi Arabia, as well as its growing presence in Asia, Africa, and Lloyd's. Both ratings reflect Saudi Re's effective governance practices, consistent strategy, and management expertise, as well as its strong financial position, which supports the Company's growth efforts in the local and international markets.

5.4 OUR COMMITMENT TO SUSTAINABILITY

As one of the leading reinsurers in the region, we recognize the importance of setting a high standard in sustainability. Saudi Re's sustainability approach centers around the best interests of our stakeholders and their evolving demands. Furthermore, the framework is aligned with national and international standards such as the United Nations Sustainable Development Goals (UN SDGs) and the Principles for Sustainable Insurance (PSI). As the first Middle Eastern reinsurer to publish a sustainability report, we are committed to setting a benchmark in adopting sustainable practices and voluntarily disclosing our ESG performance. Our goal is to improve the image of the insurance industry in society and demonstrate our commitment to sustainability.

The recommended capital increase will strengthen Saudi Re's capital base and support the expansion plans in the domestic and international markets while aligning with Saudi Re's effort to generate better returns and create greater shareholder value

As a Sharia-compliant company, we firmly believe ensuring sustainability requires responsibility in conducting business and investing. We are committed to promoting sustainable practices across our organization, and we will continue to prioritize ESG factors in our decision-making processes.

**5.5 CONTRIBUTING TO
THE SAUDI VISION 2030**

Saudi Re's commitment to national development and support of the Saudi Vision 2030 remains steadfast. We actively create opportunities for Saudi citizens through targeted training and development programs, with a special focus on empowering women, and have achieved a Saudization ratio of 60% in 2022.

As the only specialized reinsurer in a rapidly developing market, we play a crucial role in driving professional standards, enhancing product offerings, and filling gaps in insurance coverage. Our efforts align seamlessly with the national agenda, as we actively contribute to the retention of reinsurance premiums within the Kingdom and support national insurance programs, thereby supporting local content development. Additionally, we export reinsurance services in line with the national goal to grow the non-oil Gross Domestic Product (GDP), further underscoring our commitment to national development.

5.6 A ROBUST GOVERNANCE FRAMEWORK

In our efforts to maintain a consistent focus on governance, Saudi Re has taken steps to improve effectiveness of the Board, which was done by contracting a consultant to assess the level and standard of governance among Board members. Recommendations from the assessment were taken into consideration, and the Board made decisions to adopt changes in policies and procedures, and introduce new programs and systems to further strengthen governance practice.

To provide shareholders and the public with more insight into the Company's business activities and better disclosures, the 2022 Annual Report contains extended information following best practices. Additionally, Saudi Re proactively publishes a detailed sustainability report, as it continues to address ESG issues.

The Company also actively monitors changes in regulations and accounting standards to ensure it is well-prepared to handle emerging risks and evolving market trends. This is done through regular assessments using an enterprise risk management framework and a strategic planning framework.

Saudi Re has been working on the adoption of the International Financial Reporting Standard (IFRS) 17, which will be applicable in the Kingdom from the beginning of 2023. The progress made so far and the effect on the financial performance have been included in a separate section in this report and in the financial statements for the purpose of keeping our stakeholders aware of this important transition in the financial reporting.

During 2022, we have conducted a study to assess the effectiveness of our compensations and benefits structure and launched a new reward strategy that is geared to establish a stronger link between reward and performance and help retain and attract talents and incentivize them to achieve Saudi Re's strategic goals.

Saudi Re has a robust governance structure in place to protect the rights of its shareholders and other stakeholders. It ensures compliance with applicable laws, regulations, and directives issued by regulatory bodies.

5.7 LOOKING TO THE FUTURE, BUILDING ON 15 YEARS OF PROGRESS

As we near our 15th anniversary, we contemplate the progress made by Saudi Re during a tumultuous period, culminating in our present standing as a leading and reliable middle eastern reinsurer. Although Saudi Re has achieved numerous successes, the potential that the company has created is truly commendable and deserving of recognition.

Building on our competitive advantage in the Kingdom, we are poised for exceptional growth opportunities both domestically and in the global arena. We continue to explore a range of organic and inorganic growth opportunities to expand our operations and increase our scale, while maintaining a focus on delivering value to our shareholders. Our long-term strategy is centered on sustainable and diversified growth, and we remain committed to serving the interests of all our stakeholders.

5.8 ACKNOWLEDGEMENTS

As we approach our 15th anniversary in 2023, we remain optimistic and committed to our vision for the future. I would like to take this opportunity to extend my sincere gratitude to our employees for their unwavering dedication and commitment during these unprecedented times. I am deeply appreciative of the regulatory bodies for their valuable guidance and advice, as well as our investors for their continued trust and support. I am also grateful for the confidence shown by our clients and partners worldwide, who have made this journey possible. We are committed to creating value and serving for all our stakeholders to the very best of our ability in the years to come.

Hesham Al-Shaikh

Chairman of the Board of Directors

6. CHIEF EXECUTIVE OFFICER'S REVIEW



Saudi Re has recorded an exceptional 26% growth in Gross Written Premium (GWP) to reach SR 1,403 billion, while maintaining strong foothold in more than 40 markets across the Middle East, Asia, Africa, and UK

Our credit rating of A- S&P, & A3 Moody's is a recognition of Saudi Re's progress and financial strength, and will unlock growth opportunities locally and internationally

6.1 STRATEGIC DIRECTION

These accomplishments give us fresh impetus to build on our advantages, honor our pledge to provide superior value, and reinforce our position as one of the top-ranked reinsurers in the Middle East region.

We have been studying a range of organic and inorganic growth opportunities to expand our operations and increase our scale. As always, our direction is anchored to growth that is both, diversified and sustainable, and we remain steadfast in serving the interests of all our stakeholders.

Several factors are propelling our steady course towards achieving the objectives of the Strategy Towards 2026. While the international market witnessed rapidly changing market conditions, the domestic market remained comparatively tranquil, even as it augurs favorable conditions for growth.

The Saudi Central Bank (SAMA) is directing the implementation of a new reinsurance retention mechanism which will strengthen the domestic reinsurance ecosystem and increase the sector's contribution to the local content. With this, we are hopeful of growing written premiums from our home market by over 5%.

Saudi Re remains privileged to exclusively reinsure the mandatory Inherent Defects Insurance (IDI) program, which has been systematically implemented over phases in the last four years. This was key growth driver for Saudi Re in 2022 and represented a 28% of its total portfolio.

Benefiting from our strong domestic position and building upon the Company's twinned hallmarks of agility and resilience, Saudi Re has delivered exceptional results. 2022 was a sterling year with an exceptional growth of 26% in Gross Written Premium (GWP) reaching SR 1.4 billion – the highest recorded in our history, and a 6.4% increase in profit before zakat, while increasing total equity by 3.7% to SR 1 billion.

We applaud these initiatives by SAMA to develop the industry and enhance market practices. While they will strengthen the domestic ecosystem, they also provide Saudi Re multiple opportunities to expand internationally and fulfil our vision to be ranked among the top 50 reinsurers in the world.

6.2 STERLING PERFORMANCE

Saudi Re has recorded an exceptional 26% growth in Gross Written Premium (GWP) to reach SR 1.4 billion which is the highest year-on-year growth and the highest premium level ever achieved by us. At the same time, Underwriting results (UW) has increased by 78% to reach SR 127 million, as compared to the SR 71 million of last year. Our unwavering focus on diversification has also delivered a healthy portfolio composition that now features 44% international business.

This growth is aligned with our strategy of achieving economic scale through the main growth drivers of countries across the Middle East, led by Saudi Arabia. Most market segments witnessed improved results and positive performance, despite challenges in some segments like Asia and Life.

In November, Saudi Re signed reinsurance contracts with Probitas Corporate Capital Ltd, starting on 1 January 2023 and effective for one year. Total GWP from these contracts is estimated at SR 194.40 million, and their impact is also expected to reflect on next year's financial results.

6.3 AUTHORITY
ENDORSEMENTS

While credit rating is important for many industries it is imperative for the insurance sector, as a reflection of the levels of solvency and creditworthiness, and the ability to meet obligations toward customers and creditors. The multi-pronged assessments of strategy, governance, financial performance, and risk management also support investment decisions.

In this context, we are pleased that Saudi Re obtained “A-” long-term issuer credit and insurer financial strength rating, and “gcAAA” regional scale rating with a stable outlook from S&P Global Ratings. In their report, S&P highlighted the strengthening of our competitive position via profitable business growth, diversification, and local and international expansion. They also noted that our exposure to catastrophes and other large risks remains relatively modest, and that the company maintains good capital adequacy that stands above the “AAA” level in S&P’s model.

Concurrently, Moody’s Investors Service, has affirmed “A3” Insurance Financial Strength Rating (IFSR), and “A1.sa” national scale IFSR, with a stable outlook. This is testament to our strong brand and market position in Saudi Arabia and a growing presence in target markets of Asia and Africa. More importantly, it strengthens Saudi Re’s preferential position due to right of first refusal on a portion of premiums ceded by primary insurers; strong asset quality as exemplified by a conservative investment portfolio; and relatively modest exposure to natural catastrophe risks.

While these ratings come in recognition of our progress thus far, it propels us to unlock growth opportunities in global markets, with a broader investor base.

6.4 NEW MILESTONES

Saudi Re was accorded the title of ‘Reinsurance Company of the Year’ at the 10th Middle East Insurance Industry Awards, held in Dubai. The MENA IR awards are viewed as one of the most prestigious awards in the Middle East and North Africa region, as they are overseen by a panel of independent external judges who bring a diverse range of in-depth insurance expertise to the judging process.

These distinctions fuel our efforts as we continue to elevate the standards and benchmarks of the regional reinsurance industry.

In 2021, we became the first regional reinsurer to publish a sustainability report and demonstrate voluntary disclosure of our Environmental, Social and Governance (ESG) performance. Drawing from its success, we continue to focus on better integration of various ESG factors and parameters into our business model, and strengthen our long-term business relationships as a key aspect of this strategy.

Throughout the year, we marked steady progress in our adoption of the new International Financial Reporting Standard, IFRS 17, and deployed advanced solutions to enable full and seamless transition in 2023.

The year also saw ongoing investments in digital transformation, human resource development and upgrading of technology infrastructure as we continue to streamline our operations and adopt analytics, data integration, and globally benchmarked data warehousing and business intelligence infrastructure. Saudi Re retains its position as the only regional reinsurer with the analytical and actuarial capabilities to understand uncertainties by leveraging risk-and-region-specific catastrophe modelling.

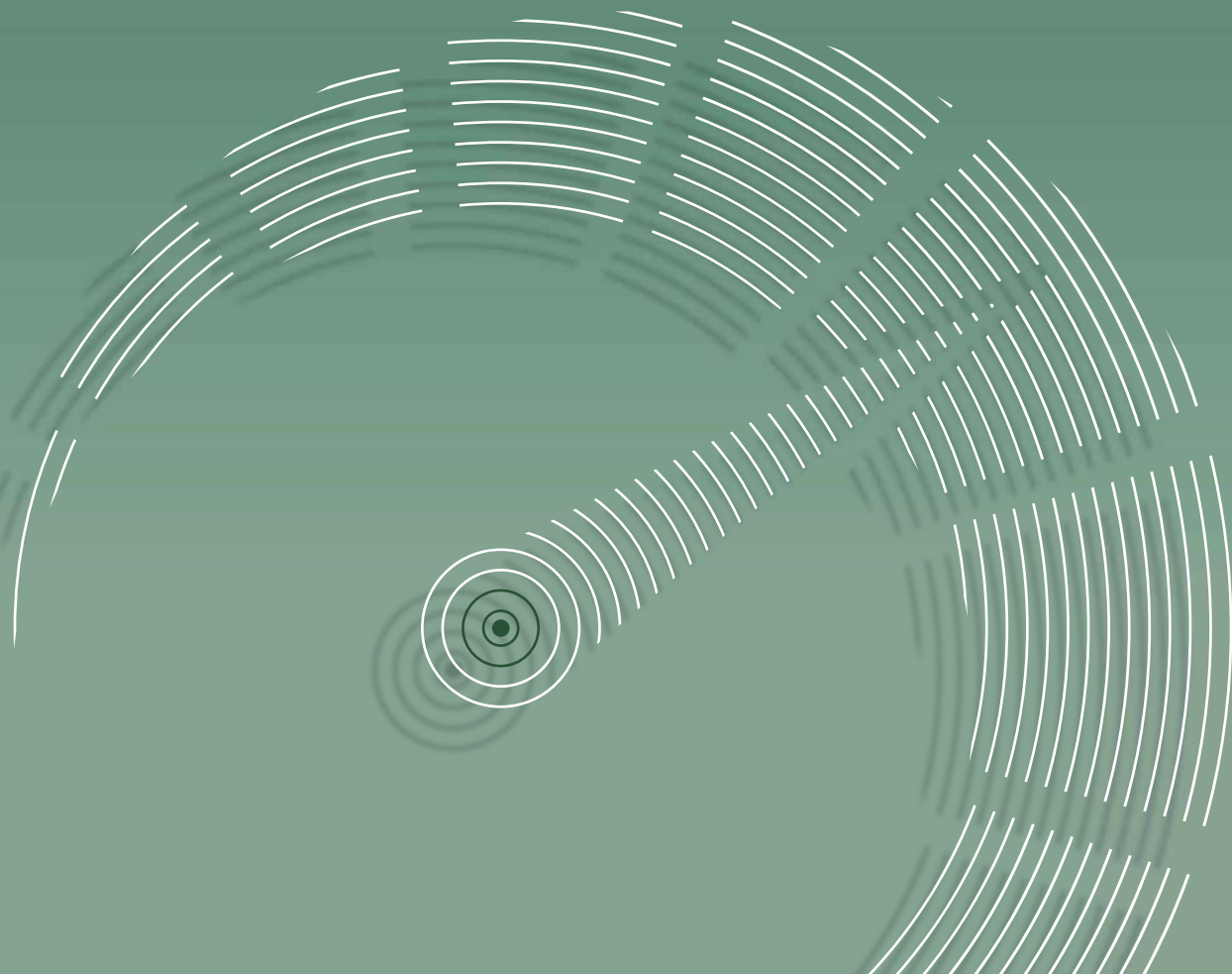
Our performance and our progress are a direct result of the dedication of our team, and their diligent efforts. I take this opportunity to express my sincere gratitude to them.

My appreciation also goes to all our clients, suppliers, partners, and other stakeholders who have contributed to our success. Thank you for your continuing support. We look forward to working with all of you as we continue to deliver exceptional value.

Fahad Al-Hesni

Managing Director and
Chief Executive Officer

BUSINESS CONTEXT, STRATEGY, AND PERFORMANCE



7. MARKET REVIEW

7.1 THE GLOBAL CONTEXT

Global economic activity, which was previously affected by the COVID-19 pandemic, was further hampered by geopolitical tensions, climate change, inflation, interest rates hikes, energy shortage were among the issues that are dominated the global agenda. These issues have created uncertainty and affected the global growth prospects.

The conflict between Russia and Ukraine has escalated into a wider geopolitical crisis. Throughout 2022, the ongoing conflict in Ukraine had a significant impact on prices of key commodities such as oil, gas, steel, and grain. The disruption to global energy markets accelerated the already fragmented supply chains. The conflict in Europe swept the global economy back into crisis mode, affecting global growth prospects, which were estimated to be 3.4% in 2022ⁱ. However, reopening of economies, particularly in China towards the end of the year, led to a faster-than-anticipated recovery.

Global equities decreased by \$14 trillion USD and are on track for their second-worst year ever, with nearly 20% in losses. In addition to the decline driven by the war in Ukraine, combined with rampant inflation: several interest rate hikes, and rallies of 10% or more during this time, have contributed to high volatility in the markets.

Inflation, which remains higher than seen in several decades, is a significant concern in many countries, impacting household budgets and eroding purchasing power. The causes of inflation

are complex, including supply chain disruptions, rising energy prices, and government stimulus spending.

Central banks reacted and increased interest rates in response to inflationary pressures, in an attempt to curb curb inflation but also slow economic growth and increase the cost of borrowing for consumers and businesses, which are also grappling with higher transportation and labor costs. The challenge for policymakers is to strike the right balance between controlling inflation and supporting economic growth.

The performance of capital markets reflected the broader economic environment. The pandemic created significant volatility in markets, and uncertainty around inflation and interest rates is likely to continue to impact investor sentiment.

The transition to renewable energy is crucial for tackling climate change, but it presents challenges in terms of energy security. The disruption of global supply chains, geopolitical tensions, and extreme weather events have the potential to impact energy supply and push up global energy prices.

The economic outlook is heavily dependent on the calibration of monetary and fiscal policies, the course of the war in Ukraine, and growth prospects in China. Governments, businesses, and individuals must prioritize resilience as a key element of their strategies for the future. This means investing in infrastructure, diversifying supply

chains, and building more robust social safety nets. (Re)insurance companies can play an active role in supporting resilience and offering solutions to help navigate these challenges and build a more sustainable and prosperous future.

7.2 PROSPECTS FOR THE FUTURE

The global economy is expected to experience a deceleration in growth from 3.4% in 2022 to 2.9% in 2023, with potential turnaround in 2024, to 3.1%ⁱ. The continued response of central banks to inflationary pressures, especially in advanced economies, and persistence of the conflict in Ukraine are among factors that continue to affect economic activity across the globe.

Despite a projected decline in global inflation from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024ⁱ, inflation is expected to remain above pre-pandemic levels.

After a surge of approximately 60% in 2022, energy prices are expected to decline by 11% in 2023, although they will remain 75% higher than the average of the past five years. The price of Brent crude is predicted to climb to \$92 USD per barrel in 2023, well above the five-year average of \$ 60 per barrel. Both natural gas and coal prices are projected to ease in 2023 from record highs in 2022. Although demand concerns were the more significant driver at year-end, supply risks continue to present challenges for commodity markets.

Despite commodity markets experiencing a year of difficulty and high volatility, mainly driven by supply risks, the year ended with demand concerns having taken the driver's seat. These challenges continue to persist, creating an uncertain outlook for 2023.

The MENA region is anticipating a substantial slowdown in economic activity in 2023, following a period of robust growth in 2022. Real GDP growth is forecasted to decrease from a record-high of 6.1% in 2022 to roughly 3.5% in the period of 2023-24ⁱⁱ, which will still be ahead of the general global economic performance in the same timeframe.

7.3 IMPACT ON THE INSURANCE AND REINSURANCE SECTOR

The January 2023 reinsurance market renewal was a challenging one, marking a turning point for buyers. After six years of disappointing returns and high catastrophe losses, the market began to firm in 2022, with exogenous factors such as inflation, interest rates, and climate change affecting investor sentiment. As a result, pricing for US property catastrophe and global property retrocessional business hit multi-decade highs, with reinsurers seeking narrower coverage definitions and excluding more perils. This caused difficulties for insurers navigating these changes, especially those not in peak zones.

Reinsurers saw positive returns, but insurers had to restructure their reinsurance programs and underwriting strategies. The hardening of the reinsurance market is expected to affect the entire supply chain, with retrocession prices increasing and direct providers forced to increase their retentions due to the hike in prices. Excess of Loss (XoL) agreements saw a 5% - 20% increase in prices, while underperforming accounts saw an increase of up to 50%. CAT property covers also saw a notable increase in prices in Asia, forcing direct players to increase their retention levels.

In recent years, the severity and frequency of Natural Catastrophe (Nat CAT) losses have led to significant changes in reinsurance programs in Asia. These changes include increased prices, more stringent terms, and changes in commissions, which have left insurers with no choice but to increase their retentions. However, small to medium-sized players have encountered greater difficulties in placing business due to their unbalanced capacity, and some have been forced to restructure their reinsurance programs. Additionally, international and large reinsurers have been withdrawing capacity from Asia and other emerging markets in favor of regions with higher returns. As a result, there has been a wave of restructuring in reinsurance programs in the Gulf Cooperation Council (GCC) region, resulting in a decrease in surplus business.

To achieve higher returns, reinsurers have been using sliding scales for commissions, tied to the profitability of the insurer, which has led to changes in the scale and maximum level of commissions offered. Furthermore, due to the ongoing conflict between Russia and Ukraine, new terms and clauses related to war have been introduced. Coinsurance business has also seen substantial reforms, with some reinsurance programs excluding or reducing the capacity available for conducting coinsurance operations or writing inward facultative business. The reinsurance market is currently experiencing a period of hardening, which is anticipated to persist throughout the year. Given the current investment norms and projections of no decrease in interest rates, the cost of capital for reinsurance firms is likely to increase. As a result, further hardening is expected, although the degree of its impact cannot be accurately predicted at this time. The industry is currently facing a pivotal moment. The January 2023 renewal season was marked by a convergence of macroeconomic and geopolitical events that extend beyond the regular loss experience that typically drives shifts in reinsurance market terms and conditions. Many of these variables persist and will remain fixtures in our industry's landscape for the foreseeable future. Tumultuous market conditions have arisen from the aftermath of the global pandemic combined with the war in Europe. Adjusting for the uncertainty, risk premiums have surged across asset classes worldwide.

7.4 THE LOCAL CONTEXT

Saudi Arabia's economy grew by 8.7% in 2022ⁱⁱⁱ, mainly due to a sharp increase in oil prices and rising production. Buoyed by investment, the public sector posted growth of 1.5%, while non-oil activities showed growth of 6.0%ⁱⁱⁱ. Non-oil private sector activity is forecast to continue to grow around 6% annually over the next three to five years. Growth in non-oil areas is consistent with the Saudi Vision 2030. The Kingdom expects to post a second consecutive budget surplus in 2023, despite the uncertain global economic outlook and lower crude prices, which look set to weigh on oil export revenues. Projections envisage a more conservative growth rate of 3.7% in 2023^{iv}. In the medium to long-term, economic recovery could be supported by the government's capital spending.

The GDP of the Kingdom expanded by 5.4% in the fourth quarter of 2022, compared to the corresponding quarter in 2021. The Saudi economy ranked highest among the G20 countries, with the Kingdom ranking first in terms of ease of starting a business. Saudi Arabia's GDP growth, the fastest in almost a decade, exceeded expectations and posted one of the strongest performances among G20 nations. Contribution to GDP growth of the oil sector, which averaged 2.76% from 2011 until 2022, reached an all-time high of 22.88% in the second quarter of 2022.

The promotion of local content development has emerged as a crucial driver of growth in the Vision 2030, with many sectors such as the insurance industry actively pursuing this strategy. The goal of local content development is to enhance competitiveness and bolster

socio-economic value by shifting production of goods and services towards local entities. This has been demonstrated in the insurance sector through new regulations issued by the Saudi Central Bank (SAMA) setting a new mechanism for reinforcing the minimum cession rates of the reinsurance premiums to the domestic reinsurance market to gradually reach 30% by 2025.

The adverse results experienced by the automotive market in Saudi Arabia played a pivotal role in reshaping reinsurance programs. As a result, quota share programs became very rigid and expensive for direct players, leading them to increase their retention rates and rely on XoL agreements. This transformation in the local insurance market has led to insurers needing to revisit their business strategies, due to the large portion of risk being retained, which carries the potential to cause serious profitability issues and other complications. Therefore, it has become crucial for insurers to ensure adequate pricing and increase motor insurance rates.

Despite the reshuffling that led to a reduction in the size of quota share operations, from a reinsurer's perspective, this is considered a positive development. A number of quota share treaties were discontinued, and XoL agreements are likely to encourage adequate pricing of risk. Similar principles have become applicable to medical insurance, as for some providers, even the price of XoL agreements was prohibitively high, leading them to retain 100% of the business. The inflation in medical costs, coupled with the additional benefits introduced by the Council of Health Insurance (CHI), has raised the cost of medical insurance. Providers therefore opted to retain a larger share of their medical portfolio.

Insurers must adopt an adequate pricing strategy for both motor and medical insurance, as they are retaining more risk. Underwriting criteria must also be improved, while financial and human capabilities must be enhanced to cope with the new market conditions.

Over the past three years, SAMA has directed players to strengthen their capitalization to improve retention rates. SAMA worked on enhancing the capacities of insurers to increase the market retention and take the industry to the next level. The ultimate goal is to create professional risk carriers instead of maintaining transacting business similar to intermediaries. With the new market conditions and SAMA's endeavors, companies are likely to become more cautious in fronting business and will give more weight to quality.

Furthermore, implementation is underway of the new International Financial Reporting Standard (IFRS) 17, which will be applicable in the Kingdom from the beginning of 2023. Currently, insurance companies are in the implementation and audit phase of the dry-runs for SAMA submission, and some of the common challenges for insurance companies include extracting data from the current systems for input into IFRS 17 models.

In order to capture current opportunities in the Saudi insurance market, given the economic boom the Kingdom is experiencing, businesses must improve their performance and strengthen their capabilities.

7.5 SAUDI RE'S RESPONSE

The Company has maintained focus on strengthening its presence in the home market and leverage its unique position to seize growth opportunities its home market while maintaining a healthy balanced portfolio with healthy composition of local and international business. This has resulted in a growing the book of business by 26% driven by growth in the Saudi and Middle East segments. The Company is also eyeing opportunities to benefit from the increase of the reinsurance prices as a result of the hardening market and rigid terms, while optimizing its retrocession programs. Additionally, Saudi Re's "A-" rating by S&P Global Ratings has enabled us to access quality markets and unique treaties, giving us the confidence to tap into different segments of the market.

With the increase of natural catastrophe risks, Saudi Re takes actions to closely monitor its exposure to these risks and continue to invest in actuarial and analytical tools to help develop comprehensive insights into risk exposure and accumulation modelling including the acquisition of RMS catastrophe modelling services and tools.

Being the only specialized reinsurer in the local market, Saudi Re has been actively engaged with the regulators and market participants to provide support to the new local retention mechanism. Furthermore, the Company continued to effectively

lead the Insurance Defects Insurance (IDI) program and avail significant capacity directly and through partnerships with international reinsurers, which resulted in writing a considerable increase of the premiums written under IDI class which represented 28% of the overall portfolio in 2022.

Saudi Re remains committed to its ambitious growth strategies, and we are in the process of increasing our capital to strengthen our financial capabilities through a capital increase in 2023.

To adapt to the financial markets developments, Saudi Re has proactively taken decisions to reallocate its investments by increasing its holdings in money markets and fixed income assets while maintain healthy solvency and liquidity levels.

Probitas Holdings (Bermuda), in which Saudi Re acquired a 49.9% share in 2017, is registering strong performance and opening doors to write business from international markets through its Lloyd's syndicate. This acquisition is one of our strategic tools to expand international business and tap into the Lloyd's market. Saudi Re is also eyeing other acquisition opportunities that can help us grow in a prudent manner. Our goal is to become one of the top 50 global reinsurers by 2026, and we believe this is achievable, with a solid plan and our unwavering commitment to reaching our objectives.

Saudi Re tailors its sustainability approach to emphasize the importance of ESG principles; demonstrating its commitment to responsible business practices. As an organisation that is guided by Sharia principles, sustainability is ingrained in Saudi Re's investment practices. We avoid investments that negatively impact society, while actively promoting equality, inclusion and economic prosperity.

Saudi Re actively monitors changes in regulations and accounting standards. To ensure the Company is well-prepared to handle emerging risks and evolving market trends, we regularly perform assessments using an enterprise risk management framework and a strategic planning framework.

In terms of governance, Saudi Re has a strong structure in place to protect the rights of its shareholders and other stakeholders, while also ensuring compliance with applicable laws, regulations, and directives issued by regulatory bodies.

¹ International Monetary Fund. 2023. World Economic Outlook Update, January 2023.

² S&P Global Market Intelligence. 2022. MENA region's economic growth to slow after strong 2022, December 2022.

³ General Authority for Statistics (GASTAT). 2022. GDP and National Accounts Q3/2022. Riyadh, KSA.

⁴ World Bank. 2023. Global Economic Prospects, January 2023. Washington, DC: World Bank.

8. STRATEGIC DIRECTION

Placing our mission “To evolve into a large and diversified reinsurer contributing to the growth of our economy and be ranked among the Top 50 global reinsurers” at the center of what we do. Saudi Re has developed “Strategy Towards 2026”, a comprehensive roadmap that will enable the Company to become a reliable provider of reinsurance solutions that meet the evolving needs of the market and help drive economic development.

The strategy encompasses:

- Evolving with the Saudi Arabian regulator's direction for the local insurance and reinsurance market.
- Considering the global trend towards consolidation for scale benefits in the reinsurance market.
- Aligning with national objectives for the insurance and reinsurance sector.
- Focusing on building shareholder value.

Saudi Re focuses on solidifying its status as a national champion by pursuing two primary strategic objectives that facilitate growth both locally and internationally.



Building and expanding core objectives

Supporting local cession program and targeting up to 30% of total reinsured premiums by local insurers.

Leading and managing local reinsurance pools in partnership with international (re)insurers to effectively manage risks.

Leveraging existing international investments to expand geographically and promoting knowledge transfer for writing local business.



Expanding into global markets

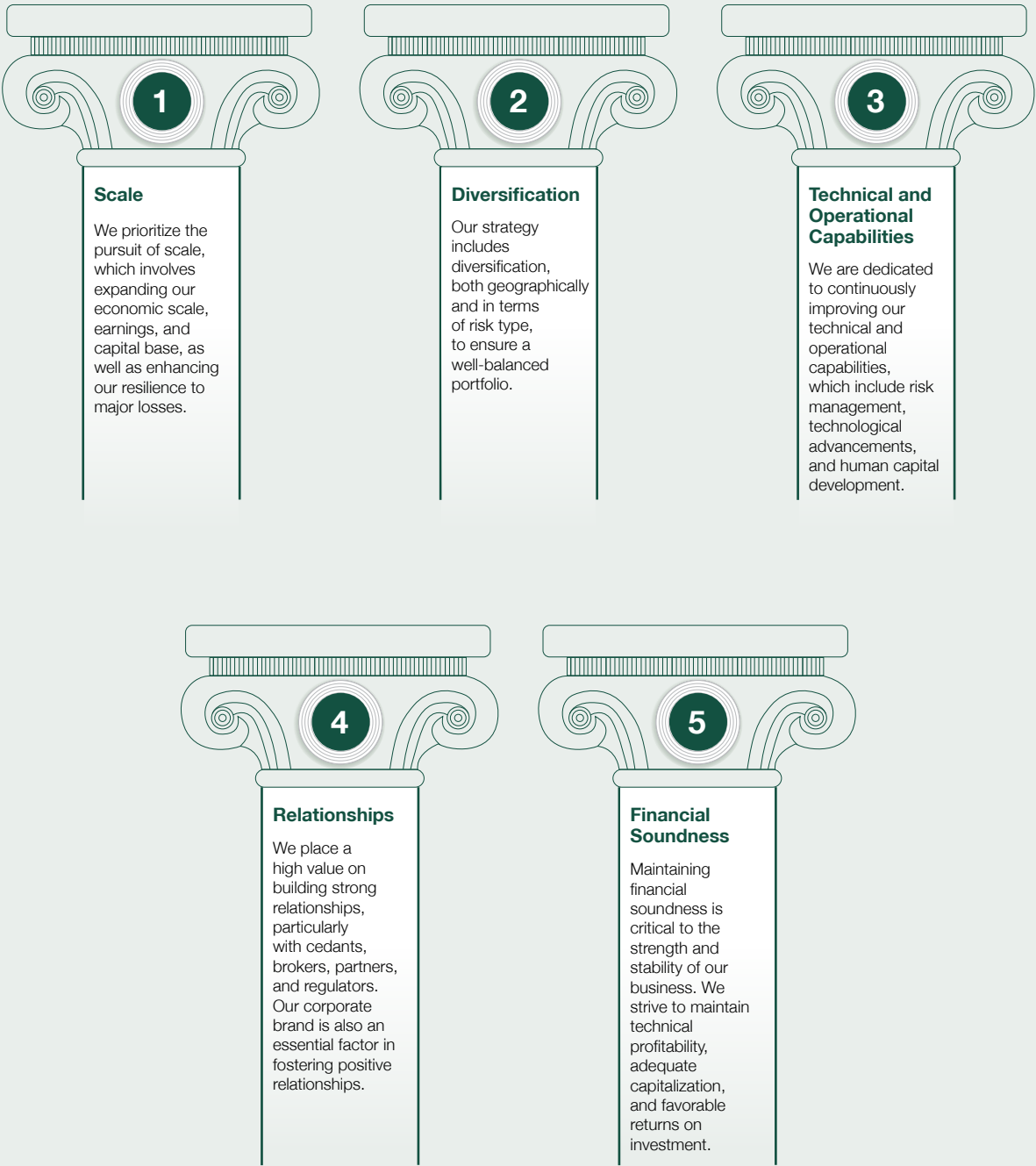
Expanding internationally into global markets to achieve business and geographical diversification and to capitalise on benefits of scale.

Saudi Re aims to support the Kingdom's national agenda by:

- Providing robust and dependable protection for national assets against a wide variety of risks.
- Promoting economic growth and facilitating access to long-term capital by retaining reinsurance premiums within the local market, and avoiding outward foreign exchange flows.
- Generating local employment opportunities for highly skilled professionals.
- Offering proximity and to leverage its knowledge of the local market to provide superior service to cedants.

By implementing the aforementioned strategy, along with the necessary capability development and balanced global expansion, Saudi Re is poised for growth, profitability, and diversified risk exposure.

The strategic plan was formulated with careful consideration of a range of market trends, including economic, geopolitical, social, technical, and technological factors. The strategy continues to center around the following five pillars:



Growing economies of scale is a crucial aspect of our strategy, as it enables us to reduce volatility and absorb large losses more easily. By attaining economies of scale, we can make larger investments in developing our capabilities and enhancing our operational efficiency. Furthermore, our scale benefits enable us to earn investment income from premium floats, thereby boosting our investment performance.

To support our expansion efforts, we will continue to explore opportunities in high-growth markets in the Middle East and Asia. The strength of the Saudi Re brand and our cooperative model provide further advantages in these markets.

Diversification is a crucial element of our strategic approach, enabling us to minimize correlated risks, concentration risks, and accumulation risks: ensuring a more balanced reinsurance portfolio is maintained with reduced volatility. Our efforts to diversify globally have resulted in a sound portfolio that consists of over 40 markets in the Middle East, Asia, and Africa. At present, our international business accounts for 44% of our portfolio.

Saudi Re also continually strives to build strong capabilities that span the entire gamut of operations in the reinsurance industry. Our underwriting team possesses strong professional skills and an in-depth understanding of the regional risk profile, guided by clearly defined risk appetite parameters. Actuarial and analytical teams work closely with the underwriters to judiciously to better manage our underwriting portfolios, while our streamlined claims management, supported by technical accounting, ensures efficient operations. Saudi Re actively utilizes retrocession

to manage risk exposure and mitigate the impact of volatility. Furthermore, our growth and decision-making processes are supported by our advanced capital modeling capabilities, allowing us to make informed and effective decisions.

At Saudi Re, we pride ourselves on our comprehensive operational capabilities. Our team possesses advanced technological, decision-making, and human resources skills. Our client servicing is well supported by advanced technological, analytical, and communication infrastructure, which enables us to be highly responsive to client needs. Our lean and cost-efficient infrastructure allows for efficient operations. We take a holistic approach to risk management, implementing prudent policies and programs and closely monitoring the risk management process through the risk, technical, and Audit Committees of the Board.

Looking to the future, we are committed to leveraging our competitive advantage in the Saudi market by not only retaining our market share but also capitalizing on the growth opportunities presented by the expanding Saudi economy. Saudi Re is also determined to utilize its expertise and experience in the reinsurance industry to achieve sustainable long-term growth in inherent defects insurance and other classes.

Our strategy involves building and strengthening long-term relationships with clients and brokers, which is managed prudently by our skilled underwriting teams. We seek to establish strong links with high-value counterparties, and our markets in Asia are served by the branch in Kuala Lumpur.

Brokers are also integral to our business process. Through leveraging the strong links, we have established with retrocession insurers, we are able to increase our capacity by reducing risk.

To maintain the financial health of the Company, financial soundness is continuously monitored using indicators for all criteria, including:

- Capital adequacy and solvency – measured by relevant ratios and internal capital model
- Asset quality – includes quality of investment portfolio and asset liability matching
- Retro and actuarial provisions – strong reserving and a high-quality retrocession program are in place
- Management strength – effective enterprise risk management program
- Earnings and profitability – measured by relevant ratios
- Liquidity – a highly liquid investment portfolio is maintained
- Sensitivity to market risk – limited exposure to equity markets

8.1 OVERVIEW OF NEW DEVELOPMENTS IN 2022

Capital Increase

In April 2022, corresponding to 05/09/1443H, the Board of Directors made the recommendation to increase the Company's capital through a rights issue of 50%, with a targeted amount of SR 445.5 million. The main reason for the increase was to strengthen Saudi Re's capital base and support its future expansion activities.

Furthermore, Saudi Re obtained SAMA's approval in May 2022 corresponding to 24/10/1443H. The approval indicated the Company had met all the necessary regulatory requirements to proceed with the capital increase. Al Rajhi Capital was appointed financial adviser to manage subscriptions to the rights issues.

8.2 NEW MECHANISM FOR LOCAL RETENTION OF REINSURANCE PREMIUMS

The Implementing Regulations issued by the Saudi Central Bank in 2003 require companies to reinsure at least 30% of its total premium in Saudi Arabia. In October 2022, SAMA introduced a new mechanism aiming at improving the enforcement of local retention of reinsurance premiums within the Kingdom and increasing the insurance sector's contribution to the local content,. This new mechanism requires insurance companies to cede a share of all their reinsurance treaties, proportional and non-proportional, to the local resonance market with effect from 1 January 2023.

The cession share, under the new mechanism, starting at 20% in 2023 will gradually increase to 25% in 2024 and 30% in 2025. This new mechanism is expected to strengthen the domestic reinsurance ecosystem and enable the national reinsurance market to play an active role. The increased retention of reinsurance premiums within the Kingdom is expected to have a positive economic impact and contribute to the financial stability of the sector. Being the only specialized local reinsurer, Saudi Re is well-positioned to support the implementation the new mechanism and benefit from potential growth of its home market.

8.3 INHERENT DEFECTS INSURANCE (IDI) PROGRAM

In August 2020, Saudi Re announced the signing of an exclusive reinsurance contract with Malath Insurance Company on behalf of the Saudi insurance industry's participants in the Inherent Defects Coinsurance Program. As part of the arrangement, Saudi Re acts as the exclusive reinsurer for the Saudi Arabian Inherent Defects Coinsurance Program for five years.

The Inherent Defects Insurance (IDI) became a mandatory requirement for contractors involved in private sector construction projects, following the Council of Ministers Resolution No. 509 issued on 5 June 2018. To support the implementation of the IDI program, SAMA issued a standard policy wording for the IDI cover.

The IDI policy has a duration of 10 years for the cover; Saudi Re has put in place retrocession protection as a risk management measure to manage this long-tail business.

The IDI program underwent various implementation phases and during the year 2022 the program witnessed and improved enforcement. Saudi Re has booked SR 394.5 million of gross written premiums (GWP) under IDI class of business and represented 28% of Saudi Re's 2022 GWP. This IDI program is among the key strategic initiatives as the advancement of IDI implementation stimulates growth for Saudi Re and reflects on its financial performance.

8.4 CREDIT RATINGS

The credit rating of an insurance company plays a critical role in the sector, as it indicates the Company's level of solvency and creditworthiness, its ability to meet its obligations to customers and creditors, and its financial performance. Credit ratings also assist investors in assessing a company's strategic approach, risk management, and governance.

Saudi Re was assigned an "A-" long-term issuer credit and insurer financial strength rating and a "gcAA+" GCC regional scale rating, with a stable outlook, by S&P Global Ratings in December 2022. S&P noted that Saudi Re has continued to strengthen its competitive position through profitable business growth and diversification. The Company's exposure to catastrophe and other large risks is relatively modest, and it maintains capital adequacy above the "AAA" level in S&P's model. The stable outlook reflects S&P's expectation that Saudi Re will maintain excellent capital adequacy and continue to profitably expand and diversify its business over the next two years. S&P also views Saudi Re's governance practices as effective and appropriate, and the consistency in strategy, and management expertise and experience as a benefit to the Company.

Moody's affirmed Saudi Re's "A3" Insurance Financial Strength Rating (IFSR), with a stable outlook, in June 2022. The rating reflects the Company's strong brand and market position in Saudi Arabia as the sole reinsurer and its growing presence in the target markets of Asia, Africa, and Lloyd's. It also reflects Saudi Re's preferential position in the Saudi market and its strong asset quality evidenced by its conservative investment portfolio. The rating also reflects the Company's strong capital adequacy, non-existent leverage, and good access to capital markets in Saudi Arabia, given its listing on the Saudi stock market, in addition to a broad investor base. The expanded capital base is expected to provide a platform that helps Saudi Re strengthen its market position in the broader Middle East region while providing additional capacity to support insurance market growth in Saudi Arabia and pursue further international expansion opportunities to diversify its business in line with the Company's strategic plan.

The two A-level ratings, A- from S&P and A3 from Moody's, reinforce the confidence of clients, shareholders, regulators, and all stakeholders of Saudi Re and its future. These ratings are critical in ensuring Saudi Re's financial ability when dealing with reinsurers and in supporting the Company's growth efforts in the international markets.

8.5 PERFORMANCE AGAINST OUR STRATEGY

8.6 COMMON SUCCESS FACTORS IN THE REINSURANCE INDUSTRY AND PROGRESS OF SAUDI RE

Success Factors	Description	Saudi Re's Progress
Clear strategy and proposition	<ul style="list-style-type: none"> Clear value proposition boosts market perception Established role with brokers and cedants ensures steady premium income from targeted segments 	<ul style="list-style-type: none"> Evolving into a large and well diversified reinsurance company Strong and responsive relationships with brokers and cedants
Geographic diversification	<ul style="list-style-type: none"> Diversification across business lines and geographies improves capital efficiency and reduces loss volatility 	<ul style="list-style-type: none"> Portfolio is diversified over 9 lines of business and spread across 40+ markets
Scale benefit	<ul style="list-style-type: none"> Expanding size and profitability, enhancing capital base, and improving resilience to loss events 	<ul style="list-style-type: none"> Strong growth momentum, recording 21% CAGR 2019-2022. Progress in increasing capital base.
Strong client/distribution relationships	<ul style="list-style-type: none"> Strong ties with leading international brokers and global distribution platforms ensure ongoing business Skilled underwriters improve business generation capabilities 	<ul style="list-style-type: none"> Well-established ties with high value counterparties Named "reinsurer of the year" by Middle East Insurance Review. Market-dedicated underwriting teams prudently manage the client relationships
High limits/line leader	<ul style="list-style-type: none"> Increased limits and underwriting capacity increase attractiveness of reinsurers 	<ul style="list-style-type: none"> Growing ample underwriting capacity and prudently engaging as a lead reinsurer.
Active broad range of risks	<ul style="list-style-type: none"> Writing a wide range of risks increases visibility with brokers Exercising flexibility on terms improves relationship with brokers 	<ul style="list-style-type: none"> Engaging in the development of new products and offering main lines of business in life and non-life, both in Treaty and Facultative
"A-rated" capital	<ul style="list-style-type: none"> Required to compete for desirable business Favored by cedants and brokers 	<ul style="list-style-type: none"> Obtained an "A-" long-term issuer credit and insurer financial strength rating by S&P, with a stable outlook. Maintaining "A3" Credit rating by Moody's, with a stable outlook.
Robust technical capabilities and operational effectiveness	<ul style="list-style-type: none"> Strict underwriting, cycle management, and controls drive strong technical and investment returns Strong focus on operational efficiency leads to lower operating costs 	<ul style="list-style-type: none"> Investing in technical and technological capabilities while maintaining operating expense within acceptable range

	Gross Written Premium Growth	Combined Ratio %	Investment Return %	Return on Equity (ROE) %	Expense Ratio %	Credit Rating	Solvency Ratio %	Regional Reinsurance Ranking
2021	1,115,880	99.1	3.82	3.9	7.50	A3 Moody's	SAMA 163 S&P 125	Among Top 3 Regional Reinsurers
2022	1,403,281	96.4	2.27	3.4	10.2	A- S&P A3 Moody's	SAMA 291 S&P 133	Among Top 3 Regional Reinsurers

9. FINANCIAL REVIEW

Saudi Re has demonstrated an exceptionally strong performance that was driven by the Company's client-centric approach, commitment to market development and diversification, and adherence to sustainable business practices. This is evident in the results of operations and the growth in business volumes recorded during the year.

A forward-looking strategy enabled Saudi Re to leverage opportunities in its key classes of business and develop revenue streams across domestic and international markets. Total revenues rose to SR 942.7 million and net profit increased by 8% to reach SR 41.4 million, compared to SR 874.4 million and SR 38.3 million respectively, in 2021. Additionally, shareholder equity grew by 3.7% to reach SR 1 Billion and total assets exceeded SR 4.2 billion.

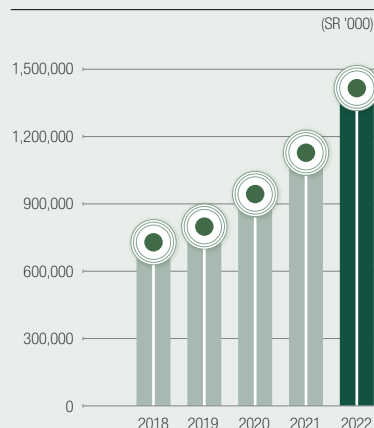
With 26% growth in Gross Written Premium (GWP) reaching SR 1.4 billion during the year and strong ratings upheld by international ratings agencies, Saudi Re is well set for a period of stable, diversified, and sustainable growth.

9.1 REVENUE

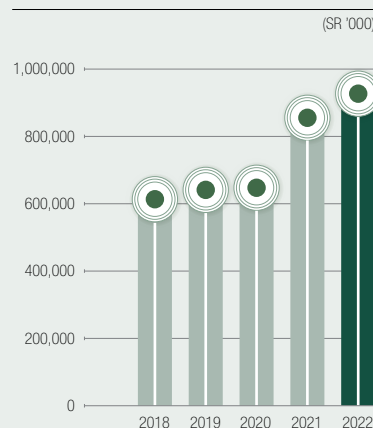
In accordance with the Saudi Arabian Insurance Regulations, separate books of accounts are maintained for policyholder operations and shareholders operations. Incomes, expenses, assets, liabilities are all attributed to either party or shared between

them. All reinsurance revenues and related costs are all attributed to the reinsurance activity. Other operating expenses and incomes are either assigned to shareholders or apportioned. Finally the bulk of the surplus income from reinsurance operations is transferred to shareholders operations. This structure is maintained parallel to the conventional account presentation.

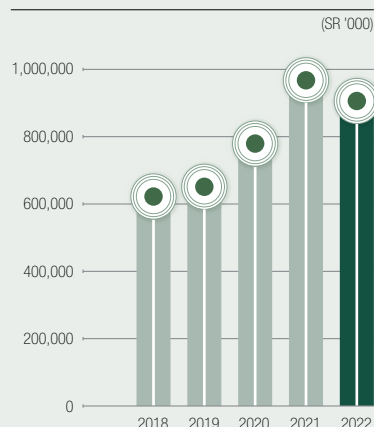
Gross written premiums



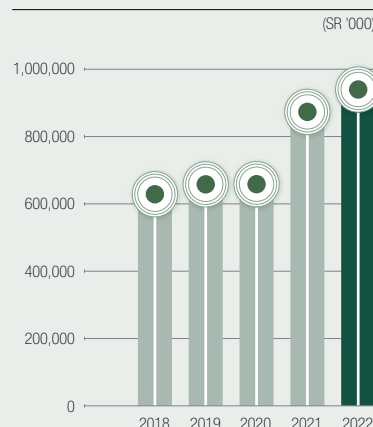
Net earned premiums



Net written premiums



Total revenues



A strong 5-year growth momentum was maintained with a 26% increase in GWP in 2022. The continuing growth of Saudi Re in 2022 was mainly driven by the Saudi and Middle East Markets, with most classes of business witnessing increases in 2022. The Inherent Defects Insurance (IDI), was a key contributor to the growth in Gross Written Premium (GWP), reaching SR 1.4 million in 2022 from SR 1.1 million the previous year. This is the highest premium recorded by Saudi Re, and holds the Company in good stead with regard to its plans for continued growth and expansion. The IDI, which represents 28% of Saudi Re's 2022 GWP, also indicates upbeat future prospects based on the company retaining exclusive privilege to reinsure the mandatory IDI program.

The home market of Saudi Arabia achieved the highest geographic growth of 63% in GWP, rising from SR 482 million in 2021 to SR 788 million in 2022. The Middle East segment also increased by 50% from SR 92 million the previous year, to SR 137 million in 2022.

The business segments of Fire, Others, and General Accidents contributed significantly to GWP growth with 19%, 19% and 18% respectively; while the IDI line of business represents 28% of 2022 GWP. This reflects Saudi Re's continuing focus on diversification and healthy spread of risks across its business classes.

The 2022 earnings were supported by a 78% increase in Underwriting (UW) results, which reached SR 127 million in 2022, compared to 71 million the previous year. Concurrently, there was an 8% increase in Total Underwriting Revenue (TUR), touching SR 942.7 million in 2022, up from SR 874.4 million in 2021. Saudi Arabia marked a 11% increase while all other territories in combination recorded 6% growth.

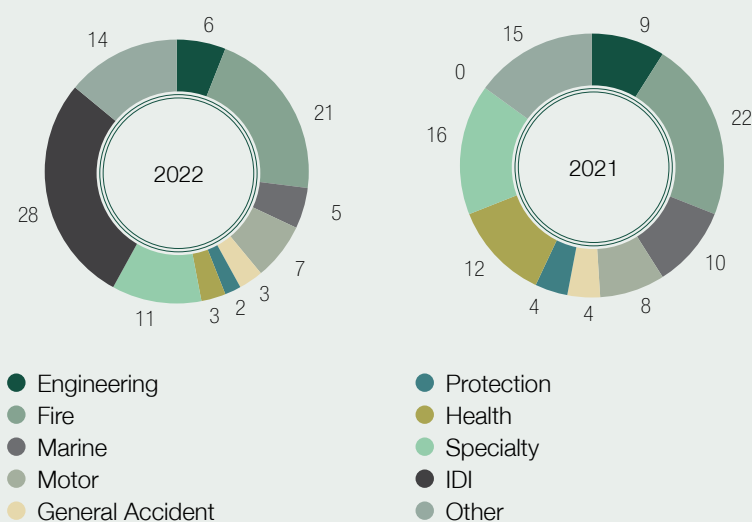
Total Underwriting Revenue (TUR)

	2022 (SR '000)	2021 (SR '000)	Change %
Within the Kingdom of Saudi Arabia	342,255	309,097	11
Outside the Kingdom of Saudi Arabia	600,452	565,308	6

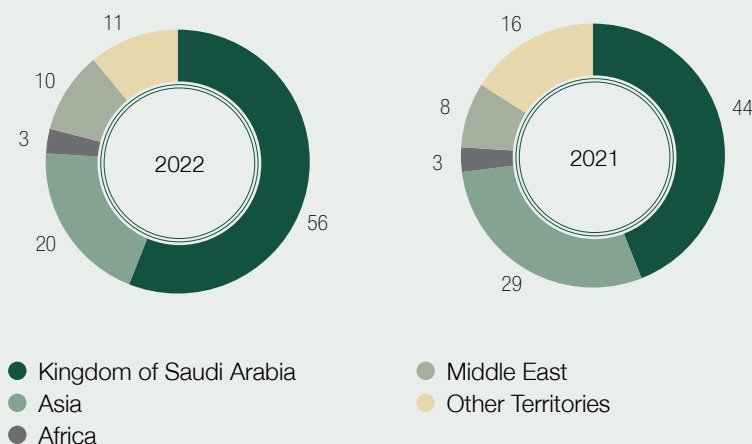
Key operational ratios (2018-2022)

	2022 %	2021 %	2020 %	2019 %	2018 %
Premium Growth	26	19	18	10	-23
Retention Ratio	64.04	85.9	83	82	85
Net Claims Ratio	64.1	66.1	61	65	66
Net Acquisition cost ratio	22.1	25.5	29	25	26
Technical Ratio	86.3	91.6	89	90	92
G&A Expense Ratio	10.2	7.50	8	8	8
Combined Ratio	96.4	99.1	97	97	100

Lines of business (%)



Geographical diversification of the portfolio (%)



9.2 UNDERWRITING COSTS AND EXPENSES

Although net claims increased by 5% overall when compared to last year, the Loss Ratio dropped by 2 points to reach 64.1% against 66.1% the previous year. Change was mainly on account of non-renewals of unprofitable contracts and better management of exposures lines of business such as Life, Marine Hull, and Health. Net Acquisition Cost saw a decrease of 3.3 points compared to the previous year, primarily due to reduction in the Special Risk line of business, which saw reductions due to increase in the loss ratio.

9.3 NET INCOME

Net income for policyholder operations more than doubled in 2022, reaching SR 5.3 million from 2.5 million in the previous year, while net income for shareholders' operations showed a stable increase to SR 56.7 million in the current year, up from SR 53.3 million in 2021.

Total income attributed to the reinsurance operations



Underwriting costs and expenses (2018-2022)

	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Gross claims paid	(537,845)	(471,216)	(481,191)	(436,701)	(389,327)
Retroceded share of claims paid	75,974	61,707	181,476	60,006	24,638
Net claims incurred	(595,044)	(565,312)	(391,980)	(417,070)	(404,054)
Policy acquisition costs and profit commissions	(218,199)	(232,404)	(194,682)	(172,781)	(172,472)
Other underwriting expenses	(1,995)	(5,063)	(4,002)	(3,616)	(1,997)
Total underwriting costs and expenses	(815,238)	(802,779)	(590,665)	(593,467)	(578,523)
Net underwriting income	127,468	71,626	69,149	67,244	51,560

Net income for the year before Zakat and tax attributable to the shareholders



Investment Income

The interest rate hike experienced during the year resulted in underperformance of the available for-sale fixed income and listed equity investments, which impacted the Company's net profit.

	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Shareholders' investment net income	26,645	42,969	33,765	36,341	9,702
Reinsurance investment net income	1,666	3,975	3,674	9,139	4,936
Total net investment income	28,311	46,944	37,439	45,479	14,638

Total comprehensive income (2018-2022)

	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Net income for the year	41,479	38,310	45,918	45,444	13,721
Other comprehensive income / (loss)	(8,721)	(2,124)	2,190	(3,021)	3,036
Total comprehensive income for the year	32,758	36,185	48,109	42,423	16,758

	2022 (SR '000)	2021 (SR '000)	Change %
Total income for the year before Zakat and tax	62,104	55,886	11
Total income attributed to the reinsurance operations	(5,359)	(2,571)	108
Net income for the year before Zakat and tax attributable to the shareholders	56,744	53,315	6
Zakat and tax charge for the year	(15,265)	(15,006)	2
Net income for the year after Zakat and tax attributable to the shareholders	41,479	38,309	8
Basic and diluted earnings per share for the year (SR)	0.47	0.43	9

9.4 ASSETS

The Company's GWP growth was also reflected in Assets, which increased by SR 1.1 billion, led by Accrued reinsurance premiums and retroceded share of unearned premiums at 582% and 560% growth, respectively. Meanwhile, net technical reserves reached SR 1.7 billion as of 31 December 2022.

Assets for the period (2018-2022)

	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Cash and cash equivalents	31,556	27,807	13,157	13,169	31,886
Time deposits	746,956	243,382	193,459	378,031	270,132
Accrued special commission income from time deposits	7,674	2,310	3,211	7,974	2,080
Reinsurance premiums receivable, net	320,974	242,230	293,755	233,392	200,024
Investments held at fair value through income statement	287,154	803,584	512,081	417,848	552,574
Held-to-maturity investments	387,652	298,022	184,023	37,500	0
Accrued dividends and special commission income from bonds, sukuk and held-to-maturity investments	5,176	6,810	6,181	2,793	2,664
Accrued reinsurance premiums	1,077,467	680,470	594,263	467,071	409,778
Retrocession balances receivable	23,731	13,064	29,509	11,744	11,432
Retroceded share of unearned premiums	449,092	67,953	71,862	50,837	33,081
Deferred excess of loss premiums	15,410	12,050	12,784	–	–
Retroceded share of outstanding claims	167,701	149,333	154,674	282,719	198,433
Retroceded share of claims incurred but not reported	31,631	38,033	45,796	34,812	59,937
Deferred policies costs	231,430	168,598	149,403	106,279	99,896
Prepaid expenses, deposits and other assets	148,418	246,581	289,099	244,640	208,959
Due from shareholders' operations	0	0	0	0	0
Property and equipment, net	36,379	37,156	33,625	33,576	32,589
Investment in an equity-accounted investee	156,803	142,000	120,141	101,446	97,294
Statutory deposit	89,100	89,100	81,000	121,500	121,500
Accrued income on statutory deposit	22,084	20,962	20,186	17,992	15,549
Total Assets	4,236,390	3,117,469	2,808,210	2,563,323	2,347,806

9.5 LIABILITIES

Liabilities for the period (2018-2022)

	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Accounts payable	70,483	44,042	31,975	39,929	19,928
Margin loan payable	56,797	56,797	23,117	–	–
Retrocession balances payable	136,374	48,772	77,220	46,173	22,899
Accrued retroceded premiums	333,254	35,492	39,812	21,741	15,840
Unearned premiums	1,000,718	648,869	548,541	401,998	380,171
Outstanding claims	822,405	782,991	716,947	737,229	662,467
Claims incurred but not reported	533,121	427,397	350,742	355,255	330,481
Unearned retrocession commission	104,561	17,150	15,805	8,396	6,410
Accrued expenses and other liabilities	105,133	29,897	23,861	19,421	12,547
Employees' end of service benefits	13,868	12,288	10,673	8,829	6,594
Provision for Zakat and tax	17,533	15,266	15,174	23,742	38,244
Accrued commission income payable to SAMA	23,219	20,962	20,186	17,992	15,549
Total liabilities excluding reinsurance operations' surplus	3,217,464	2,139,923	1,874,052	1,680,705	1,511,130

9.6 EQUITY

Shareholder equity increased by 3.7% from SR 963 million to SR 1 billion by end of 2022. In April 2022, Saudi Re's Board of Directors made a recommendation to increase the company's capital through a rights issue of 50%, with a targeted amount of SR 445.5 million. This was approved by the Saudi Central Bank (SAMA) in May 2022, indicating that all necessary regulatory requirements have been met. Al Rajhi Capital has been appointed as the financial adviser to manage subscriptions to the rights issues.

Raising the capital from SR 891 million to SR 1.336 billion will strengthen the capital base and support future expansions – domestic and international – under the umbrella of Strategy Toward 2026. At the same time, this agenda will boost Saudi Re's ongoing efforts to generate better returns and create greater shareholder value.

9.7 DIVIDENDS

No cash dividends were distributed for 2022.

9.8 DIVIDEND POLICY

To achieve suitable returns to the Company's shareholders in one or more of the following:

- (1) Distribution of cash dividends to the shareholders taking into consideration the financial position of the Company, solvency margin requirements, available credit lines, and the general economic situation.
- (2) Stock dividends taking into consideration the requirements and conditions related to retained earnings and other stockholders' equity in the balance sheet.
- (3) Shareholders who are registered at the end of trading before the General Assembly at which dividend preminent is approved will be entitled for the dividends.
- (4) The Company pays the profits to be distributed to the shareholders at the dates specified by the Board of

Directors. According to the Articles of Association of the Company, profits are distributed according to the decision of the General Assembly, and this is done as follows:

- Set aside Zakat and assessed income tax.
- Set aside 10% of the profit to form a statutory reserve and the Ordinary General Assembly may stop this appropriation when the total reserve reaches 30% of the paid-up capital.
- Once determining the stock shares in net profits, the Ordinary General Assembly has the right to form other reserves, to the extent that it achieves the interest of the Company or ensured distribution of fixed profits to shareholders.
- After that, the first payment shall be distributed to the shareholders, with the condition that it is not less than 1% of the paid-up capital.

9.9 ZAKAT, TAXES, FEES, AND OTHER CHARGES

Description	Reasons	Paid Amount (SR '000)	Outstanding amount at end of financial period (SR '000)
Zakat and income tax	The Company's share according to Zakat and tax regulations in the Kingdom	12,998	17,533
WHT	The Company's share according to Zakat and tax regulations in the Kingdom	2,050	467
VAT	The Company's share according to Zakat and tax regulations in the Kingdom	45,830	19,644
SAMA fees	Supervision fees for the Central Bank of Saudi Arabia	6,017	1,032
GOSI	Social insurance contributions for Company employees to the General Organization for Social Insurance	2,588	243

9.10 SOLVENCY AND RATING

Capital adequacy

- Solvency Margin
 - 291% (SAMA)
 - 133% (S&P)
- Total equity reached SR 1 billion

9.11 CREDIT RATINGS

S&P Global	2022
long-term issuer credit and insurer financial strength	A-
GCC regional scale rating	gcAA+

S&P highlighted that Saudi Re has continued to strengthen its competitive position via profitable business growth and diversification in recent years, thanks to local and international expansion. In its report published on 16 December 2022 S&P mentioned that Saudi Re's exposure to catastrophe and other large risks is relatively modest and the company maintains capital adequacy above the "AAA" level in S&P's model.

According to S&P, the planned capital increase through a rights issue in early 2023 will further support Saudi Re's growth plans. The stable outlook reflects that Saudi Re will maintain excellent capital adequacy and continue to profitably expand and diversify its business over the next two years.

Furthermore, S&P views the governance practices at Saudi Re as effective and appropriate. It also regards the consistency in strategy and management's expertise and experience as a benefit to the Company.

Moody's	2022
Insurance Financial Strength Rating (IFSR) international scale	A3
Insurance Financial Strength Rating (IFSR) National scale	A1.sa

The financial rating of Saudi Re reflects its:

- (i) Strong brand and market position in Saudi Arabia as the sole Saudi professional reinsurer as well as a growing presence in its target markets of Asia, Africa and Lloyd's.
- (ii) Preferential position in Saudi market due to a right of first refusal on a portion of premiums ceded by primary carriers in the Saudi market.
- (iii) Strong asset quality exemplified by its conservative investment portfolio.
- (iv) Good capital adequacy, both in terms of capital levels, and relatively modest exposure to natural catastrophe risk.
- (v) Strong financial flexibility with non-existent leverage and good access to capital markets in Saudi Arabia given its listing on the Saudi stock exchange, and broad investor base.

9.12 PROSPECTS AND
OUTLOOK

The global reinsurance market has shown considerable hardening on account of inflation, rising interest rates, reducing retro/reinsurance capacities, and the ongoing Russia-Ukraine conflict.

In Saudi Arabia, systemic volatility caused by increasing interest rates and foreign currency fluctuations affected the first half of 2022. Given the current investment norms and projections of no-decrease in interest rates, the cost of capital for reinsurance firms is likely to increase. As a result, some hardening is expected locally, although the degree of its impact remains unpredictable.

SAMA introduced a new mechanism in October 2022 to improve enforcement of local retention of reinsurance premiums within the country. According to this mechanism, insurance companies are required to cede a share of all their reinsurance treaties, proportional and non-proportional, to the local resonance market with effect from 1 January 2023. The cession share which starts at 20% will gradually increase to 25% in 2024, and 30% in 2025.

This increased retention of reinsurance premiums is expected to have a positive impact on the domestic insurance market, strengthen the financial stability of the sector, and enable the national reinsurance market to play a more active role.

Saudi Re continues to maintain a well-balanced underwriting portfolio with 44% international business, while keeping focus on risk selection which in turn reflects positively on the underwriting performance. The company has recorded decent growth on the back of business written in other

markets, especially in Asia, and this opens up other opportunities in the region. Additionally, Saudi Re’s ‘A-’ rating from S&P Global Ratings enables access to quality markets and unique treaties, and the confidence to tap into different market segments.

Probitas Holdings (Bermuda), in which Saudi Re acquired a 49.9% share in 2017, is registering strong performance and this opens more doors to write business from international markets via their Lloyd’s syndicate. The company is also open to other acquisitions that can help us grow in a studied and sensible manner, and help is achieve the goal of become one of the world’s top 50 global reinsurers by 2026.

Saudi Re remains committed to its profitable growth strategy, and seeks to seize the opportunities resulting from favorable developments in the local market and hardening trend in the global reinsurance market.

9.13 PROBITAS HOLDINGS
(BERMUDA) LIMITED

On 6 October 2017, Saudi Re have acquired 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited (“PHBL”) for a total of \$ 25 million (SAR 94 million). Subsequently in June 2020 a further \$ 985,840 (SAR 3.7 million) was invested in PHBL. Saudi Re has accounted for this investment as an associate (equity accounted investee).

The carrying value of the investment as at 31 December 2022 is SAR 156.8 million. PHBL operates in insurance and reinsurance businesses including Lloyd’s market in London, United Kingdom.

Probitas Group via its wholly owned subsidiary Probitas Corporate Capital Limited (PCCL) provides capital to Syndicate No. 1492 which is a syndicate at Lloyd’s of London specializing in property, construction and casualty (re)insurance solutions. Probitas Managing Agency Ltd. which also is a wholly owned subsidiary of Probitas Group manages the Syndicate 1492.

In addition to its investment in PHBL, Saudi Re also writes reinsurance contracts from PCCL. During the financial year these contracts had an estimated gross written premiums (GWP) value of SAR 158.7 million. The contributions of these contracts to the underwriting profitability of Saudi Re book is shown within the Segmental Information under the headings; Specialty in Business Segments and Other Territories in Geographical Segments.

Representing Saudi Re Mr Hesham Al-Shaikh, Chairman, Mr Fahad Al-Hesni, Managing Director and Mr Jean-Luc Gourgeon, Non-Executive Director are holding Non-Executive Director positions of PHBL and its Subsidiaries (Probitas Group) Boards. By virtue of these Board memberships an indirect interest is present in the reinsurance contracts written by Saudi Re from PCCL. (As disclosed in the Related Party Transaction section Page).

Whilst this venture provides access to one of the oldest and largest specialist insurance and reinsurance markets in the world, it further helps Saudi Re diversify its underwriting portfolio and develop its technical expertise.

9.14 RETURN ON INVESTMENT IN PHBL

The following table summarizes the financial information of PHBL as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in PHBL.

	2022 SR	2021 SR
Percentage ownership interest	49.90%	49.90%
Total assets	1,504,915,644	1,360,963,729
Total liabilities	1,220,017,201	1,105,729,202
Net assets (100%)	284,898,443	255,234,527
Company's share of net assets (49.90%)	142,164,323	127,362,029
Goodwill	14,638,344	14,638,344
Carrying amount of interest in associate (Balance Sheet Note 17)	156,802,667	142,000,373

	2022 SR	2021 SR
Revenue	326,139,109	266,178,903
Profit from continuing operations	39,677,269	37,390,624
Other comprehensive income - Impact of foreign currency exchange	(16,549,948)	(2,865,670)
Total comprehensive income (100%)	23,127,321	34,524,954
Company's share of profit	19,798,957	18,657,921
Company's share of Other comprehensive income - Impact of foreign currency exchange	(8,258,424)	(1,429,969)
Company's share (49.90%) of total comprehensive income recognized during the period	11,540,533	17,227,952

9.15 IFRS 17 – INSURANCE CONTRACTS

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. The Company expects to first apply IFRS 17 on that date. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

Structure and status of the Implementation project

The Company considers implementing IFRS 17 as a significant project and therefore has set up a multidisciplinary implementation team with members from its Actuarial, Finance, IT, Operations and other respective businesses to achieve a successful and robust implementation. The project is managed internally through a dedicated IFRS 17 team and governed by a steering committee. The preparation for IFRS 17 has

required significant changes to the Company's reporting systems. The Company is well prepared for the reporting requirements from 1 January 2023 onwards.

As part of the four-phase approach for the transition from IFRS 4 to IFRS 17 mandated by Saudi Central Bank ("SAMA"), the Company has submitted the operational gap assessment, financial impact assessment, implementation plan and multiple dry runs using the FY20, FY21 and June 2022 data to SAMA.

Significant Judgements and Accounting Policy Choices

The Company is expected to apply the following significant accounting policies in the preparation of financial statements on the effective date of this Standard i.e., 1 January 2023:

(a) Contracts within/outside the scope of IFRS 17

A contract is reinsurance 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"). IFRS 17 identifies reinsurance contracts as those contracts under which the Company accepts significant insurance risk from another party (the insurer), by agreeing to compensate the insurer if a specified uncertain future event (the insured event), adversely affects the insurer.

A retrocession contract held is defined as an insurance contract issued by one entity (the retrocessionaires), to compensate another entity for claims arising from one or more reinsurance contracts issued by that other entity (reinsurance contracts). Even if a retrocession 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 retrocessionaires substantially all the insurance risk relating to the reinsured portions of the underlying reinsurance contracts.

An assessment of the reinsurance contracts issued, and retrocession contracts held by the Company reveal that they all qualify for measurement and presentation under IFRS 17.

(b) Combination/Unbundling of Contracts

At inception, the Company separates the following components from reinsurance or retrocession contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of reinsurance or retrocession contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.
- any promises to transfer distinct goods or non-insurance services: The Company separates any promises to transfer distinct goods or non-insurance services and accounts for them as separate contracts with customers (i.e., not as insurance contracts). A good or service is distinct if the insurer can benefit from it either on its own or with other resources that are readily available to the insurer. A good or service is not distinct and is accounted for together with the reinsurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the reinsurance component, and the Company provides a significant service of integrating the good or service with the reinsurance component.

The Company does not underwrite any reinsurance or retrocession contracts that contain embedded derivatives or distinct investment components. Furthermore, the Company's reinsurance portfolio does not contain any non-insurance components that will need to be unbundled from reinsurance contracts.

(c) Level of Aggregation

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

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

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for insurers with different characteristics are included in the same group.

As for reinsurance contracts issued, the Company identifies portfolios of retrocession contracts which are subject to similar risks and are managed together. Contracts within a portfolio are then grouped into cohorts by issue date not further than a year apart. Cohorts are divided into "groups" at inception that at least separate retrocession contracts between those that are a net gain at initial recognition, a net cost at initial recognition but have no significant likelihood of becoming a net gain and the remaining contracts. The Company will categorize each

retrocession contract as a unique portfolio. As with the reinsurance contracts, all retrocession contracts held are to be grouped into annual cohorts and split into profitability groups based on the best estimate expected profitability of the groups at inception.

(d) Measurement – Overview

IFRS 17 introduces 3 new measurement models, reflecting the nature of reinsurance contracts.

General Measurement Model

IFRS 17 introduces a generalized measurement model called the General Measurement Model (GMM) which shall be applicable to all kinds of reinsurance and retrocession contracts, to the extent that they do not contain any direct participation features in any underlying invested assets.

The General Measurement Model has the following building blocks:

- (a) the fulfilment cash flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e., discounting) and the financial risks associated with those future cash flows,
 - and a risk adjustment for non-financial risk.
- (b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of reinsurance contracts and will be recognized as the Company provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of reinsurance contracts is remeasured to be the sum of:

- the liability for remaining coverage (LRC), which comprises the FCF related to future services and the CSM of the group at that date;
- and the liability for incurred claims (LIC), which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services, but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e., discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

The GMM is also applicable for the measurement of the liability for incurred claims. However, the Companies are not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

The Variable Fee Approach (VFA)

VFA is a mandatory model for measuring contracts with direct participation features (also referred to as “direct participating contracts”). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, in addition to adjustment under GMM, the CSM is also adjusted for:

- the Company's share of the changes in the fair value of underlying items.
- the effect of changes in the time value of money and financial risks not relating to the underlying items.

Premium Allocation Approach (PAA)

It is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts or if the coverage period for each contract in the group is one year or less. The PAA behaves in a very similar manner as the current unearned premium and acquisition expenses approach under IFRS 4 with some notable differences as the introduction of a financing component for contracts having premiums and services more than 1 year apart as well as the method to recognize loss components.

The Company will apply the GMM to both reinsurance contracts issued, and retrocession contracts held for all the segments. When measuring liabilities for remaining coverage, the Company will now discount the future cash flows and includes an explicit risk adjustment for non-financial risk.

(e) Significant Judgements and Estimates

i. PAA eligibility assessment approach

The Company has opted to apply the GMM to all reinsurance and retrocession contracts and hence will not be required to carry out a PAA Eligibility Assessment.

ii. Discount rates

Discount rates refer to the interest rates used in discounting cash flows to determine the present value of future cash flows. Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and to accrete interest on the best estimate liability, risk adjustment and contractual service margin. The discount rates applied to the estimates of the future cash flows in discounting shall:

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

The bottom-up approach will be used to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between

the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The yield curve will be derived from each currency's risk-free yield curve, plus illiquidity premium as follows:

- The currencies will have its own curve if the currencies current reserves is more than 1% of the total. The remaining will be grouped into the USD currency.
- The risk-free curves for each currency are local government or semi-government issued bonds denominated in local currency
- One "illiquidity premium" will be calculated and applied to all the yield curves and it is assumed 0.5% based on Solvency II.

iii. Risk adjustment for non-financial risk

The purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cash flow that arise from reinsurance contracts, other than uncertainty arising from financial risk.

Risk adjustment considers the risk appetite of the Company and applies the Cost of Capital Approach based on the Company's Internal Capital Model as base Capital Requirement to arrive at the required Risk Adjustment. The total provision including the Best Estimate Liability and Risk Adjustment are expected to fall between the 62nd to 67th percentile of the Loss Distribution.

The Company will adjust 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 cash flows that arises from non-financial risk.

iv. CSM release pattern

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

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

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

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

v. Onerousness determination

To facilitate aggregation and composition of groups of contracts, the Company will carry out a profitability grouping exercise of contracts at their inception. For each contract, the Company will estimate the combined ratio at initial recognition of the contract. The combined ratio considers

the expected loss, attributable expenses, risk adjustment and discount factor. Based on the estimated combined ratio, the Company will use rule-based assessment to determine the onerousity grouping as follows:

- Contract is onerous if combined ratio is above 100%.
- Contract is profitable with no significant possibility of becoming onerous if combined ratio is below 95%.
- Otherwise, contract is profitable with significant possibility of becoming onerous.

vi. Provision for Doubtful Debts

The impact of expected receipts adjustment relating to reinsurance contracts written under IFRS 17 has not been finalized as at the date of these financial statements. The Company is progressing to quantify the impact of expected receipts adjustment relating to reinsurance contracts written under IFRS 17 and expects the amount to be available for first IFRS 17 and 9 financial statements for the period ended 31 March 2023.

vii. Retrocessionaire default provision

The impact of expected receipts from retrocession contracts written under IFRS 17 has not been finalized as at the date of these financial statements. The Company is progressing to quantify the impact of expected receipts adjustment relating to reinsurance contracts written under IFRS 17 and expects the amount to be available for first IFRS 17 and 9 financial statements for the period ended 31 March 2023.

viii. VAT treatment

VAT is generally made part of the fulfilment cash flows only to the extent of non-recoverable VAT paid also being recorded as part of the G&A expenses of the Company and subsequently under IFRS 17 is considered part of attributable expenses. This non-recoverable VAT is minimal compared to overall G&A Expenses.

(f) Accounting Policy Choices

i. Length of Cohorts

Under the guidance of the IFRS 17, the Company shall not include contracts issued more than one year apart in the same group in reference to grouping annual/semi-annual/quarterly/monthly cohorts of new business, since it determines a corresponding time limit.

This 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.

ii. Use of OCI for Insurance Finance Income or Expense

In reference to the presentation in statement of income – Insurance finance income or expense, the Company has decided that the entire insurance finance income or expense for the period will be presented in the statement of income.

iii. Unwinding of Discount on Risk Adjustment

In reference to the presentation in statement of income – Disaggregation of risk adjustment, the Company has decided that the entire change in risk adjustment will be presented in the insurance service results.

iv. Expense Attribution

The expense attribution under IFRS 17 requires Companies to categorize expenses as acquisition, attributable and non-attributable expenses. In this regard, the Company allocates expenses based on activity-based costing also taking in regards the recommendations made by the SAMA IFRS 17 Working Group.

v. Deferral of Acquisition Cost

In reference to the recognition of acquisition costs, the Company has decided to amortize the acquisition cost over the contract period instead of immediately recognizing it as an expense.

vi. Policyholder Surplus accounting

The policyholder surplus being an accumulation of the 10% profit sharing with policyholders is accounted for as a deposit and kept outside the scope of IFRS 17. Currently, for the Company being a reinsurer, there is not much clarity on the treatment or use of the policyholder surplus.

(g) Presentation and Disclosures

In the statement of financial position, deferred acquisition costs and reinsurance-related receivables will no longer be presented separately but as part of the reinsurance liabilities. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities.

The amounts presented in the statement of income need to be disaggregated into an insurance service result, consisting of the insurance revenue and the insurance service expenses, and insurance finance income and expenses. Income or expenses from retrocession contracts held need to be presented separately from the expenses or income from reinsurance contracts issued.

IFRS 17 contains an accounting policy option to recognize changes in financial parameters either in statement of income or in other comprehensive income. The Company has opted to include all reinsurance finance income or expense for the year in the statement of income.

(h) Transition

i. Choice of Method

For the purposes of transition, the Company will use modified retrospective approach for all lines of business which allows the companies to adjust initial recognition calculations for already written business to equal actual transactions up to the transition date and projected cash-flows thereafter without going back to adjusting the CSM roll-forward up to the transition dates based on the past estimates at interim reporting periods.

Transition Impact

The Company estimates that, on adoption of IFRS 17, the impact of these changes (before tax) is a reduction in the Company's total equity of by SR 29.88 million to SR 59.36 million at 1 January 2022. The impact on equity at 1 January 2023 is currently being estimated and shall be disclosed in the financial reporting for the period 1 January 2023 to 31 March 2023.

made by the Company is preliminary as not all transition work requirements have been finalized and therefore may be subject to adjustment. The actual effect of the implementation of IFRS 17 on the Company could vary from this estimated range if a different set of assumptions and policy choices are made. The Company continues to refine assumptions, methodologies and controls in advance of IFRS 17 adoption on 1 January 2023.

Drivers of Changes in Equity	Impact on equity on transition to IFRS 17 on 1 January 2022
Changes in measurement of reinsurance contracts issued	Decrease by SR 42.85 million to SR 57.08 million
Changes in measurement of retrocession contracts held	Decrease by SR 16.51 million to increase by SR 27.20 million
Total impact	Decrease by 29.88 million to SR 59.36 million

Impact on Liabilities and Assets

Particulars	Impact on transition to IFRS 17 on 1 January 2022
Risk adjustment	Increase by SR 22.49 million to SR 24.61 million
Discounting	Decrease by 39.68 million to SR 75.45 million
CSM	Increase by SR 121.70 million to SR 157.18 million
Other drivers	Decrease by SR 49.35 million to SR 61.67 million
Total Impact on Reinsurance Liabilities	Increase by SR 42.85 million to SR 57.08 million
Risk adjustment	Increase by SR 4.32 million to SR 5.01 million
Discounting	Decrease by SR 12.06 million to SR 17.35 million
Other drivers	Decrease by SR 8.77 million to increase by SR 39.55 million
Total Impact on Retrocession Assets	Decrease by SR 16.52 million to increase by SR 27.20 million

The estimated range of change in shareholders' equity includes the impact of risk adjustment, loss component, discounting, and conversion of numbers as per IFRS 4 to estimated cashflows as per IFRS 17. The assessment

Although dry runs were carried out in 2022, the new systems and associated controls in place have not been operational for an extended time. As a result, the Company has not finalized the testing and assessment of controls over its new IT systems and changes to its governance framework.

9.16 IFRS 9 – FINANCIAL INSTRUMENTS

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

(a) Financial Assets – Classification

The Company conducted a preliminary IFRS 9 Classification and Measurement assessment (“C&M”) for the financial assets held as at 31 December 2021 in response to SAMA’s circular No. 239.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost (“AC”), fair value through other comprehensive income (“FVOCI”) and fair value through statement of income (“FVSI”). This classification is generally based, except equity instruments and derivatives, on the business model in which a financial asset is managed and its contractual cash flows. Except for financial assets that are designated at initial recognition as at FVSI, a financial asset is classified on the basis of both:

- a. the entity’s business model for managing the financial asset; and
- b. the contractual cash flow characteristics of the financial asset.

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.

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

- Fair value through statement of income (FVSI);
- Fair value through other comprehensive income (FVOCI); or
- Held at amortized cost.

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

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

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 FVSI.

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 FVSI.

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVSI, 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 “Special commission income” using the effective profit method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent solely payments of principal and profit, and that are not designated at FVSI, are designated as fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses on the instrument’s amortized cost which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of income. Profit income from these financial assets is included in ‘Special commission income’ using the effective profit rate method. As at 31 December 2022, the Company does not have any equity instruments classified under this category.

- Fair value through statement of income (FVSI): Assets that are held for trading purpose or assets that do not meet the criteria for amortised cost or FVOCI are measured at FVSI. A gain or loss on a debt investment that is subsequently measured at FVSI presented in the statement of income in the period in which it arises.

Equity instruments

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

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

As at 31 December 2022, the Company does not have any equity instruments classified under this category.

Reclassification of financial assets

The Company will reclassify the financial assets between FVTPL and amortized cost if and only if under rare circumstances and if its business model objective for its financial assets changes so its previous business model assessment would no longer apply. Financial assets are not reclassified after their initial recognition, except in the period after the entity changes its business model for managing financial assets.

(b) Financial Assets – Impairment

- 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 entity 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;

The key inputs into the measurement of ECL are the term structure of the following variables;

- Probability of default (“PD”),
- Loss given default (“LGD”), and
- Exposure at default (“EAD”).

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

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

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic

scenarios and considering the relative probabilities of each outcome.

A global database of sovereign and corporate credit ratings and GDP movements was built dating from 1969 to present day, with specific emphasis placed on data post 1990. The objective of these studies was to understand the movement of credit ratings in times of economic stress and any subsequent/lagging effects. Relative movements in credit ratings and PDs were modelled rather than actual default rates given the superior model fits that could be obtained and better back-testing of model results and diagnostics.

For sovereign counterparties, S&P's 2020 Sovereign Default Rate Study was used in the mapping of rating movements to PDs. These rating changes could then be mapped to relative changes in risk over time implied by the PDs. These PD changes were then regressed on the historical GDP growth. The period over which to fit the regression model was informed through a combination of maximizing correlation between GDP and historical growth as well as expert judgement. The final regression model forecasts future rating change movements and hence scalars to apply to sovereign PDs relevant to current risk levels.

A KSA specific model was created in addition to a peer group model and regional model. Peer group was established as all A rated entities classified as high-income segments by World Bank. The regional Group comprised primarily of Middle Eastern and North African sovereigns. In order to use the Saudi Arabian GDP forecasts in the peer and regional group forecasts, the GDP forecasts are mapped onto a normal distribution,

parameterized on historical GDP growth rates, and the equivalent percentile is then used in the alternative models.

Each of the above three models produce forward-looking adjustment scalars. The model allows the user to assign weights to each of the model outputs. The final forward-looking adjustment scalar is then calculated as a weighted average of the three model outputs. Management applied judgement when assigning weights to the scalars.

(c) Financial Liabilities

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVSI are recognised in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:

- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI);
- The remaining amount of the change in the fair value is presented in the statement of income.

(d) Transition

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

- Comparative periods have not been restated. A difference in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- i. The determination of the business model within which a financial asset is held.
- ii. The designation and revocation of previous designated financial assets and liabilities as measured at FVSI. This category includes financial assets that were previously designated as held for trading or those that were classified as available for sale.
- iii. The designation of certain investments in equity instruments not held for trading as FVOCI. In general, cash and cash equivalents, short term deposits and debt securities held until maturity have been designated as such.

Estimated Change in the Company's Total Equity due to initial application of IFRS 9

Company has assessed the estimated impact that the initial application of IFRS 9 will have on its financial statements. Based on assessments undertaken to date, the total adjustment (before tax) to the balance of the Company's total equity is estimated to be a reduction of SR 1.51 million at 1 January 2022, as summarized below. The impact on equity at 1 January 2023 is currently being estimated and shall be disclosed in the financial reporting for the period 1 January 2023 to 31 March 2023

Overall Impact on Equity due to Transition to IFRS 17 and IFRS 9

Company estimates that, on adoption of IFRS 17 and IFRS 9, the impact of these changes before tax is a reduction in the total equity of SR 31.39 million to SR 60.87 million at 1 January 2022.

Transition To	Change in Equity @ 1 January 2022
IFRS 17	Decrease by SR 29.88 million to SR 59.36 million
IFRS 9	Decrease by SR 1.51 million
Total Impact	Decrease by SR 31.39 million to SR 60.87 million

The Company has investment in ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL") which is disclosed in note 17. The Company has accounted for this investment as an equity accounted investee. PHBL operates in insurance and reinsurance businesses including Lloyd's market in London, United Kingdom. PHBL is at its initial phase of carrying out the IFRS 17 and 9 implementation

exercise and implementing the IFRS 17 and 9 calculation engines and IT systems. Therefore, the impact of IFRS 17 and 9 implementation of PHBL cannot be quantified at the present stage. Accordingly, the IFRS 17 and 9 transition impact on the Company's equity disclosed above does not include the effect of any changes in PHBL's numbers due to the adoption of IFRS 17 and 9.

Adjustments due to adoption of IFRS 9	1 January 2022
Classification of financial assets	Increase by SR 0.09 million
Impairment of financial assets	Decrease by SR 1.60 million
Total Impact	Decrease by SR 1.51 million

ESG REPORT



10. OUR SUSTAINABILITY STRATEGY

Our aim is to strengthen Saudi Re’s position as a regional leader in the reinsurance industry; a financially robust company, with a sustainable business model, which creates value for its shareholders and clients

10.1 OUR SUSTAINABILITY APPROACH

Saudi Re aspires to lead the region in sustainability by protecting the environment, supporting communities, nurturing competencies of our human capital, and participating in global efforts to mitigate climate change; while improving and expanding economic value to the Company and our clients. Saudi Re’s Code of Professional Conduct and Ethics ensures we treat clients fairly and ethically.

We rely on our strong Sustainability and Social Responsibility Policy, which was approved at the Annual General Assembly Meeting (AGM) in 2022, acknowledging that sustainability and social responsibility is best fulfilled by incorporating core sustainability principles into our policies, procedures, and practices that guide us through our sustainability journey. Saudi Re also boasts a high Saudization rate, which reflects our dedication to supporting the local workforce. Moreover, we intend to increase the Saudization ratio annually. Our

commitment to sustainability also extends beyond the Company, clients, and employees. We are dedicated to preservation of the environment; a concept that is in harmony with our Islamic values.

Saudi Re’s sustainability strategy also allows us to contribute positively to the Kingdom’s development and actualization of Saudi Vision 2030. The Company strives to maximize the local content contribution through the retention of reinsurance premiums within the Kingdom and increasing its value to the local economy. Saudi Re contributes to the non-oil GDP by exporting its reinsurance services to the international market, thereby representing the Kingdom in the international economic arena. We also strive to enhance the lives of Saudi citizens by way of financial and social inclusion.

Sustainability is embedded in our Vision and Mission, as it is at the core of our decision-making process. As a Sharia-compliant

reinsurance firm, we uphold our ethical duty to safeguard people and businesses against the greatest risks to which they are exposed.

Through our experience in sustainability, we have built a framework of commitment and a drive towards transparency, accountability, and environmental and social consciousness. Guided by sustainable practices, our aim is to strengthen Saudi Re’s position as a regional leader in the reinsurance industry; a financially robust company, with a sustainable business model, which creates value for its shareholders and clients.

Saudi Re also practices sustainable investment, which emphasizes the importance of incorporating ESG considerations into investment practices. The Company actively avoids investments that could potentially harm the environment or society.

10.2 OUR SUSTAINABILITY PILLARS



10.3 STAKEHOLDER ENGAGEMENT

Saudi Re's stakeholders are an integral part of the Company's sustainability, success, and ability to create value. The foundation of our sustainability strategy begins with the value we place on all our stakeholders: clients, brokers, shareholders, analysts, investors, employees, regulatory bodies, suppliers and business partners. This is reflected in the Company's new Sustainability and Social Responsibility Policy, and the way material matters are identified and prioritized.



Stakeholder

Mode of engagement

Frequency of engagement

Regulatory bodies

- Internal audit
- Audit Committee
- External audit
- Compliance Department
- Technical Committee
- Business Risk Committee
- Annual reports

As per regulatory requirement, or on an annual basis



Clients and brokers

- Social media channels including LinkedIn
- Customer service help desks
- Market webinars
- Regional/International industry events
- Cybersecurity framework

Regular and routine engagement



Shareholder, analysts and investors

- Annual reports
- Annual General Assembly Meetings
- Annual and Quarterly Financial Results
- Press releases
- Investor conferences and one-on-one meetings
- IR Mobile App
- Risk appetite framework

Continuous engagement through open and transparent formal channels maintained with shareholders



Suppliers and business partners

- Procurement Departments
- Annual reports
- Credit agency reports

Regular and routine engagement



Society

- Community donation drives
- Event sponsorship
- Training sessions/workshops

Event/Project-based engagement and responsive engagement



Employees

- Human resources team
- Training sessions and workshops
- Career development programs
- Employee engagement program
- Whistleblowing policy
- Health and life scheme coverage
- Reward Policy

Continuous engagement through transparent and open communication channels.

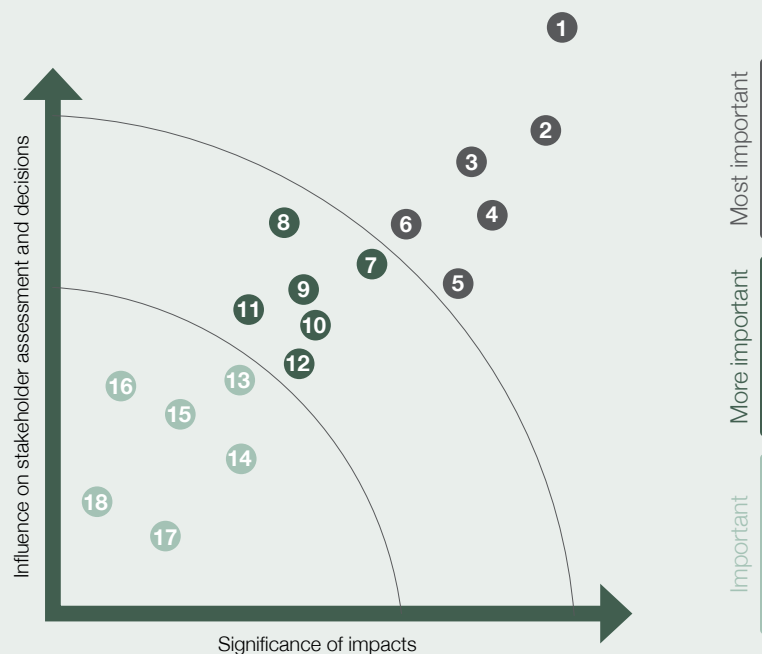
10.4 OUR SUSTAINABILITY POLICY

Saudi Re's new Sustainability and Social Responsibility Policy guides the management of material topics. With the Company and its stakeholders in mind, we place a strong emphasis on Environmental, Social and Governance (ESG) considerations. Corporate governance takes the top priority in our list of material factors, followed by cybersecurity, talent development, alignment with the national strategy, ethics and financial performance, and customer satisfaction. Other important considerations include inclusivity, integration into the insurance sector, innovation, responsible investing, and access to insurance. Additionally, we place emphasis on sustainable products, community investment, well-being, environmental management, and sustainable procurement.

10.5 OUR MATERIAL MATTERS

Saudi Re identifies and discloses material topics as issues that have the greatest potential impact on our business and stakeholders, and issues that are prioritized by the Company and stakeholders.

The following table and materiality map graphically represent Saudi Re's key material topics, ranked in order of importance.



Material Topic	Rank	Material Topic	Rank
Corporate governance	1	Integrating ESG in insurance	10
Data protection and cybersecurity	2	Innovation and digitalization	11
Talent development	3	Investing responsibly	12
Serving the national strategy	4	Access to insurance	13
Climate change and energy transition	5	Sustainable products and services	14
Ethics and compliance	6	Community investment	15
Financial performance	7	Health and well-being	16
Customer satisfaction	8	Environmental management	17
Diversity and inclusion	9	Sustainable procurement	18

11. SUSTAINABILITY PERFORMANCE

Our contribution to Saudi Vision 2030 is a commitment that we take to heart. Saudi Re contributes to the country’s economic growth by operating as a national company with an international presence in more than 40 countries worldwide.

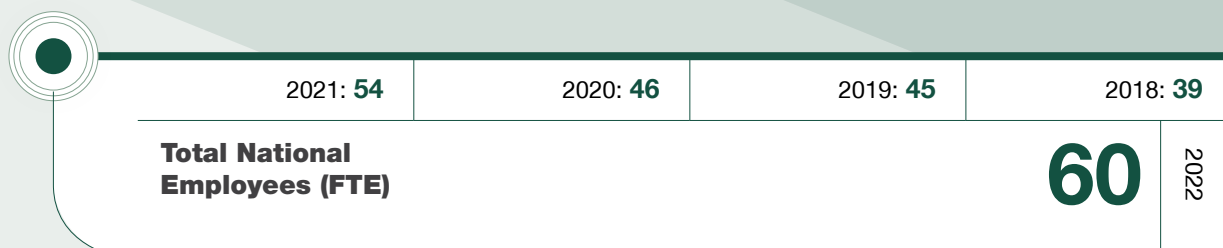
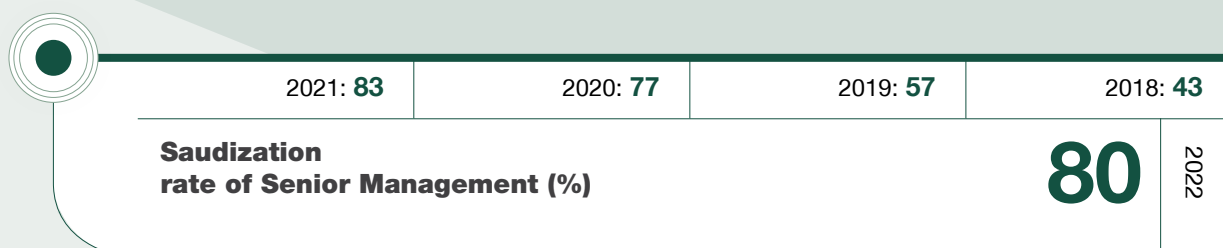
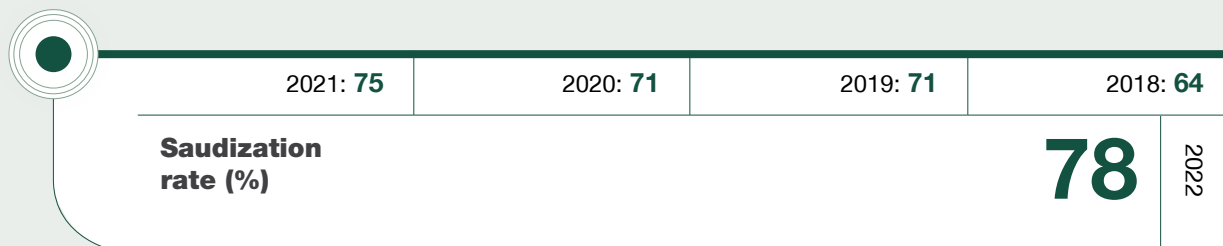
We reached a significant milestone in May 2022 as Saudi Re’s General Assembly approved the Company’s “Sustainability and Social Responsibility Policy”, providing impetus to our initiatives.

11.1 OUR NATIONAL CONTRIBUTION

Through our efforts, we create employment opportunities and contribute to the training and development of Saudi nationals and other experts in the insurance sector in the Kingdom by facilitating their development, we also empower and encourage our female workforce to take up senior positions within the Company.

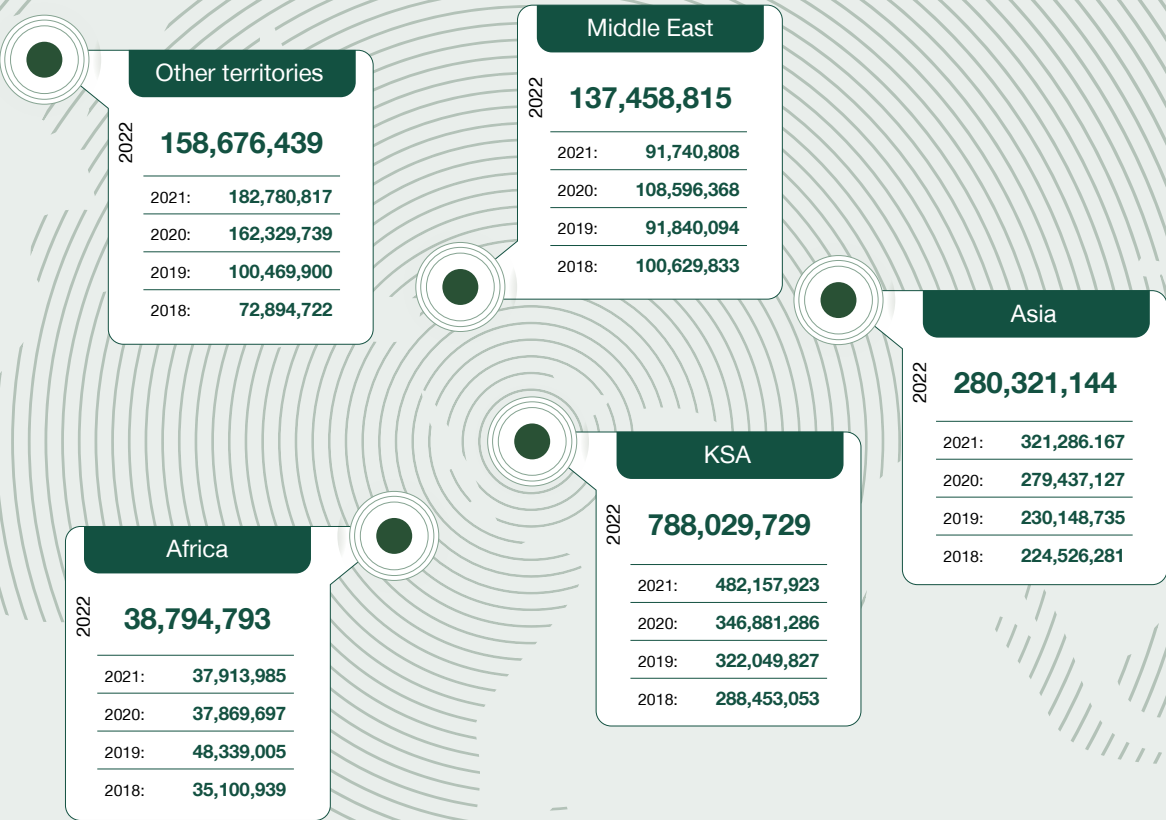
Our contribution to the Kingdom is enshrined in the Company’s ESG and sustainability initiatives conducted during the year. In addition, we reached a significant milestone in May 2022 as Saudi Re’s General Assembly approved the Company’s “Sustainability and Social Responsibility Policy”, providing impetus to our initiatives.

As part of our efforts to support Saudization, we prioritize the recruitment of Saudi citizens, create opportunities for their career development, and invest in continual training of professionals who can thrive in the insurance and reinsurance industry. In addition, our specialized training programs and workshops help grow the technical know-how of the industry; supporting the development of employees and others in the insurance & financial services sector.

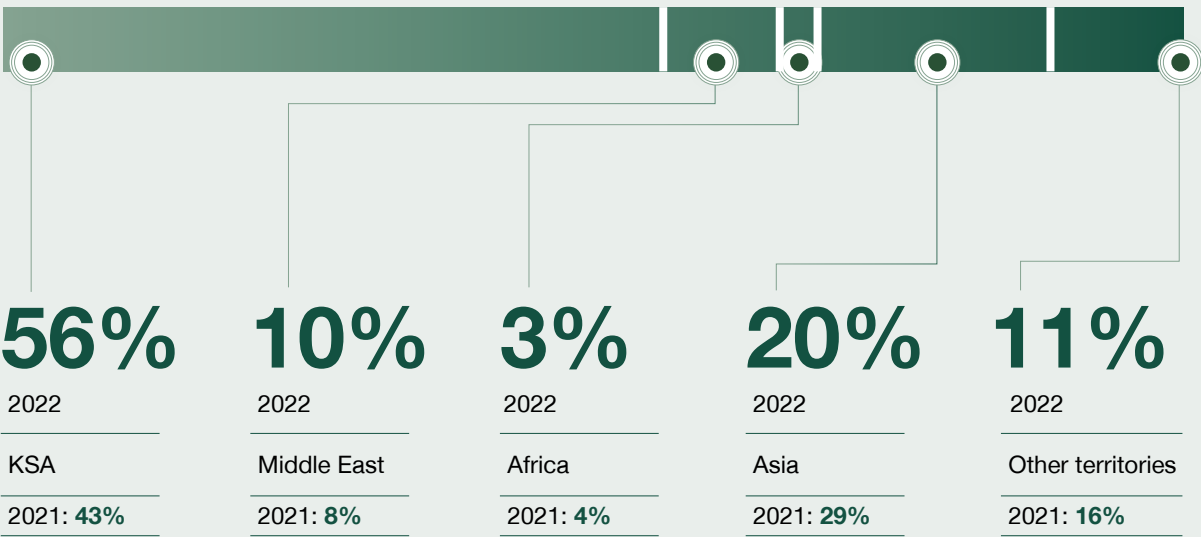


Area of focus	Our contribution for 2022	Highlights
Local content	Saudi Re is committed to aligning its goals with the objective of increasing the insurance sector's contribution to the local content in covering risks.	Referencing the circular dated 26 October 2022 from the Saudi Central Bank (SAMA) with respect to implementation of the new mechanism for Reinsurance Cession to the Local Reinsurance Market; the directive sets out a course for gradual cession of at least 20% in 2023, 25% in 2024 and 30% in 2025, for all Reinsurance Treaties (proportional and non-proportional) with effect from 1 January 2023.
Service export	Saudi Re took significant strides in its contribution to the Kingdom's non-oil GDP, by contributing to the retention of reinsurance premiums within the Kingdom in support of local content development and also by exporting reinsurance services. This aligns with the national goal to grow non-oil Gross Domestic Product, which corresponds with Saudi Vision 2030.	it is expected that the implementation of this mechanism would result in increasing the company's written premiums from the Saudi market by more than 5% of the total Gross Written Premiums. Please refer page 56

GWP (in SR Mn.)
KSA vs International



Geographic
portfolio mix



Area of focus	Our contribution for 2022	Highlights
Training and education	Training and development of staff is a priority for Saudi Re, for new and existing employees.	<p>An average of 5.5 man-days of training were provided per employee.</p> <p>Furthermore, sponsorship was granted for the Saudi Insurance Symposium and support was extended to employees who chose to pursue professional qualifications.</p>

Value invested in training and education (SR)

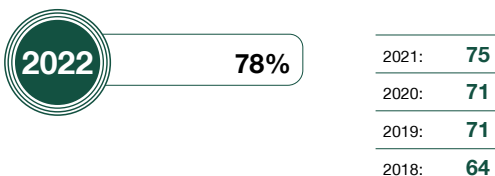


<p>Youth development and Saudization</p> <p>In our efforts to contribute to youth development and Saudization, Saudi Re maintained a workforce with 60% Saudi nationals, of whom 38% were under the age of 30 years.</p> <p>The Saudi Re Development Program was introduced to contribute to the development of young talent.</p>	
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Percentage of employees below 30 years of age (%)



Saudization rate (%)



Product development and innovation	<p>Saudi Re ensured that the required infrastructure (process and technology) was ready to accommodate the new accounting standard, IFRS 17, and meet the required deadlines.</p> <p>Saudi Re supports the local market by playing a key role in developing new products that require high capacity. IDI is one such example, in which Saudi Re played a key role in product development as well as providing reinsurance.</p>	<p>IFRS 17 was adopted and is in the final stage of implementation. Training was provided to all relevant departments – Management BoD, Underwriting, Actuary, Finance, IT.</p> <p>Electronic signatures and advanced printing technology were introduced as green initiatives to reduce Saudi Re's carbon footprint.</p> <p>User mobility for staff was improved, enabling users with the required technology and tools to address client requests and enquiries remotely, without compromising security.</p> <p>A new Disaster Recovery (DR) setup was implemented, with simplified DR management, shorter Recovery Time Objective (RTO) and Recovery Point Objective (RPO), to ensure business resilience. An assurance that Saudi Re will be able to serve its clients during disasters, i.e. Activate disaster recovery within 5 minutes.</p>
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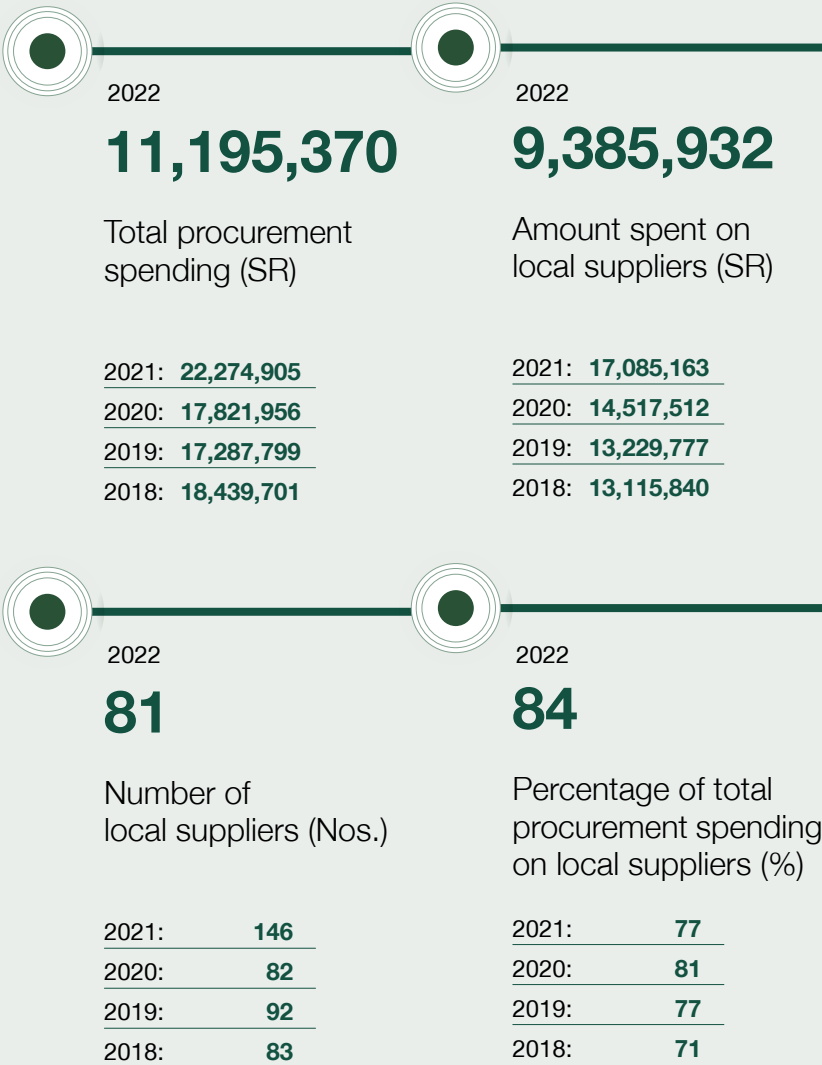
11.2 SUSTAINABLE
SUPPLY CHAIN

At Saudi Re, our commitment lies in maintaining an ethical supply chain that upholds sustainability and responsibility in our procurement processes. We maintain transparency in our selection procedures, ensuring thorough evaluation and documentation of all our business partners prior to undertaking any transactions.

The following measures that were adopted in 2021, continued to serve Saudi Re and strengthen the supply chain in 2022:

- The Company introduced the Digital Signature Project to ensure authentication, integrity, and non-reproduction of documents, resulting in reduced paper usage.
- Credit rating assessments were applied for reinsurance business partners to evaluate their financial standing.
- The procurement process was enhanced by increasing automation and integrating it with related functions.
- The Company improved its supplier screening and assessment criteria to ensure high-quality partnerships.
- Suppliers were offered cybersecurity awareness to enhance their security posture.

Taking a future-focused approach that would strengthen the sustainability of the supply chain and provide added value to our business partners and suppliers, Saudi Re undertakes continuous assessment of the sustainability impact of purchased products; we prioritize local content development and measurement of local spending; and by sourcing from local partners, we are not only able to ensure reliability but also support the Saudi Vision 2030 in contributing to the growth of the economy.



11.3 CORPORATE GOVERNANCE

Saudi Re is committed to upholding the highest standards of Corporate Governance, in line with the Company's position as a premier reinsurer with a global footprint and its heritage as the first reinsurance company established in Saudi Arabia.

Saudi Re strives for compliance in letter and in spirit, meeting national and international regulations and building a culture and environment within the Company that promotes trust, transparency, and accountability. Saudi Re's system of governance is built around the competency and accountability of the Board and the Executive Management, and ensures protection of the rights of all stakeholders.

PROFESSIONAL AND EXPERIENCED BOARD

At the helm of the Company is an experienced Board, responsible for implementing and continuous review of rigorous controls for all operations. Saudi Re's Board of Directors oversees and ensures the integrity of financial reporting and internal control systems, appropriateness of disclosure process and approving key policies.

The Board Consists Of 4 Non-Executive, 4 Independent, and 1 Executive Board Members; who together add experience and expertise in a variety of fields and disciplines. They bring a wealth of experience that guides the course of the Company within regulatory requirements.

STRINGENT AND DYNAMIC POLICY FRAMEWORK

Saudi Re's activities and compliance culture are governed by the policies such as:

- Corporate Governance policy
- Conflict of interest policy
- Whistleblowing policy
- Sustainability and social responsibility
- Remuneration and compensation policy
- Dividend policy
- Nomination and Remuneration Committee meeting selection criteria
- Audit Committee selection criteria

COMMITTED TO CONTINUOUS IMPROVEMENT

- In 2022, the Company also contracted a consultant to assess the level and standard of governance amongst Board members. Recommendations of the assessment were taken into consideration, and the Board took all necessary steps to address the outcomes of the consultant's assessment. The Board made decisions to adopt several changes in its policies and procedures, in addition to introducing new programs and systems that will strengthen its governance.

- The Nomination and Remuneration Committee conducted its annual review on the independence of the Board and assessment of related-party contracts and transactions.
- The Company incorporates a comprehensive induction for new Board Members, ensuring they are fully aware of roles, responsibilities, and legal and regulatory requirements.
- A system in place to manage board affairs
- Saudi Re's Corporate Governance Policy was updated during the year, in line with changes to market conditions and regulatory requirements. The Company is committed to thorough review of all guiding policy-level material such as CG policies, charters, and related documents.

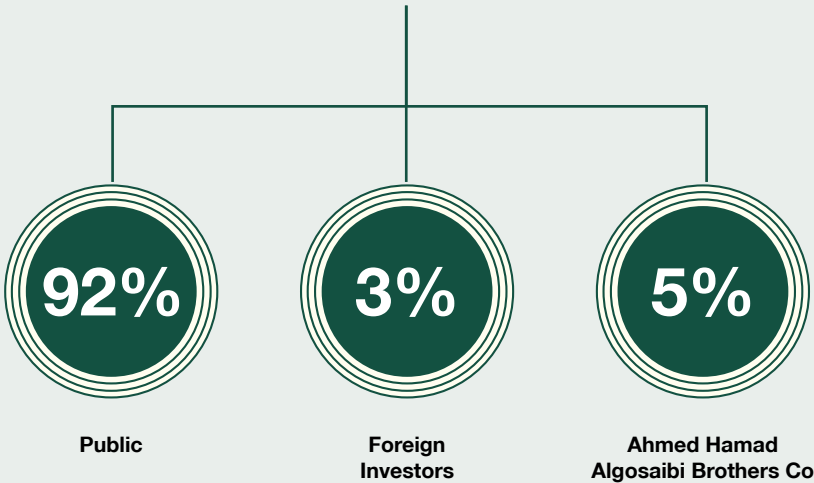
TRANSPARENT ENGAGEMENT WITH STAKEHOLDERS

Saudi Re's highly professional Investor Relations function serves as the conduit for flow of information between Saudi Re and its investors and key stakeholders. Saudi Re's investors play a vital role in the success and growth of the Company, and as such, it is of utmost importance for the company to maintain strong, transparent relationships with investors and stakeholders.

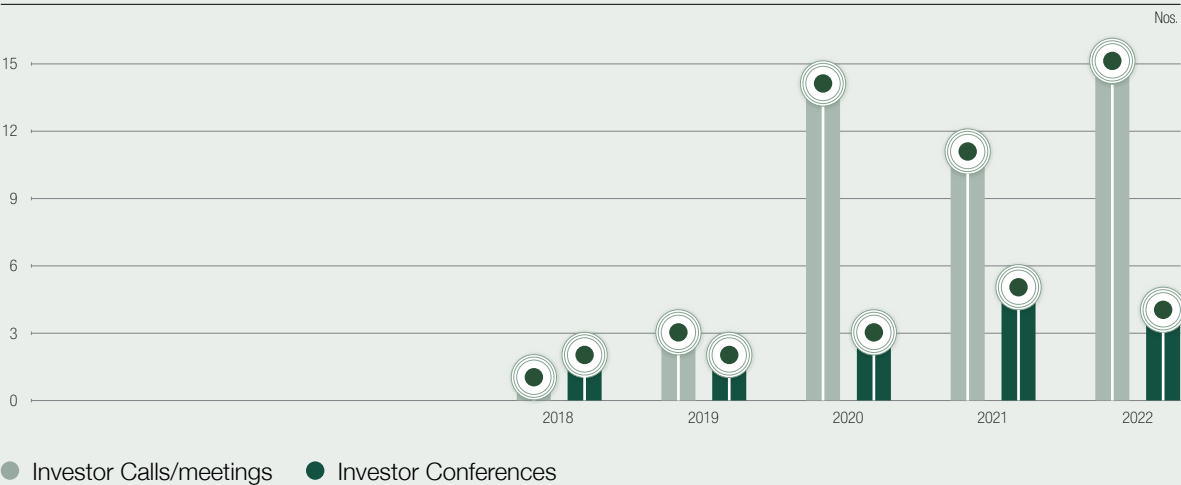
The Company employed a variety of means and utilized a variety of platforms to engage with stakeholders during the year. These included:

- Earnings calls
- Investor roadshows and conferences.
- AGM/EGM
- Publication of declarations, announcements & articles through mainstream financial media, and appropriate corporate disclosure through the Saudi Exchange – Tadawul.
- Saudi Re's IR App and official website (saudire.net).
- Participation in market events, conferences and workshops

Ownership Structure



Direct investor engagements



11.4 BUSINESS ETHICS AND COMPLIANCE

The Company's workforce follows a strict and proactive Code of Professional Conduct and Ethics. The code reflects Saudi Re's commitment to an already stringent anti-corruption and anti-bribery culture, and outlines employee's actions toward conducting themselves in an ethical manner.

The Compliance Department supported by the Legal Department play leading roles in ensuring employee awareness, buy-in, and compliance. The Compliance department communicates continuously with employees, raising awareness and providing necessary training to support adherence.

In 2022, Saudi Re took the following steps in line with the Company's policies:

Saudi Re has the following policies in place to ensure a compliant and ethical culture within the Company:

- Anti-Money Laundering and Combating Terrorism Financing Policy and Procedures
- Anti-Fraud Committee Charter
- Anti-Fraud Policy
- Clients Acceptance Policy
- Compliance Charter
- Compliance Policy
- Insider Trading Prevention Policy
- The Code of Professional Conduct and Ethics
- Reporting Non-Compliant Practices "Whistleblowing" Policy

- Conflict of Interests Policy.
- Disclosure and Transparency Policy.

In ensuring compliance with national and international regulations and best-practices, Company policies and practices are informed by, and in compliance with the following:

- Insurance Consumer Protection Principles issued by Saudi Central Bank.
- Corporate Governance Regulations issued by Capital Market Authority (CMA) of the Kingdom of Saudi Arabia (KSA)
- Insurance Corporate Governance Regulation issued by the Saudi Central Bank.
- Audit Committee Regulations Issued by Saudi Central Bank.

Process and process improvements	Employee awareness and compliance	Certification and Licenses	Policy and Management support
Initiated use of Saudi Re Portal for communication of Laws and Regulations with employees.	Conducted 4 physical and online training programs, reaching all staff; Anti-Money Laundering (AML), Combating Terrorism Financing (CTF)/CTF and the new Companies Law.	Renewed Sharia certificate.	Updated Saudi Re's Corporate Governance policy.
Utilized Saudi Re Portal for sharing and raising awareness on the Company's Code of Ethics.	Conducted screening against criminal record for all new employees.	Renewed SAMA license for 03 years.	Updated Underwriting, Claims, and Technical Accounting policies and controls.
Shared current market information, circulars, and regulatory updates with relevant departments.	Introduced induction process whereby new employees take a rotation with Compliance and AML before beginning work.	Renewed Commercial Registration for 03 years.	Updated the Company's AOA policy.
Implemented a new Know Your Customer (KYC) approval process through the system.	Communicated importance of ethics via regular emails and/or employee meetings. And conducted 2 training sessions on Ethics, reaching all staff.		Approve Board Succession Policy.

Our record on ethical behavior

	2018	2019	2020	2021	2022
Employees dismissed and/or disciplines for corruption (Nos.)	0	0	0	0	0
Percentage of operations assessed for risks related to corruption (%)	0	0	0	0	0
Percentage of employees trained on risks related to corruption (%)	70	85	90	97	98
Percentage of employees trained on risks related to money laundering and financial crime (%)	88	91	93	95	98

Saudi Re's Internal Audit Department reviews internal control annually, based on the findings of a company-wide risk-based audit. The Compliance and Risk Management function of the Company works to educate employees, set standards, and ensure compliance within the applicable regulations. Saudi Re strives to inculcate an ethical and compliant culture within the Company, while working to incorporate best practices and manage risks that are inherent to business lines.

Commitment to strengthening compliance

Saudi Re has dedicated departments and functions in place for the buy-in, engagement, and commitment of Senior Management to ensure continual improvement of the Company's culture of ethical conduct and compliance.

Compliance with regulations and best practices aligns with the Company's commitment to promoting sustained, inclusive, and sustainable economic growth in the Kingdom; efforts to provide full and productive employment and decent work, and overall vision for strengthening means of implementation and revitalizing the global partnership for sustainable development.

Non-compliance with laws and regulations

	2018	2019	2020	2021	2022
Total incidents of non-compliance with laws and regulations (Nos.)	0	0	0	1	1
Total number of non-monetary sanctions (Nos.)	0	0	0	0	0
Total amount of legal and statutory fines and settlements (SR)	0	0	0	0	0

SASB Metric

	2018	2019	2020	2021	2022
Value of monetary losses as a result of compliance violations received from SAMA (SR) SASB FN-IN-270a.1	0	0	0	0	20,000

Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities

SASB-FN-IN-550a.3

Approach to managing Capital:

Saudi Re has its own Risk Appetite, which is as follows:
“Saudi Re should ensure the available capital is above the highest of the followings:

- 1. At least 125% of required economic capital, according to Saudi Re Internal Capital Model
- 2. At least 125% of SAMA Required Solvency
- 3. At least 125% of S&P required capital at A level”

Approach to managing Liquidity:

The Company’s Investment Policy Statement (IPS) dictates how the Company should invest, including the liquidity of each asset invested and the overall liquidity of the investment. The Company constantly follows up with the counterparties to make sure any debts are paid fully on time.

The Company also constantly monitors its liquidity by using indicators such as quick ratio (current assets divided by current liabilities) to ensure the liquidity is within the Company’s criteria.

Refer the Risk Management section on page 107 for more information on the Company’s approach to managing risk.

Sustainability
Performance

**11.5 FINANCIAL
PERFORMANCE**

Our goal is to establish ourselves as a leading provider of innovative and technically advanced reinsurance solutions in the region. Our robust financial results reflect our progress towards achieving this vision.

In 2022, our Gross Written Premium (GWP) increased by 26% to SR 1,403 million, marking the highest YoY growth in the history of Saudi Re. Our total Underwriting revenues also increased by 7.81% from SR 874.4 to SR 942.7. Additionally, our assets grew by 35.9% to SR 4.23 billion by 31 December 2022, with significant increases in time deposits, investments held at fair value, held-to-maturity investments, and accrued reinsurance premiums.

Our diverse range of products and extensive geographic reach have been instrumental in driving this growth. While the Saudi market accounts for 56% of our business, the remaining 44% is spread across Asia (20%), Africa (3%), the Middle East (10%), and other territories (11%). For a more detailed analysis of our financial performance.

11.6 RESPONSIBLE
CLIENT RELATIONS

At Saudi Re, we prioritize delivering exceptional service to our clients. This requires transparency and fair treatment in all of our client relationships. Our focus on streamlining the claims process has resulted in increased client satisfaction.

In 2022, we recorded a growth in our books, exceeding 5%, along with an increased share of strategic markets and partners. Furthermore, Saudi Re led a greater number of treaties in 2022, compared with previous years, with zero complaints being logged.

The Company implemented a number of initiatives in 2022 to grow and improve customer relations. We worked closely with clients to review portfolio performance and better the terms offered. There was close monitoring of performance and continuous improvements made to service quality. Saudi Re further invested in automating the process of service delivery and introduced two performance dashboards: for claims and partner registration. We also conducted regular market visits and one-to-one meetings with clients.

Working within reinsurance terms, normal claims are approved and processed within seven working days; while special settlements and cash calls take three working days. Additionally, we have increased the limit of fast-track claims and claim approval limits for team members, as measures to expedite client claim settlements.

Saudi Re strived for excellence in delivering client value in 2022 by recruiting and positioning qualified and capable staff across the Company. We also extended the underwriting support unit in Kuala Lumpur to cover both facultative and treaty reinsurance contracts. Maintaining consistency, we were able to continuously meet the SLAs and develop internal capabilities of people and technology. Saudi Re also received an “A-” By S&P and an affirmed “A3” rating by Moody’s and multiple awards that further served to foster trust in the Company’s financial position.

ENSURING PRIVACY
AND SECURITY OF DATA

At Saudi Re, we place a high emphasis on cybersecurity. Our position is continuously measured using multiple dashboards and KPIs, both internally and externally. In 2022, we consistently maintained an “A” security rating for external Cyber security exposure. To further enhance our security measures, we conducted a cybersecurity awareness campaign and maintained an active threat management team that attended to over 1,700 alerts from various threat intelligence sources within the SLA. Additionally, we formed a Cybersecurity Incident Response Team. No cybersecurity incidents were reported in 2022.

The Company also improved data protection and identity management infrastructure by introducing an advanced data classification system, and a Privileged Access Management (PAM) solution. Furthermore, improved IT disaster recovery infrastructure reduced recovery time to 5 minutes or less.

	2018	2019	2020	2021	2022
Number of clients	274	266	308	293	314
Number of claims requested to be settled during the year	3,224	2,271	2,032	2,083	2,855
Number of claims settled during the year	3,224	2,271	2,032	2,083	2,855
Percentage of settled claims during the year (%)	100	100	100	100	100
Number of client new claims during the year	4,361	3,831	2,811	3,020	2,935
Percentage of claims settled within 7 working days (%)	97	98	98	97	97
Value of claims paid (SR)	368,408,063	436,701,320	481,191,479	471,215,536	537,845,426

FURTHERING INNOVATION AND DIGITAL TRANSFORMATION

The introduction of digital signatures provided a significant reduction in response times. During the year, Saudi Re also established a new "Claims Closure" policy to review, follow-up and finalize aged claims. The Company is working towards the automation of this process through the "INSIAB" platform. The INSIAB platform was launched as a business process management tool to streamline business operations and provide improved services to our clients.

At Saudi Re, we continue to invest in our data analytics capabilities. Our sophisticated data business intelligence infrastructure supports our daily operations and transition to the new accounting standards IFRS 17. To enhance our services and efficiency, we have automated the client engagement process (KYC), while maintaining full compliance and reducing response time when onboarding new clients. In addition, we have provided remote access to our employees' via mobile devices, enabling faster response to clients' requests and enquiries.

To enhance client experience in the future, the Company is taking steps to introduce automated notifications that will alert customers to dormant claims, OS updates, statement confirmations, etc. Robotic Process Automation (RPA) bots will be introduced to supply instant responses to client queries.

11.7 SUSTAINABLE INSURANCE

Saudi Re prioritizes Environmental, Social, and Governance (ESG) considerations in its business operations, with a strong focus on Corporate Social Responsibility (CSR). The Company is committed to building a more sustainable future, guided by principles of fairness and ethics in all its business activities and lines of service.

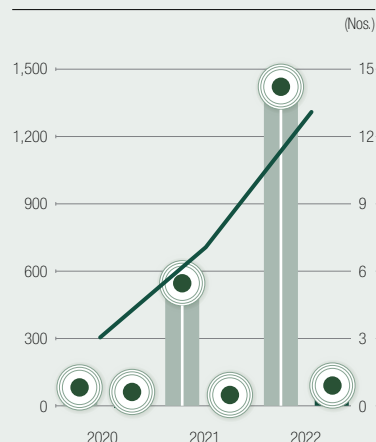
We understand the value of sustainable insurance practices. By integrating ESG considerations into our reinsurance services and solutions, we provide risk transfer that benefits the community and the environment. As a Sharia-compliant organization, sustainability is also a key factor in our investment decisions, avoiding investments in businesses that may harm society, while promoting equality and inclusion in transactions.

To promote access to insurance, Saudi Re offers insurance literacy programs, sponsors events to raise awareness about reinsurance, and provides technical training programs that benefit the sector. We also partner with Departments of Actuarial Sciences in universities to offer student traineeships at Saudi Re.

In 2022, Saudi Re carried out several training programs and workshops to make insurance more accessible. Training programs were focused on specialized areas of insurance and reinsurance, such as International Financial Reporting for Insurers (IFRI), Reinsurance Simulation Training Program (RTP), KSA Pricing Game, Associate in Risk Management (ARM), the UIB Treaty Insurance Seminar, and Policy Lifecycle Insurance Administration training.

In-house workshops were led by senior staff and professional speakers. The topics covered included Preventing Financial Crime in Insurance, Anti Money Laundering (AML), and Introduction to Electronic Equipment Insurance and Foundations of Reinsurance. Additionally, the Company facilitated Membership Renewal for underwriters (ACII), Auditors (CIA), Accountants (CMA), and Actuaries (ASA).

Promoting Financial literacy/Insurance literacy



- Number of participants in financial/insurance literacy initiatives
- Number of employees trained on financial/insurance literacy
- Number of training hours on financial/insurance literacy

MAINSTREAMING ESG
WITH CORE BUSINESS

Managing
environmental risk

Saudi Re is exposed to a moderate level of environmental risk; in particular, exposure to physical climate risk in our Global Property Catastrophe Reinsurance lines. The frequency and severity of weather-related catastrophic events is on the rise, but mitigants for Saudi Re include our annual policy repricing, catastrophe model updates, retrocessional protection, improved business diversification and good capitalization.

Saudi Re has a comparatively lower exposure level to physical climate risk, in relation to our global reinsurance peers, given our lines of business focus on regions with fewer natural catastrophes.

Saudi Re has woven sustainability into many aspects of its operations. These include financial and social inclusion, protecting the environment, sustainable investment and sustainable procurement. In our procurement practices, business partners are carefully evaluated through a transparent process. Motivation of employees, training and education, empowerment of women, and Saudization are prioritized in our employment practices. Our structure and systems of governance have been crafted to protect the interests of stakeholders and promote trust, transparency, accountability and ethical behavior.

Responsible investment

Total invested assets
(differentiated by industry
and asset class)

Reinsurance Operations
Investments

2022:	643,257
2021:	560,244
2020:	355,498
2019:	335,763

Shareholders
Investments

2022:	935,308
2021:	926,746
2020:	974,455
2019:	966,997

11.8 SUPPORTING
OUR COMMUNITIES

Saudi Re carries out a number of targeted social and philanthropic activities that supports furthering the socioeconomic development of communities in which we operate.

The Company's Code of Professional Conduct and Ethics and related policies set out the overall direction for our Corporate Social Responsibility efforts. Our areas of focus involve providing basic needs, improving quality of life, and addressing other identified needs in local communities.

Tamkeen
employment forum



Saudi Re is conscious about respecting the traditions and ethical aspects of the communities in which we operate. Over the years, our contributions have had a positive impact by promoting economic growth, creating job opportunities, enhancing education, providing healthcare services, enabling youth development, and making philanthropic activities available.

We uplift our communities in the following ways:

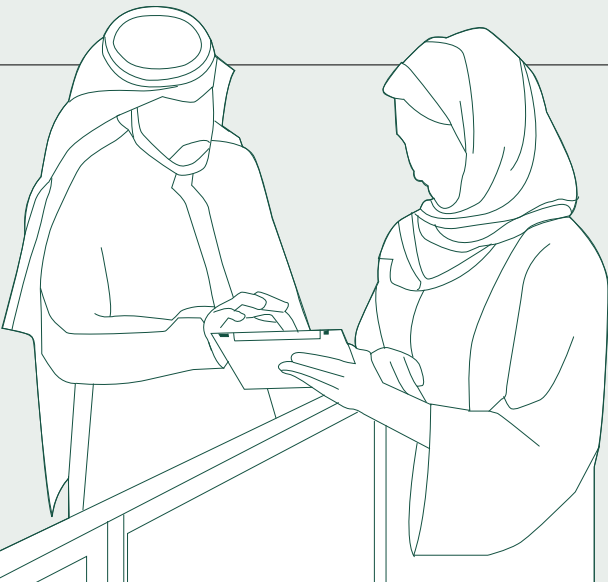
- Participation in charitable programs that donated second-hand computers, laptops, and other equipment to charities in need.
- Financial contributions to the Charitable Association for Rheumatic Diseases in support of children in need of medical assistance.
- Efforts to ensure equality include provisions to employ people with special needs who meet the Company's requirements.
- Skill development and employment creation for new graduates. The Company designs and implements specialized development programs for future professionals and leaders, including internships and summer jobs for students.
- Ensuring regular health checkups for employees, which further promotes and contributes to healthier communities.
- Training and personal development. As part of the Company's Development Program, Saudi Re conducted several workshops such as "7 Habits of Highly Effective People".
- Investing in the ongoing prosperity of communities through Zakat.



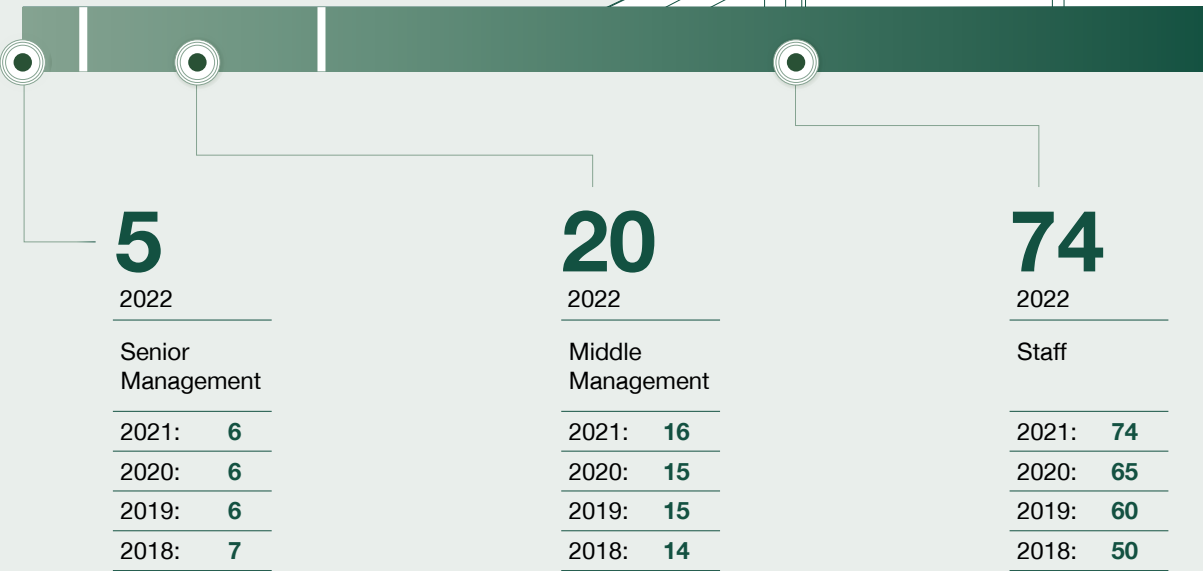
11.9 OUR PEOPLE
OUR PRIDE

Total number
of employees
(full time) 2022

99



Employees by
employment level



Age analysis
of employees



The employees of Saudi Re are an integral component of the Company and its success. The value they bring, in the form of expertise and experience, contributes to the strength, growth and adaptability of our business.

**SR
425,000+**

invested in staff
training and
development

**hrs
3,407**

of training
provided

TRAINING AND DEVELOPMENT

Ensuring a continuous program of training and development for staff is part of the Company's long-term commitment to its employees. Training and Development at the Company is guided by the Saudi Re Development Program (SRDP) which assesses skill gaps that need to be addressed in line with medium to long-term goals. Talent and knowledge development initiatives are structured to grow the required skills and competencies, and improve individual performance in line with the Company's strategic objectives.

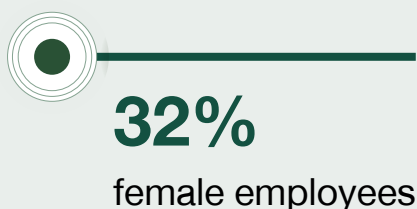
Saudi Re invested in a number of training programs during the year covering a variety of aspects, including but not limited to: insurance/reinsurance, finance and technical accounting, cyber security, anti-money laundering, and leadership.

Additionally, an ongoing orientation program is in effect to familiarize new employees with Company processes and procedures. Saudi Re's Competency Framework Project is another tool that equips staff with the skills required to improve performance and progress in their careers. Periodic performance evaluations and career development reviews are also conducted at all levels.

At senior levels, suitable employees are integrated into a succession plan, which includes key financial management positions. The process includes specialized training and development for high-performing employees, in preparation for navigating and meeting the demands of a challenging and constantly evolving environment.

Risk seminar
training





DIVERSITY AND INCLUSION

Saudi Re prides itself on providing a fair and inclusive work environment for all its employees. The Company is governed by its Code of Conduct and a Whistleblowing Policy along with a systematic Grievance Handling mechanism to manage misconduct, harassment or discrimination in the workplace. Model Work Organization Regulation, Physical Security Procedure and Incident Procedure are the bases on which all policies and procedures are formed; thereby ensuring we maintain a favorable and desirable work environment for all. No discrimination or harassment cases were reported in 2022.

Diversity and inclusion are given priority in our workplace culture. In 2022, the workforce of Saudi Re comprised of employees from the GCC (including KSA), India, Pakistan, UK, Algeria, Tunisia and Germany. 32% of our employees are female on the back of several company-wide initiatives to increase the intake of women. 39% of training hours were given to female staff. 05 employees availed themselves of their parental leave entitlement; with return-to-work rate and retention rate of 100% for the year.

Some female-friendly measures that constitute our diverse work environment:

- Female employees were allocated a separate space for increased privacy.
- Significant international days such as Women's Day were celebrated, and events organized. E.g. Awareness and education programs promoting early detection of breast cancer.
- Using an inter-departmental rotation system to grow female representation across the Company.
- Facilitating the Saudi Re Ladies' Outing

EMPLOYEE ENGAGEMENT

During 2022, several actions were carried out with the intention of driving employee engagement. Events such as the Annual Gathering, National Day and the Saudi Re outings helped build camaraderie amongst staff after a period of disruptions to regular work due to the COVID-19 pandemic, and resulting remote working arrangements.

In addition, participation in CSR activities organized in collaboration with welfare organizations and charities helped engage, inspire, and motivate staff to come together for a good cause.

Personal development initiatives like coaching and job rotation opportunities were offered to staff, and all statutory holiday and religious days of significance such as Ramadan, were recognized and celebrated, with all provisions assured to staff.

During 2022, we have conducted a study to assess the effectiveness of our compensations and benefits structure and launched a new reward strategy that is geared to establish a stronger link between

reward and performance and help retain and attract talents and incentivize them to achieve Saudi Re's strategic goals.

Measures were also taken to recognize achievements across the Company, and laudable initiatives and actions were announced and celebrated via email. Discounts and special offers on a range of products and services were also made available to employees and their family members via the WalaPlus Engagement Program, together with more competitive loan facilities and credit card offers.

Additionally, regular employee satisfaction surveys are conducted to monitor engagement and satisfaction.

HEALTH AND WELLBEING

Saudi Re is committed to uplifting the health and wellbeing of its workforce by providing desirable working conditions and a healthy work-life balance for all employees. Medical insurance coverage is provided to all staff and their family members. The Company Procedures also include a Physical Safety Procedure that protects individuals in the workplace.

It is the responsibility of the HR Department, Risk Management Department, and Business Continuity Teams to ensure health, safety, and security measures are maintained at a high standard, and potential risks are eliminated or managed. The Company provides ongoing education and awareness campaigns that promote good health and safety practices: for example, first aid training and annual flu vaccination campaigns preceding the flu season.

Informative and educational emails containing health updates, tips and guidelines are regularly circulated amongst employees.

The working hours of our employees are maintained in line with safe labor practices and legislation. The work-life balance of staff is prioritized with additional support provided to facilitate remote working facilities, permissions, flexible leave policies and paid vacation days. Saudi Re extends benefits and support to dependents of employees in several forms: including financial assistance with schooling and educational expenses, and benefits through the WalaPlus Engagement Program that provides discounts on gym memberships, healthy food options and more.

2021: 96	2020: 86	2019: 81	2018: 71
Total number of employees (full time)			
99			
2022			

2021: 65	2020: 60	2019: 58	2018: 53
Total male employees			
67			
2022			

2021: 31	2020: 26	2019: 23	2018: 18
Total female employees			
32			
2022			

Annual Medical Check Up





2022

32

% of female
employees

2021:	32
2020:	30
2019:	28
2018:	25



2022

24

Number of
new recruitments

2021:	18
2020:	6
2019:	12
2018:	15



2022

16

Employee
turnover (Nos.)

2021:	5
2020:	1
2019:	7
2018:	0

Service analysis of
employees



62

2022

0-5 years

2021: 58

26

2022

6-10 years

2021: 30

11

2022

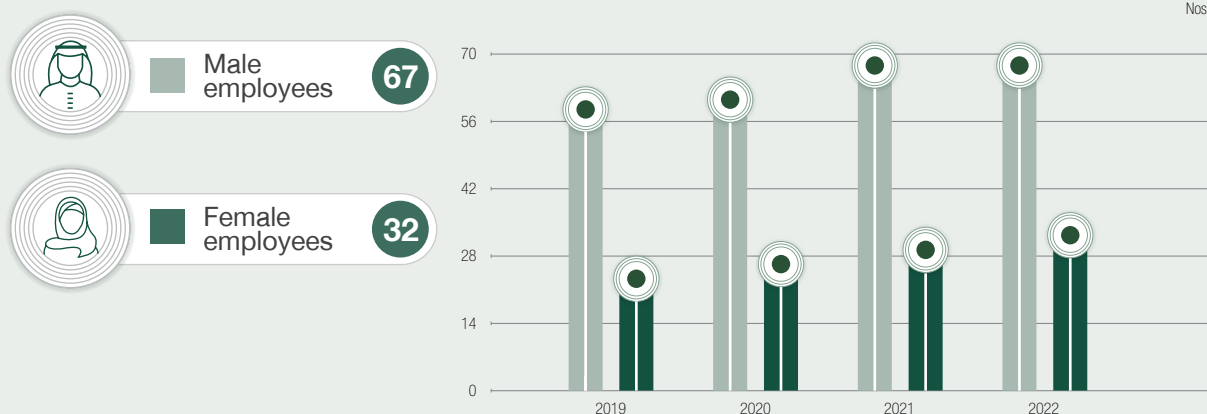
11-15 years

2021: 8

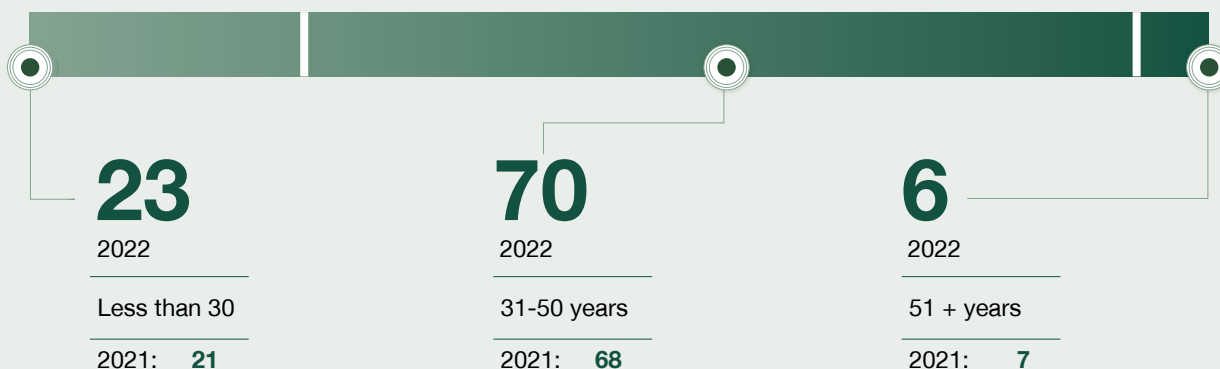
Saudi Re's Participation
in the 2022, 6th Saudi
Insurance Symposium



Recruitment analysis based on gender – 2022



Recruitment analysis based on age – 2022



Employee development





Annual flu vaccination campaign



National Day Celebrations



11.10 PROTECTING OUR PLANET

Saudi Re is fully committed to maintaining alignment of its sustainability goals, with Vision 2030 and the Global Goals

The direct environmental impact of Saudi Re's activities is relatively small, due to the nature of our business model. However, the Company remains committed to minimizing the environmental footprint of operations, with the intention of preserving the planet for future generations.

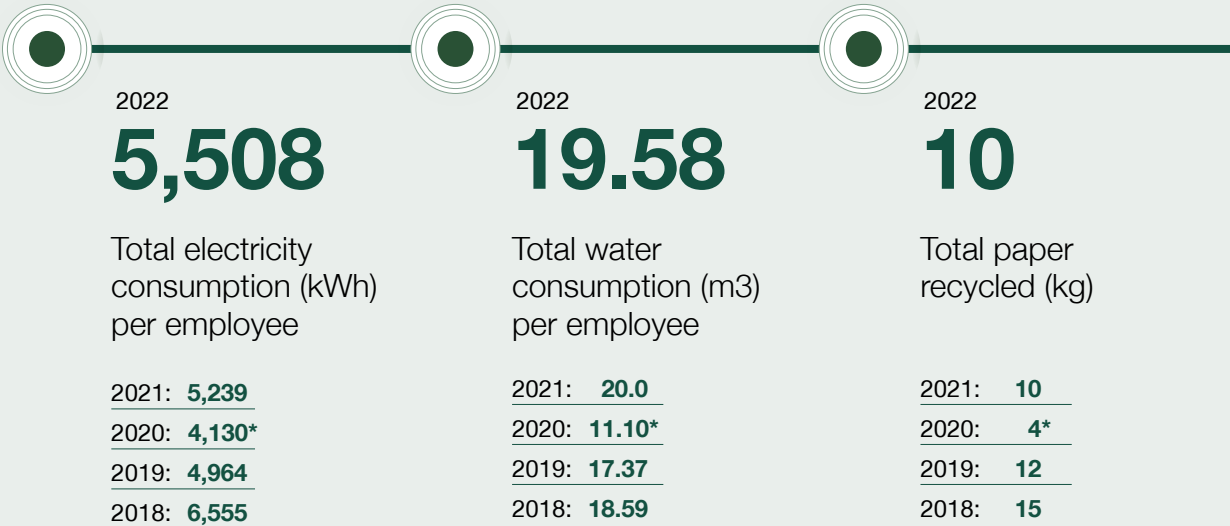
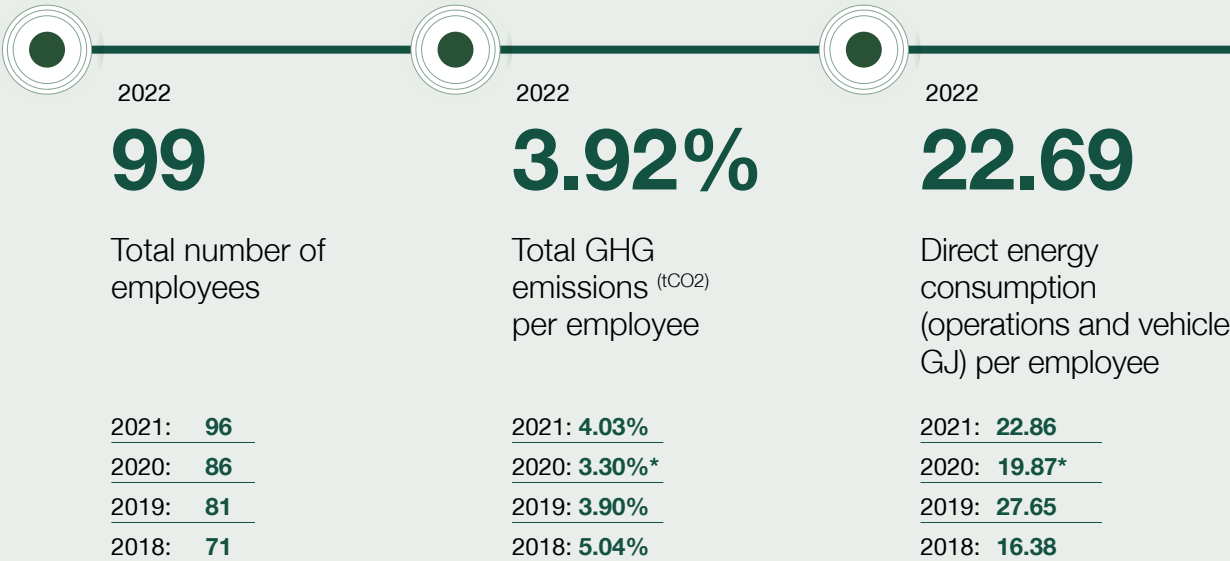
In addition to these efforts, Saudi Re is taking steps to mainstream ESG with the Company's core business; reflecting on how managing environmental risk, incentivizing sustainable practices, and responsible investment in clean and green technologies can have a greater magnifying effect on protecting our planet. A discussion on mainstreaming ESG with the core business is described on page 65 in the Sustainable Insurance section.

In 2022, we took a number of measures to further reduce water and energy consumption whilst improving waste management systems across the Company. Using a future-focused approach, we analyzed methods to upgrade our processes and infrastructure:

- Integration of devices with higher energy efficiency, such as motion-activated lighting.
- Electronic devices with high energy consumption were responsibly replaced with more efficient hardware.

- Collaboration with non-profit organizations that specialize in collecting, refurbishing and distributing computers and electronic devices to charitable institutions such as educational and social welfare organizations.
- Reduction of paper-usage through adoption of new processes, continued use of electronic signatures to minimize paper in approval and decision-making chains.
- In 2022, Saudi Re initiated a recycling campaign as a contribution to decreasing GHG emissions.
- Installation of devices such as faucet aerators to improve efficiency and conserve water.






Despite our negligible environmental footprint, as a conscious corporate citizen, Saudi Re's takes efforts to record and report against key environmental footprint metrics.



* Working from home measures has been applied to ensure the safety of Saudi Re's staff and their families due the COVID-19 Pandemic.

The climate crisis and concerning global trends in the recent past, have created a greater need for organizations to lead by example and reevaluate how business is conducted. In this context, there is a growing environmental and social consciousness in the ME Region and a push for sustainable business practices.

We are mindful of how our decisions could potentially affect the market and wider environment in which we operate. As such, Saudi Re is fully committed to maintaining alignment of its sustainability goals, with Vision 2030 and the Global Goals.

SDG	Saudi Re's actions
<div><div>5</div><div>GENDER EQUALITY</div><div></div></div> <div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div>	Saudi Re has a strong Diversity and Inclusion (D&I) framework in place, enabling the Company to avoid any form of discrimination regardless of age, gender, or disability.
SDG	Saudi Re's actions
<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div></div>	The Company ensures access to safe and affordable medical care for all employees. In response to the COVID-19 pandemic, this extended to provision of necessary vaccines.
SDG	Saudi Re's actions
<div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div>	As a premier reinsurer in the Kingdom, with a significant impact on the value-chain of multiple industries, Saudi Re contributes to sustainable and inclusive economic growth, full and productive employment, and decent work through direct and indirect means.
SDG	Saudi Re's actions
<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>	The Company ensures sustainable practices are in place across its operations, thereby contributing to responsible consumption. Wherever possible, the Company also engages in recycling of waste.

CORPORATE GOVERNANCE



12. GOVERNANCE

Saudi Re's governance structure provides a framework which includes the policies, rules, and standards which guide the Company's activities, and ensure protection of the rights and interests of its stakeholders and other shareholders. The Company's governance structure also regulates the relationships and communication between the Board, the Executive Management and the shareholders. Saudi Re's policies are aligned with regulations issued by SAMA and CMA and in compliance with national laws and regulations as outlined below. This section also outlines the responsibilities and competencies of the Board, its Committees, and the Executive Management.

The Company has committed to implementing all the articles of the corporate governance regulations issued by the Capital Market Authority during the year 2022, except for paragraph (b) of Article 93, where the Company has committed to disclose the details of the remuneration of senior executives in total and has not disclosed them in detail in accordance with the schedule specified in Annex (1) of the Corporate Governance Regulations, in order to avoid the harm that may be caused by presenting the details to the interest of the Company and its shareholders, based on paragraph (b) of Article 60 of the rules on the offering of securities and continuing obligations.

12.1 COMPLIANCE WITH LAWS AND REGULATIONS

During the year under review, in general, the Company complied with laws and regulations applicable in the Kingdom of Saudi Arabia, including the following:

- Laws and regulations issued by Capital Markets Authority (CMA).
- Laws and regulations issued by Saudi Central Bank SAMA, including the Corporate Governance Regulations.
- Zakat and Income Tax Regulations issued by the Zakat, Tax and Customs Authority.
- Labor Law issued by the Ministry of Human Resources and Social Development.
- The Companies Law issued by the Ministry of Commerce.

12.2 BOARD OF DIRECTORS

The Company is managed by a Board of Directors consisting of 9 members who are appointed by the shareholders in the Ordinary General Assembly for a period of 3 years from 11 May 2020 to 10 May 2023.

Mr Hesham Al-Shaikh

Non-Executive Director



Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Chairman of the Board, Member of the Executive Committee, and Investment Committee Chairman of Mekyal Financial Tech Board Member of Probitas Holding Company Founder and Chairman of the Board of Watan First Institute 	<ul style="list-style-type: none"> Board Member of Ashmore Saudi Arabia Investments Board Member of Saudi Civil Aviation Holding Company Board Member of Al Jazira Bank Deputy Managing Director of Arab National Bank 	<ul style="list-style-type: none"> Bachelor's degree in Business Management, Applied Mathematics and Economics from California University, USA 	<ul style="list-style-type: none"> More than 35 years of experience in the banking and investment sectors during which he assumed various leading position

Mr Mishari Al-Hussain

Non-Executive Director



Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Vice-Chairman of the Board, Member of the Investment Committee and Nomination and Remuneration Committee Board Member of Hana Food Industries Company Member of the Boards of several companies in the areas of real-estate development and training and education 	<ul style="list-style-type: none"> Board Member of Saudi Investment Bank and Saudi Development Fund Managing Director of Al Jazira Bank, Saudi Arabia 	<ul style="list-style-type: none"> Bachelor's degree in Business Administration from Oregon State University 	<ul style="list-style-type: none"> More than 35 years of experience in the banking and financial sectors during which he assumed various leading positions



Mr Ahmed Sabbagh
Non-Executive Director

Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none">Member of the Technic Committee, the Nomination and Remunerati Committee	<ul style="list-style-type: none">Member of the Board of Trustees of the Arab Insurance InstituteFormer General Manager and Board Member of the Islamic Insurance Company in JordanPresident of International Federation of TakafulBoard Member in the General Council for Islamic Banks and Financial Institutions	<ul style="list-style-type: none">Bachelor's degree in Business Administration from Beverly Hills University, California	<ul style="list-style-type: none">More than 45 years of experience in the insurance and reinsurance industry in the Middle East during which he assumed various leading rolesPublished six books about Takaful and Cooperative Insurance in both English and Arabic languages



Mr Jean-Luc Gourgeon
Non-Executive Director

Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none">Chairman of the Technical Committee and Member of the Executive CommitteeBoard Member of Probitas Holding Company, BermudaBoard Member of Probitas Corporate Capital, UKCEO of own consulting company JLG Consulting Ltd.	<ul style="list-style-type: none">European General Manager of Everest Re Europe in UKCEO, and CUO of Paris Re in France	<ul style="list-style-type: none">Master's degree with Honors in Mechanic's Science from Ecole Centrale de Lyon, Claude Bernard University in France, INSA LyonPolitical Science degree of Instituts d'Etudes Politiques de Paris	<ul style="list-style-type: none">More than 30 years of experience in the insurance and reinsurance industry

Mr Mohammad Omais Al-Otaibi

Independent Director



Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Chairman of the Risk Committee and Member of the Nomination and Remuneration Committee Vice-Chairman of Abdullah Saad Abo Moati Stationary Chairman of Zimeen Digital Marketing Member of the Audit Committee of Al Mojel Trading and Contracting Co. (Saudi joint stock non-listed company) 	<ul style="list-style-type: none"> Chairman of the National Gas and Industrialization Company Board Member of several joint stock companies Board Member of Al Yamamah Steel Industries Board Member of Riyadh Bank and a Member of the Risk Management Committee and Audit Committee of Riyadh Bank 	<ul style="list-style-type: none"> Master's degree in Business Administration specializing in Finance from Western Michigan University Attended the Advanced Management Program in Harvard University in USA 	<ul style="list-style-type: none"> More than 34 years of experience in Banking and Marine Shipping Industry during which he assumed different leading positions

Eng. Hussam Al-Suwailem CAIA, FDP, CFE

Independent Director



Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Saudi Re Member of the Board of Directors since May 2020 Saudi Re Member of the Investment Committee since November 2019 	<ul style="list-style-type: none"> International investments analyst covering M&A, venture investments and infrastructure project. SALIC (PIF Subsidiary). (2014 – 2016) Credit Portfolio Manager. SAMBA Financial Group, Saudi National Bank Bank, Riyadh Bank. (2006 – 2014) 	<ul style="list-style-type: none"> Certified Fraud Examiner (CFE) – Association of Certified Fraud Examiners, 2022, USA Chartered Alternative Investment Analyst (CAIA) – CAIA Association, 2020, USA Chartered Financial Data Professional (FDP) – FDP Institute, 2019, USA Master of Applied Finance, Macquarie University, 2012 – Sydney, Australia Bachelor of Electrical Engineering, King Saud University, 2006 – Riyadh, Saudi Arabia. 	<ul style="list-style-type: none"> Eng. Hussam's experience covers various inter-related disciplines such as corporate governance, asset management, modelling, and structuring investment transactions. Those fields bring about the knowledge Hussam technically employs to achieve optimal strategic resources allocation without compromising risk management frameworks and guidelines



Dr Peter Hugger
Independent Director

Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none">• Member of Risk Committee• Member of the Audit Committee• Board Member of MSG Global Solutions Zurich• Adviser to the Board at Innoveo AG Zurich	<ul style="list-style-type: none">• Chief Executive Officer of Echo Reinsurance Ltd., Zurich• Senior Executive Vice President of Asia Capital Reinsurance Group Pte Ltd. Singapore	<ul style="list-style-type: none">• Doctorate degree in Economics from the University of Konstanz, Germany	<ul style="list-style-type: none">• More than 35 years of experience in the international insurance and reinsurance market



Mr Marc Maupoux
Independent Director

Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none">• Chairman of the Nomination and Remuneration Committee• Member of the Technical Committee	<ul style="list-style-type: none">• Led the setup of a start-up reinsurance company based in Zurich, Switzerland• Head of Property, Non Cat & Engineering World Wide-Axis Re, and Consultant	<ul style="list-style-type: none">• Actuarial Fellowship from Institut de Science Financiere et d'Assurances (ISFA), France• Member of the IA (Institut des Actuaire) and of the SAV (Schweizer Aktuar Verein)	<ul style="list-style-type: none">• More than 30 years of experience in international insurance and reinsurance

Mr Fahad Al-Hesni
Executive Director



Current positions

- Managing Director and Chief Executive Officer
- Member of Executive Committee
- Board Member of Probitas Holding Company, Bermuda

Previous positions

- Vice President of Property and Casualty in Tawuniya

Qualifications

- Master's degree in Insurance and Risk Management from City University of London
- Association degree from the Chartered Insurance Institute (CII) in UK

Experience

- More than 25 years of experience in the Insurance and Reinsurance industry

12.3 COMMITTEE MEMBERS FROM OUTSIDE THE BOARD OF DIRECTORS



Mr Hisham Al-Akil

External member of
Audit Committee

Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Chairman of Audit Committee Chief Financial Officer of Al-Bilad Bank 	<ul style="list-style-type: none"> Positions of banking and insurance supervision in SAMA 	<ul style="list-style-type: none"> Master's degree in Accounting from the University of Illinois Associate of the American Institute of Certified Public Accountants (CPA) Completed the Strategic Financial Leadership program from Stanford University 	<ul style="list-style-type: none"> More than 20 years of experience in the Banking and Finance sector



Mr Abdullah Al Farraj

External member of
Audit Committee

Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Chief Financial Officer of Human Resources Development Fund 	<ul style="list-style-type: none"> Vice President for Financial Affairs of the Saudi Public Transport Company Chief Financial Officer Saudi Ground services Chief Auditor – National Commercial Bank 	<ul style="list-style-type: none"> Master's degree in Accounting from the American University in Washington Associate of the American Institute of Certified Public Accountants (CPA) Associate of Saudi Organization for Certified Public Accountants (SOCPA) 	<ul style="list-style-type: none"> More than 20 years of experience in the field of Audit Reinsurance/ Insurance and Finance

Mr Tariq Zaino

External member of
Audit Committee



Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Certified Public Accountant in his firm "Zaino CPA" 	<ul style="list-style-type: none"> GAZT – General Authority of Zakat and Tax LTP Audit Assistant Director, CMA – Capital Market Authority Senior Financial Officer at Appeal Committee Studies in General Secretariat of Committees for the Resolution of Securities Manager in Tax and Zakat Compliance, Ernst & Young 	<ul style="list-style-type: none"> Bachelor's degree in Accounting Sciences from King Saud University Fellowship certificate from the Saudi Organization for Certified Public Accountants (SOCPA), CME1 and CME2 	<ul style="list-style-type: none"> More than 17 years of experience in Accounting, Audit, Capital Market Violations, Zakat and Tax

Dr Volker Lauff

External member of
Risk Committee



Current positions	Previous positions	Qualifications	Experience
<ul style="list-style-type: none"> Executive Chairman of PRS Capital Solutions 	<ul style="list-style-type: none"> Sales Leader Analytics at Aon Global Risk Consulting 	<ul style="list-style-type: none"> PhD in Mathematics from Auto Von Guericke University, Germany 	<ul style="list-style-type: none"> Over 20 years of experience in the field of Insurance and Reinsurance



Mr Abdulatif Al Fozan*

External member of
Investment Committee

Current positions	Previous positions	Qualifications
<ul style="list-style-type: none">• Member of Investment Committee• Board Member – Al Fozan Holding Company• Founder & Managing Director – Ascend Healthcare Solutions• Chief Operating Officer – Al Fozan Holding Company	<ul style="list-style-type: none">• Corporate Investment Director – Al Fozan Holding Company• Business Development Manager – Al Fozan Holding Company• Consultant – Mergers & Acquisitions – Ernst & Young	<ul style="list-style-type: none">• Bachelor’s degree in Economics from University of Toronto



Mr Turki Al Sudairy*

External member of
Technical Committee

Current positions	Previous positions	Qualifications
<ul style="list-style-type: none">• Member of Technical Committee• CEO – Abdul Latif Jameel Insurance Brokers• CEO – StarCare Insurance Brokers• Board Member – Alpha Capital Realstate Development Fund 2• Board Member – Alpha Capital Saudi F&B Growth Fund• Vice Chairman of the General Committee of Insurance & Reinsurance Brokerage at SAMA	<ul style="list-style-type: none">• Project Coordination Manager – Bombardier/Hitachi Rail Consortiums	<ul style="list-style-type: none">• Bachelor’s degree in Finance from Concordia University

*Approved by SAMA as external member in November 2022

12.4 EXECUTIVE MANAGEMENT



Mr Fahad Al-Hesni

Managing Director –
Chief Executive Officer

Mr Fahad Al-Hesni joined Saudi Re as an Executive Board Member in 2011, and he serves as the Managing Director and the Chief Executive Officer, in addition to his membership of the Executive Committee of the Company. Currently he is a Board Member of Probitas Holding Company (Bermuda). He is also a member of the International Insurance Society (IIS).

He has more than 25 years of experience in the Insurance and Reinsurance industry during which he assumed various leading positions, last of which was the position of Vice President of Property & Casualty in Tawuniya. Mr Al-Hesni has a Master's degree in Insurance and Risk Management from City University of London and an Association degree from the Chartered Insurance Institute (CII) in UK.



Mr Nilmin Pieries

Chief Financial Officer

Mr Pieries joined the Company in 2010 bringing more than 25 years of experience in the fields of accounting, finance, investment, and risk management. He also has worked in various companies in Asia, the Gulf region and the UK, through which he has gained considerable experience in the insurance and reinsurance sector. Moreover, Mr Pieries was awarded a Master's degree in Business Administration by Nottingham University in the United Kingdom and is an Associate of the Chartered Institute of Management Accountants, (CIMA), UK.



Mr Ahmed Al-Jabr

Chief Operating Officer

Mr Al-Jabr joined the Company in 2011 and has experience in the insurance sector of more than 20 years. Mr Al-Jabr assumed different roles within the insurance industry covering areas of human resources, strategy, business development and claims. Mr Al-Jabr holds a Master's degree in Business Administration from Bradford University in the UK.



Mr Fadi Al Qutub

Chief Investment Officer

Mr Fadi joined Saudi Re in 2019 and previously held several positions in the field of investment and portfolio management for more than 20 years; his recent position was as the General Manager for Investment in Alistithmar Capital. Mr Fadi is a certified financial advisor from the Financial Services Authority in the UK, a certified portfolio manager and a certified wealth manager from the American Academy of Financial Managers. Mr Fadi holds a Bachelor's degree from the University of Bahrain in Business Management.



Mr Ahmed Al-Qarishi

Chief Underwriting Officer

Appointed in 2022, Mr Ahmed joined the Company in 2014 and has experience that exceeds 14 years, during which he occupied positions in Banking and Insurance supervision within the Saudi Central Bank. Mr Al-Qarishi has a Master's degree in actuarial science from Ball State University in USA; in addition, he is a Fellow of the Society of Actuaries in USA (FSA).

12.5 COMPANIES WITHIN AND OUTSIDE THE KINGDOM IN WHICH A BOARD MEMBER IS A MANAGER OR A MEMBER OF THEIR CURRENT OR PREVIOUS BOARD

Category	Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Hesham Al-Shaikh Chairman of the Board of Directors	Watan First Institute	Limited Company
			Mekyal Financial Tech	Limited Company
			Probitas Holdings (Bermuda) Ltd.	Closed Joint Stock Company
			Ashmore Investment KSA (Previous)	Closed Joint Stock Company
			Bank Al-Jazira (Previous)	Joint Stock Company
			Arab National Bank (Previous)	Joint Stock Company

Category	Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Mishari Al-Hussain Vice-Chairman	Doroob for Education and Training Company	Governmental Company
			Hana Water Company	Private Company
			Saudi Investment Bank (Previous)	Joint Stock Company
			Saudi Fund for Development (Previous)	Governmental
			Aloula Real Estate Development Company (Previous)	Closed Joint Stock Company
			Bank Al-Jazira (Previous)	Joint Stock Company
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Ahmed Sabbagh	Islamic Insurance Company (Jordan) (Previous)	Limited Joint Stock Company
			Tunisia Takaful Insurance Company – Tunisia (Previous)	Joint Stock Company
			Al Aman Takaful Insurance – Beirut (Previous)	Closed Joint Stock Company
			The International Federation of Takaful and Islamic Insurance Companies – Sudan (Previous)	Federation
Non-Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Jean-Luc Gourgeon	JLG Consulting Ltd.	Limited Company
			ARAPL Ile de France	Closed Joint Stock Company
			Probitas Holdings (Bermuda) Ltd.	Closed Joint Stock Company
			Probitas Corporate Capital Limited	Closed Joint Stock Company
			Probitas Holdings UK Ltd.	Closed Joint Stock Company
			Probitas 1492 Services Ltd.	Closed Joint Stock Company
			Probitas Managing Agency Services Ltd.	Closed Joint Stock Company
			Paris Re Holdings Ltd. – France (Previous)	Closed Joint Stock Company
			GTT Company – France (Previous)	Closed Joint Stock Company
			Cunningham Lindsey Group – USA (Previous)	Closed Joint Stock Company
			Paris Diderot University – France (Previous)	Limited Company
			French reinsurance association – France (Previous)	Joint Stock Company
Independent	Period from 11 May 2020 to 10 May 2023	Mr Marc Maupoux	EXIN Re AG, Zurich, Switzerland (Previous)	
			Axis Re Zurich, Switzerland (Previous)	

Category	Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Independent	Period from 11 May 2020 to 10 May 2023	Mr Mohammad Omair Al-Otaibi	Zimeen Digital Marketing	Limited Liability Company
			Al Mojel Trading and Contraction Co. (Audit Comm Member)	Closed Joint Stock Company
			Abdullah Saad Abo Moati Company	Joint Stock Company
			Al Yamamah Steel Company (Previous)	Joint Stock Company
			National Gas and Industrialization Company (GASCO) (Previous)	Joint Stock Company
			United Arab Company for Float Glass (Previous)	Closed Joint Stock Company
			Riyad Bank (Previous)	Joint Stock Company
			Middle East Shipment Company – Emirate (Previous)	Limited Company
			NSCSA AMERICA – USA (Previous)	Limited Company
			Bahri Company (Previous)	Joint Stock Company
			National Chemical Carriers Ltd. Co (Previous)	Limited Company
			West of England Insurance Company – Luxembourg (Previous)	Limited Company
			International Shipowners Re (Previous)	Limited Company
			Petradec Company for Gas Trade and Transportation – (Previous)	Limited Company
			ISRE Insurance Company – Luxembourg (Previous)	Limited Company
Independent	Period from 11 May 2020 to 10 May 2023	Eng. Hussam Al-Suwailem		
Independent	Period from 11 May 2020 to 10 May 2023	Dr Peter Hugger	Msg global solutions AG – Switzerland	Private Company
			Echo Reinsurance Ltd. – Switzerland (Previous)	Closed Joint Stock Company
			Asia Capital Reinsurance Group Pte Ltd. – Singapore (Previous)	Private Company
			Msg Systems AG – Singapore (Previous)	Private Company
			Gerling Global Re – Singapore (Previous)	Closed Joint Stock Company
Executive Director	Period from 11 May 2020 to 10 May 2023	Mr Fahad Al-Hesni	Probitas Holdings (Bermuda) Ltd.	Closed Joint Stock Company
			Probitas Holdings UK Ltd.	Closed Joint Stock Company
			Probitas 1492 Services Ltd.	Closed Joint Stock Company

12.6 PROCEDURES TO INFORM BOARD MEMBERS OF SHAREHOLDERS' SUGGESTIONS AND REMARKS

Saudi Re's expert and professional Investor Relations function collates and analyzes suggestions and comments received from shareholders through communication channels or General Assembly Meetings and submits findings to the Board of Directors. For more information on the Company's Investor Relations function and transparent engagement with stakeholders, please refer to the Corporate Governance section of the ESG report, on page 59.

12.7 POWERS AND RESPONSIBILITIES OF BOARD COMMITTEES

Executive Committee

The General Assembly shall approve, based on proposals by the Board of Directors the rules for the selection of Executive Committee members, the term of their membership and the method of the Committee work. The duties and responsibilities of the Executive Committee are as follows:

- Exercising the full powers and prerogatives of the Board between Board meetings and while the Board is not in session in cases where a quick

action or resolution is required or warranted, except that the Committee shall not have the power to act in lieu of the full Board in any matter in respect of which the delegation of powers is prohibited under applicable law, or that requires the approval of the Company's shareholders, or is specifically assigned to another committee of the Board.

- Reviewing the details of the Company's business strategy and making recommendations to the Board for approval.
- Reviewing the details of the Company's work plans and budget and regularly monitoring the progress of the work plan and budget.
- Overseeing the activities of the Chief Executive Officer of the Company.
- Supporting the Chief Executive Officer on an ad hoc basis to address specific needs or requirements. Reviewing alliances, mergers, acquisitions and other strategic agreements and making recommendations to the Board for approval.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.
- Reviewing alliance, mergers, acquisition and other strategic agreements and making recommendations to the Board for approval.

Audit Committee

The Board of Directors implement the rules for the selection of Audit Committee members which is approved by the General Assembly, also the scope of their membership and the method of the Committee work.

The duties and responsibilities of the Audit Committee should include the following:

- To supervise the Company's Internal Audit Department to ensure its effectiveness in executing its activities and duties specified by the Board of Directors.
- To review the internal audit procedures and prepare a written report on such review including its recommendations.
- Reviewing audit plan of internal auditors and external auditors and make any comments thereon.
- Assessing the efficiency, effectiveness and objectivity of work performed by external auditors, Internal Audit Department or Internal Auditor and Compliance Control Department or Compliance Officer.
- Coordinating between internal and external auditors.
- Reviewing the internal and external auditors' assessment of internal control procedures.

Board Member Name	Nature of Membership	1st Meeting 17.02.2022	2nd Meeting 20.03.2022	3rd Meeting 15.05.2022	4th Meeting 18.08.2022	5th Meeting 30.10.2022	6th Meeting 05.12.2022	Total meetings attended in 2022
1. Mr Hesham Al Shaikh	Chairman	✓	✓	✓	✗	✓	✗	4
2. Mr Fahad Al Hesni	Member	✓	✓	✗	✓	✓	✓	5
3. Mr Jean-Luc Gourgeon	Member	✓	✓	✓	✓	✓	✓	6

- Reviewing related parties' transactions.
- Reviewing, approving and monitoring the implementation of compliance plan.
- To supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- To review the external auditor's comments on the financial statements and follow up on the actions taken.
- Ensuring independence of external auditors from Company, Board Members and Senior Management.
- Discussing the annual and interim quarterly financial statements with external auditors and Company's Senior Management before issuance thereof.
- To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto.
- To review the accounting policies in force and advise the Board of Directors of any recommendation thereto.
- Reviewing internal financial and non-financial controls and risk management system.
- Appointment and dismissal of Head of Internal Audit Department or Internal Auditor and Head of Compliance Control Department or Compliance Officer after obtaining SAMA No Objection, their performance evaluation and remunerations for all respective staff.
- Ensuring independence of Internal Audit Department or Internal Auditor and Compliance Control Department or Compliance Officer in performing tasks, and ensuring there is no restriction on their scope of work or any impediments that might negatively affect their work.
- Reviewing reports of Compliance Control Department or Compliance Officer and Internal Audit Reports and pursue the implementation of the recommended corrective measures and make necessary recommendations to Board.
- Reviewing the comments of SAMA and other relevant supervisory and control entities related to any regulatory violation or corrective actions requested and making recommendations thereon for the Board.
- Following up the reports issued by SAMA, and other relevant supervisory and control entities and making recommendations thereon to the Board.
- Monitoring the activities of Compliance Department and ensuring that Company's compliance with SAMA, CMA and other laws and regulations.
- Reviewing the actuary reports and making recommendations thereon for the Board.
- Ensuring the Company's compliance with the actuary's proposals and recommendations where these are mandatory and required by regulations or SAMA instructions.
- Determining the monthly salary, bonus and other remuneration of the Internal Audit or Compliance Control Department or the Internal Auditor or Compliance Officer in accordance with the Company's internal by-laws approved by the Board.
- Ensuring the Company has written code of conducts approved by its BOD to ensure that the Company's activities are conducted in a fair and ethical manner.
- Following up on important lawsuits filed by or against Company and submitting period reports thereon to the Boards.
- Ensuring optimal use and control of information technology necessary to generate reliable information and data is in place.
- Authority to investigate any activity within its terms of reference and have access to any information it may need.
- The report of the audit shall include details of its performance of its competencies and duties stated in the Companies Law and its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company. The Board shall make available sufficient copies of the Audit Committee's report at the Company's head office, and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.

- The Audit Committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

Board Member Name	Nature of Membership	1st Meeting 25.01.2022	2nd Meeting 17.03.2022	3rd Meeting 14.05.2022	4th Meeting 19.07.2022	5th Meeting 17.08.2022	6th Meeting 27.09.2022	7th Meeting 27.10.2022	8th Meeting 04.12.2022	Total meetings attended in 2022
1. Mr Hisham Al-Akil	Ext. Chairman	✓	✓	✓	✓	✗	✓	✓	✓	7
2. Dr Peter Hugger	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
3. Mr Abdullah Al Farraj	Ext. Member	✓	✓	✓	✓	✓	✓	✓	✓	8
4. Mr Tarik Zaino	Ext. Member	✓	✓	✗	✓	✓	✓	✓	✓	7

Investment Committee

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Investment Committee members, the term of their membership, and the method of the Committee's work.

The duties and responsibilities of the Investment Committee are as follows:

- Ensuring that the Investment Policy Statement (IPS) is prepared in line with the overall business strategy of the Company as well as the regulatory guidelines.
- Obtaining Board approval for the IPS.
- Reviewing and revising the investment strategy on a quarterly basis taking changes in business requirements and market conditions into consideration.
- Appointment and evaluating the performance of Investment and Fund Managers.
- Recommending to the Board, the appointment and removal of Investment Advisor.
- Delegating when required execution of their decisions to a selected subcommittee and/or to the Management Team.
- Deciding the execution strategy for each segment of the investment portfolios, that is, whether the exposure in each segment will be executed via a passive or active management style, will be managed in-house or by external managers via segregated mandates or investment funds.
- Reviewing the decisions made by the Management Team and Investment Advisor(s).
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.
- Reporting to the Board, the performance of the Company's investments in terms of risk, returns, and allocations and on any major pertinent developments.

Board Member Name	Nature of Membership	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	Total meetings attended in 2022
		07.03.2022	09.05.2022	01.08.2022	26.10.2022	30.11.2022	
1. Mr Hesham Al-Shaikh	Chairman	✖	✖	✖	✖	✖	0
2. Mr Mishari Al-Hussain	Member	✓	✓	✓	✓	✓	5
3. Eng. Hussam Al-Suwailem	Member	✓	✓	✓	✓	✓	5
4. Mr Abdulatif Al Fozan*	Member					✓	1

* Mr. Abdulatif Al Fozan became an external member of the Investment committee on November 2022 by approval from the Saudi Central Bank "SAMA".

Risk Committee

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Risk Management Committee members, the term of their membership and the method of the Committee's work.

The duties and responsibilities of the Risk Committee are as follows:

- Re-evaluating the Company's risk appetite, tolerance, and exposure to risk on a regular basis.
- Re-evaluating the Company's risk management policy consistent with the Company's commitments to shareholders and regulatory requirements.
- Supervising the implementation of necessary measures to mitigate identified risks.
- Understanding and reviewing the risks associated with the Company's activities and maintaining an acceptable risk profile for the Company.
- Overseeing the risk management system and assessing its effectiveness, and ensuring infrastructure and resources are in place.
- Evaluation of the adequacy of the risk management function.
- Evaluating risks under certain stress scenarios (e.g. rating downgrade, capital issues, regulatory breaches/fines etc).
- Reviewing, and evaluating Business Continuity Plan Framework and Policy.
- Reviewing and obtaining Board approval for the following cybersecurity governance documentation:
 - I. Cybersecurity Committee Charter.
 - II. Cybersecurity Governance Framework
 - III. Cybersecurity strategy
 - IV. Cybersecurity policy
- Ensuring the cybersecurity risks of the Company is well managed.
- Reviewing catastrophic exposure limit.
- Review threshold limits of business portfolios.
- Reviewing capital adequacy and solvency of the Company.
- Reviewing ALM processes and activities on a regular basis.
- Review on regular basis regulatory, compliance and AML risks.
- Reviewing periodic reports from Risk Management Department, such as Quarterly Risk Management reports.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

The Committee shall have the authority to obtain advice and assistance from internal or external legal, actuarial, accounting or other advisors and to approve the fees and other retention terms related to any such external counsel, consultants and advisors.

Board Member Name	Nature of Membership	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	Total meetings attended in 2022
		09.03.2022	15.05.2022	02.08.2022	29.10.2022	30.11.2022	
1. Mohamad Al-Otaibi	Chairman	✓	✓	✓	✓	✓	5
2. Dr Peter F Hugger	Member	✓	✓	✓	✓	✓	5
3. Dr Volker Lauff	Ext. Member	✓	✓	✓	✓	✓	5

Technical Committee

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Technical Committee members, the term of their membership and the method of the Committee work.

The duties and responsibilities of the Technical Committee should include the following:

- Reviewing underwriting policies and guidelines.
- Reviewing pricing methodologies and tools used to price/rate risks.
- Reviewing the underwriting performance quarterly.
- Reviewing the claims activities quarterly.
- Reviewing the business plan assumptions annually and recommending the underwriting business plans to the Board.
- Recommending for Board approval new lines of business.
- Reviewing and recommending for Board approval the territories in which company should or should not write business from.
- Defining the Company's retrocession structure and recommending for Board approval including the retro cost.
- Ensuring that the securities of the retro panel are within the regulatory requirements and any changes are evaluated and necessary actions taken.
- Re-evaluating the Company's retrocession structure on a regular basis.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors and to approve the fees and other retention terms related to any such external counsel, consultants and advisors.

Nomination and Remuneration Committee

The General Assembly shall approve, based on proposal by the Board of Directors, the rules for the selection of Nomination and Remuneration Committee members, the term of their membership and the method of the Committee's work.

The duties and responsibilities of the Nomination and Remuneration Committee should include the following:

Recommending to the Board appointments to membership of the Board and its committees in accordance with the approved policies and standards. The Committee shall ensure that no person who has been previously convicted of any offense affecting honor or honesty is nominated for such membership.

- Preparing a description of the required capabilities and qualifications for the membership of the Board and its committees, including the time that a Board Member should set aside for carrying out the duties of the Board and its committees.

Board Member Name	Nature of Membership	1st Meeting 03.01.2022	2nd Meeting 11.01.2022	3rd Meeting 08.03.2022	4th Meeting 17.04.2022	5th Meeting 09.06.2022	6th Meeting 29.06.2022	7th Meeting 03.08.2022	8th Meeting 26.09.2022	9th Meeting 26/25.10.2022	10th Meeting 29.11.2022	Total meetings attended in 2022
1. Jean-Luc Gourgeon	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
2. Marc Maupoux	Member	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	9
3. Ahmad Sabbagh	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
4. Turki Al-Sudairy*	Member										✓	1

* Mr. Turki Al Sudairy became an external member of the Technical committee on November 2022 by approval from the Saudi Central Bank "SAMA".

- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- Reviewing at least annually the requirement and availability of suitable skills within the membership of the Board and recommending remedies that are in the Company's best interest.
- Recommending succession planning policies to the Board and committees.
- Reviewing the structure of the Board and its committees and determining their points of weakness and recommending changes where needed. Also providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Assessing and monitoring the independence of the independent Board and Board committee members at least on an annual basis and ensuring that no conflict of interest exists in the cases where a Board Member also acts as a member of the Board of another company.
- Drawing clear policies regarding the compensation, remunerations and indemnities of the Board (as approved by the General Assembly) its committees, CEO, and Senior Management employees based on their performance in achieving the Company's strategic objectives and risk adjusted profits.
- Ensuring that an annual review of remuneration and compensation plans for members of Senior Management is conducted independently of Executive Management.
- Making the final recommendations to the Board with regards to selecting members of the Senior Management and/or promoting current employees to Senior Management positions as per SAMA's Fit and Proper rules.
- Making the final recommendations to the Board with regards to dismissing members of the Senior Management.
- Establishing a succession policy and procedure for the CEO and other key members of Senior Management and monitoring the implementation of the succession plans and process.
- Evaluate the performance of the Board (overall and individual performance) and its committees in a regular basis (at least on an annual basis).
- Overseeing the induction programs and training programs for Board Members.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

Board Member Name	Nature of Membership	1st Meeting 20.01.2022	2nd Meeting 28.02.2022	3rd Meeting 16.03.2022	4th Meeting 12.05.2022	5th Meeting 04.08.2022	6th Meeting 03.11.2022	Total meetings attended on 2022
1. Marc Maupoux	Committee	✓	✓	✓	✓	✓	✓	6
2. Mishari Al-Hussain	Member	✓	✓	✓	✓	✓	✓	6
3. Mohamad Al-Otaibi	Member	✓	✓	✓	✓	✓	✓	6
4. Ahmed Sabbagh	Member	✓	✓	✓	✓	✓	✓	6

12.8 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The important functions of the Board are as follows:

- Providing strategic guidance to the Company, including setting objectives and formulating strategic plans.
- Supervising the implementation of strategic plans and major transactions and determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
- Approving key policies and procedures and regularly reviewing and updating them.
- Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness.
- Establishing and monitoring a risk management system, where risks are assessed, managed, and monitored on a continuous basis.
- Selecting and changing (if needed) executives in key positions, and ensuring that the Company has an appropriate replacement policy for their replacement by an appropriate alternative with the necessary skills and eligibility for the office.
- Supervising Senior Management and monitoring the Company's performance against the performance objectives set by the Board.
- Ensuring the integrity of the Company's accounting and financial reporting system and the appropriateness of its disclosure process.
- Ensuring that the interests of the policyholders are being protected at all times.
- Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times.
- Promoting a culture of good corporate governance and high ethical standards.
- Granting Audit Committee the appropriate level of authority to investigate any matter within its mandate and shall ensure that the internal audit function is autonomous and is granted full access to all the information it needs to conduct its activities. In addition, the Board should take all necessary measures to ensure the responsiveness of Senior Management to internal auditors' queries and recommendations.
- The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by stakeholders when submitting complaints or reporting any violations, facilitating the method by which stakeholders (including company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulations and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard; also maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialized committees; appointing an employee to receive and address complaints or reports sent by stakeholders; dedicating a telephone number or an email address for receiving complaints; and providing the necessary protection to the stakeholders.

12.9 ATTENDANCE RECORD OF BOARD MEETINGS DURING 2022

Board Member Name	Designation	1st Meeting held on 17.02.2022	2nd Meeting held on 20.03.2022	3rd Meeting held on 05.04.2022	4th Meeting held on 28.04.2022	5th Meeting held on 15.05.2022	6th Meeting held on 09.06.2022	7th Meeting held on 16.06.2022	8th Meeting held on 28/29.06.2022	9th Meeting held on 18.08.2022	10th Meeting held on 30.10.2022	11th Meeting held on 05.12.2022	Total meetings attended in 2022
Mr Hesham Al-Shaikh	Chairman	✓	✗	✓	✓	✗	✓	✓	✓	✗	✓	✗	7
Mr Mishari Al-Hussain	Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Fahad Al-Hesni	MD/CEO	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	10
Mr Ahmad Sabbagh	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Mohamad Al-Otaibi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Jean-Luc Gourgeon	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr Marc Maupoux	Member	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	10
Dr Peter Hugger	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Eng. Hussam Al-Suwailem	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11

12.10 ATTENDANCE RECORD OF GENERAL ASSEMBLY MEETINGS DURING 2022

Name	Attendance Record		
	Ordinary General Assembly Meeting 23/07/1443 – 24 Feb. 2022	Ordinary General Assembly Meeting 10/10/1443 – 11 May 2022	Extraordinary General Assembly Meeting 16/02/1444 – 12 Sep. 2022
1. Hesham Al-Shaikh (Chairman)	✓	✓	✓
2. Mishari Al-Hussain (Vice Chairman)	✓	✓	✓
3. Fahad Al-Hesni	✓	✓	✓
4. Mohammad Al-Otaibi	✓	✓	✓
5. Ahmed Sabbagh	✓	✓	✓
6. Jean-Luc Gourgeon	✓	✓	✓
7. Eng. Hussam Al-suwailem	✓	✓	✓
8. Dr Peter Hugger	✓	✓	✓
9. Marc Maupoux	✓	✓	✓

12.11 PERFORMANCE OF THE BOARD AND ITS COMMITTEES

Board effectiveness evaluation

The Board and Committees undergo regular performance assessment using tools and forms approved by the Nomination and Remuneration Committee.

In addition, the Company contracted a consultant to assess the level and standard of governance amongst Board members. Recommendations of the assessment were taken into consideration, and the Board took all necessary steps to address the outcomes of the consultant's assessment. The Board made several decisions to adopt changes in its policies and procedures, in addition to introducing new programs and systems that will strengthen its governance.

12.12 RESULTS OF THE ANNUAL REVIEW OF EFFECTIVENESS OF THE INTERNAL CONTROL PROCEDURES OF THE COMPANY AND THE OPINION OF THE AUDIT COMMITTEE WITH RESPECT TO ADEQUACY OF COMPANY'S INTERNAL CONTROL SYSTEM

The Company's internal control system intends to ensure that control and monitoring tools are in place to ensure, at a reasonable level, the soundness of financial report and mitigation of risk. The results of annual audit conducted by the internal auditor have not revealed any material deficiency or weakness on the Company's internal control system.

The Audit committee confirms that there was no conflict between the audit committee resolutions.

12.13 REMUNERATION OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT

The General Assembly has approved on 21 July 2021 an amended remuneration policy for the Board and members of committees and Executive Management. According to the policy, each member is entitled to SR 5,000 for each attended meeting of the Board and any Board committee meeting. The Company's Board Directors are entitled to a minimum amount of SR 200,000 as an annual remuneration against Board directorship and contribution to Board business. The Chairman of the Board is entitled to a minimum amount of SR 300,000 per year. Each Non-Board Member is entitled to an amount of SR 5,000 as an attendance fee per meeting per committee and is entitled to a lump sum of SR 100,000 per year as a remuneration for contribution to the Committee functions. The Chairman of the Audit Committee is also entitled to an amount of SR 120,000. The remunerations of the members of the Board of Directors and its committees are presented to the Company's General Assembly for approval.

(SR '000)	BOD Members (Executives)	BOD Members (Non-Executive and Independent)	Five Top Executives including CEO and CFO
Salaries and benefits	–	–	9,600.00
Annual compensation	200.00	1,700.00	2,230.00
Meeting fees and expenses	75.00	870.00	–
Consultancy fees	–	189.00	–
Benefits in kind granted monthly or yearly	–	–	–
Total	275.00	2,759.00	11,830.00

Board Member name		BOD meetings	EXCOM meetings	INVEST COM meetings	TC COM meetings	Audit COM meetings	RMC meetings	N&R COM meetings	Total meetings fees	BOD Remuneration	Total amount to be paid
		SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Mr Hesham Al-Shaikh	Chairman	35,000	20,000	–	–	–	–	–	55,000	300,000	355,000
Mr Fahad Al-Hesni	CEO/MD	50,000	25,000	–	–	–	–	–	75,000	200,000	275,000
Mr Mishari Al-Hussain	Director	55,000	–	25,000	–	–	–	30,000	110,000	200,000	310,000
Mr Ahmed Sabbagh	Director	55,000	–	–	50,000	–	–	30,000	135,000	200,000	335,000
Mr Jean-Luc Gourgeon	Director	55,000	30,000	–	50,000	–	–	–	135,000	200,000	335,000
Mr Mohammad Al-Otaibi	Director	55,000	–	–	–	–	25,000	30,000	110,000	200,000	310,000
Mr Marc Maupoux	Director	50,000	–	–	45,000	–	–	30,000	125,000	200,000	325,000
Dr Peter Hugger	Director	55,000	–	–	–	40,000	25,000	–	120,000	200,000	320,000
Eng. Hussam Al-Suwailem	Director	55,000	–	25,000	–	–	–	–	80,000	200,000	280,000
Total		465,000	75,000	50,000	145,000	40,000	50,000	120,000	945,000	1,900,000	2,845,000

External Committee member		BOD meetings	EXCOM meetings	INVEST COM meetings	TC COM meetings	Audit COM meetings	RMC meetings	N&R COM meetings	Total meetings fees	BOD Remuneration	Total amount to be paid
		SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Mr Hisham Al-Akil	External Chairman Audit Committee	–	–	–	–	35,000	–	–	35,000	120,000	155,000
Dr Volker Lauff	External Member Risk Committee	–	–	–	–	–	25,000	–	25,000	100,000	125,000
Mr Abdullah Al-Farraj	External Member Audit Committee	–	–	–	–	40,000	–	–	40,000	100,000	140,000
Mr Tarik Zaino	External Member Audit Committee	–	–	–	–	35,000	–	–	35,000	100,000	135,000
Mr Turki Al-Sudairy	External member of Technical Committee	–	–	–	5,000	–	–	–	5,000	10,411	15,411
Mr Abdulatif Al Fozan	External member of Investment Committee	–	–	5,000	–	–	–	–	5,000	10,411	15,411
Total		–	–	5,000	5,000	110,000	25,000	–	145,000	440,822	555,000
Grand Total		465,000	75,000	55,000	150,000	150,000	75,000	120,000	1,090,000	2,340,822	3,400,000

12.14 SANCTIONS, PENALTIES, PRECAUTIONARY RESTRICTIONS IMPOSED BY REGULATORY AUTHORITIES

Sanction/penalty/ Precautionary procedure/ Preventive measure	Reasons for violation	Imposing authority	Measures undertaken to remedy and avoid such non-compliance in the future
Incorrect Disclosure	Based on Saudi Re's announcement for the unaudited financial report for Q1 of the year 2022 CMA saw that The special justification for the high (decrease) of net profit during the current profit compared to the same quarter of the previous year was found to be inconsistent with the figures mentioned in the items.	Capital market authority	Policy has been modified to reflect two users. First user is a submitter and the second user is a reviewer.
Violation of Saudi Central Bank's supervisory and control instructions	Delay in delivering the results of the second trial run related to the fourth stage of the transition plan to IFRS No. 17	Saudi Central Bank	Submit all trial runs on time

Subject of the penalty	2022		2021	
	Number of resolutions	Sum total for the penalty in SR	Number of resolutions	Sum total for the penalty in SR
Violation of Saudi Central Bank's supervisory and control instructions*	1	20,000	1	0
Violation of Saudi Central Bank's customer protection instructions	0	0	0	0
Violation of Saudi Central Bank's instructions on AML and CTF	0	0	0	0

*Reason: Delay in delivering the results of the second trial run related to the fourth stage of the transition plan to IFRS No. 17

12.15 THE COMPANY'S SIGNIFICANT PLANS, DECISIONS, AND FUTURE EXPECTATIONS

- Approval of Appointment of Labuan Branch External Auditor.
- Approval of the annual financial statement ending 31 December 2021, and quarterly financial statements ending 31 March 2022, 30 June 2022 and 30 September 2022 including Technical Reserves.
- Approval of Recommendation to Extraordinary General Assembly the Capital Increase by Way of Rights Issue and the appointment of Financial Advisor for the Rights Issue.
- Approval of appointment of external members to Board Investment and Technical Committees.
- Approval of and recommendation to the Extraordinary General Assembly the amendment of the Article of Association to increase the Board Seats.
- Approval of updated Rewards Strategy for Employees.
- Approval of Retrocession Appropriateness Report submitted by the Appointed Actuary.
- Approval of renewal of Appointed Actuary assignment.
- Approval to renew the provision of Reinsurance cover to Probitas Corporate Capital Ltd. for its participation in Lloyds Syndicate 1492 for the year of Account 2023.
- Approval of and recommendation to the Extraordinary General Assembly the amendment of the Article of Association Shares Buy-back.
- Approval of the non-life retrocession program for 2022/23 and life retrocession program for 2023.
- Approval of the 2023 Business Plan and Budgets.
- Approval of charters and policies including Corporate Governance Policy, Board Succession Policy, Human Resources Policy and Investment Policy Statement.

12.16 DETAILS OF AFFILIATE COMPANY

Affiliate name	Capital	Company's ownership percentage	Main scope of business	Country of operation	Country of incorporation
Probitas Holding Ltd.	4,508,982 USD	49.9	Insurance	United Kingdom	Bermuda

Interest in a class of voting shares held by persons (other than the Company's Directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article (45) of the Listing Rules, along with any change to such rights during the last fiscal year

Name of the person of interest	Number of shares at the beginning of the year %	Number of shares at the end of the year %	Net change	Change ratio %
1. Ahmad Hamad Algosabi & Bros. Company	5	5	0	0

Details of any interest, contractual securities or rights issue of the Board members and their relatives on the shares or debt instruments of the Company or its affiliates, and any change on such interest or rights during the last fiscal year

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio %
	Number of shares	Percentage of ownership	Debt instruments	Number of shares	Percentage of ownership	Debt instruments		
1. Hesham Al-Sheikh (Chairman)	8,910	0.010	0	8,910	0.010	0	0	0
2. Mishari Al-Hussain (Vice Chairman)	4,455	0.005	0	4,455	0.005	0	0	0
3. Fahad Al-Hesni	55,000	0.062	0	55,000	0.062	0	0	0
4. Mohammad Al-Otaibi	0	0	0	0	0	0	0	0
5. Ahmed Sabbagh	356,400	0.400	0	356,400	0.400	0	0	0
6. Jean-Luc Gourgeon	0	0	0	0	0	0	0	0
7. Eng. Hussam Al-Suwailem	0	0	0	0	0	0	0	0
8. Dr Peter Hugger	0	0	0	0	0	0	0	0
9. Marc Maupoux	0	0	0	0	0	0	0	0

Details of any interest, contractual securities or rights issue of the Senior Executives and their relatives on the shares or debt instruments of the Company or its affiliates, and any change on such interest or rights during the last fiscal year

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio %
	Number of shares	Percentage of ownership	Debt instruments	Number of shares	Percentage of ownership	Debt instruments		
1. Fahad Al-Hesni	55,000	0.062	0	55,000	0.062	0	0	0
2. Ahmed Al-Jabr	0	0	0	0	0	0	0	0
3. Nilmin Pieries	0	0	0	0	0	0	0	0
4. Fadi Al-Qutub	0	0	0	0	0	0	0	0
5. Ahmed Al- Qarishi	0	0	0	0	0	0	0	0

12.17 INFORMATION ON ANY LOANS, AND AMOUNTS PAID BY THE COMPANY IN REPAYMENT OF LOANS DURING THE YEAR

Creditor's name	Amount of principal debt	Loan term	Amounts paid by the Company in repayments of loans during the year	Remaining amount	Total indebtedness of Company and its affiliates
1. Arqaam capital	56,797,019	Open ended with annual renewal	1,207,363	56,797,019	56,797,019

12.18 THE COMPANY'S REQUESTS OF SHAREHOLDERS REGISTRY, DATES, AND REASONS THEREOF

Number of the Company's requests of shareholders registry	Request date	Request reasons
(1)	03/01/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(2)	02/02/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(3)	24/02/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the General Assembly Meeting convened on 24/02/2022
(4)	02/03/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(5)	04/04/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(6)	09/05/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(7)	11/05/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the General Assembly Meeting convened on 11/05/2022
(8)	02/06/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(9)	28/06/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(10)	03/07/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(11)	02/08/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(12)	04/09/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(13)	12/09/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the General Assembly Meeting convened on 12/09/2022
(14)	03/10/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right

Number of the Company's requests of shareholders registry	Request date	Request reasons
(15)	02/11/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(16)	08/11/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right
(17)	04/12/2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right

12.19 TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

1. Reinsurance contracts for one year with Probitas Corporate Capital Ltd, which is owned by Probitas Holding (Bermuda) Limited, and has an indirect interest for the Chairman of the Board of Directors Mr Hisham Abdulmalik Al-Shaikh, MD/CEO

Mr Fahad Al-Hesni and Board Member Mr Jean-Luc Gourgeon for their membership in the Board of Directors of the parent company Probitas Holding (Bermuda) Ltd. Also, there is an indirect interest for Board Member Mr Jean-Luc Gourgeon and the CFO Mr Nilmin Pieries for their membership in the Board of Directors of Probitas Corporate Capital Ltd. noting that the value of transactions during 2022 is estimated at SR 158,704,085 with no preferential conditions.

2. A consultancy services contract for one year with the Board Member Mr Jean-Luc Gourgeon, who has a direct interest, with a contract value of SR 188,983 and no preferential conditions during 2022.

During 2022 there have not been:

- Any arrangement or agreement under which a Director or a Senior Executive of the Company has waived any remuneration.
- Any arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.

Investments or reserves for the benefit of employees

The Company has not made any investments or reserves for the benefit of its employees.

The external auditor's report does not contain any reservations on the financial statements, nor has the Board made any recommendation to replace the auditor before the end of the term.

12.20 DECLARATION

- It has no convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the financial year ended 31 December 2022.
- There have not been any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company during 2022.

- There have not been any, redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding.
- During 2022, there have not been any arrangement or agreement under which a Director or a Senior Executive of the Company has waived any remuneration.
- During 2022, there is no any business or contract to which the Company is a party and in which a Director of the Company, a Senior Executive or any person related to any of them is or was interested. Other than the contracts mentioned in the item (Transactions) between the Company and related parties) here above.
- There no competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.

The Company further declares that:

- Proper books of account have been maintained
- The system of internal control is sound in design and has been effectively implemented
- There are no significant doubts concerning the Company's ability to continue its activity.

13. RISK MANAGEMENT

13.1 CURRENT AND FUTURE RISKS

Saudi Re's Board sets levels for the Company's risk appetite and risk tolerance, and carries out strategic planning and business planning functions. The business is managed through the Board of Directors, Board Committees, and the Executive Management team.

The Board establishes and monitors the Company's internal control system to ensure the adequacy and effectiveness of the Company's risk management.

As per Note (31) to the financial statements, the Company is exposed to risks including to reinsurance risk, regulatory framework risk, claims management risk, reserving and ultimate reserves risk, credit risk, liquidity risk, currency risk, special commission rate risk, and capital management.

The Company's internal annual review of the risk in 2022 identified the following current and future risks:



Reinsurance risks include accumulation, concentration, catastrophe exposure, high exposure to single large losses, and increased frequency and severity of claims. It can be mitigated through the diversification of accepted risk, implementation of underwriting guidelines, and the use of retrocession protection.



It refers to the failure of retrocessionaires to fulfill their obligations including defaulting the claims payments. Retrocession risk is controlled by a robust selection process that considers diversification of reinsurance sources as well as the financial position and credit rating of the reinsurers.



Claims management risk may arise in mainly in the event of inaccurate or incomplete case reserves and claims settlements. A dedicated Claims Management Department works within set policies and procedures to ensure that claims are managed in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory requirements, and the business' broader interests.



Risk occurs where established reinsurance liabilities are insufficient due to inaccurate projection. To manage reserving risk, the actuarial team uses a range of recognized techniques to project ultimate claims, monitor claims development patterns and stress-test ultimate reinsurance liability balances.



This risk arises from the default of counterparties such as retrocessionaires, cedents, brokers and debt issuer. This risk is addressed through policies that ensure the level of credit quality, financial and legal status, as well as the development of the relationship and periodic monitoring of receivables.



It refers to the unavailability of funds required to meet the Company financial obligations, and loss due to the liquidation of investments. To limit the impact of this risk, the Company periodically monitors the liquidity requirements and adopts an investment policy that sets out controls to manage the liquidity risk.



The Company is exposed to the currency exchange risk due to fluctuation in exchange rates of foreign currencies in relation to investments or underwriting commitments in foreign currencies. To limit the impact of this risk, the Company periodically monitors the currency risk to manage the currency risk and if necessary take the appropriate actions.



Market risk refers to the likelihood of losses which could result from the operation of market forces and result in shrinkage in capital. Market risk exposure for Saudi Re arises mainly from the investment portfolio, interest rate risk, equity risk, economic instability, such as change of oil prices. Risks arising from the above are managed by the Investment Policy Statement that is approved by the Board..



The Company is required to be in compliance with legal and regulatory requirements for regulatory bodies such as, Saudi Central Bank, Saudi Capital Market Authority, the Ministry of Commerce, and the Ministry of Human Resources and Social Development. The Company applies a strict compliance policy and has in place a dedicated Compliance Department reporting to the Audit Committee.



To Saudi Re, Information is important asset. As information systems and data become increasingly used in the Company's activities, they are subject to penetration, theft, disabling, leakage, modification or destruction by unauthorized persons or entities whose purpose is to harm the Company, its assets, employees, and others. Saudi Re uses a range of regulatory, technical and preventional tools, and practices aimed at protecting computers, servers, networks and the intrusive data from penetration, damage, change or disruption of access to information or services.



The Company’s reputation is considered as important asset to gain the trust of the Company’s existing and future clients, therefore, any information, news, associated with the Company directly or non-directly, can harm the reputation of the Company and might lead the clients to lose their trust in the Company as a reinsurance company. To mitigate this risk, the Company retains the trust of its partners in a good manner through a suitable communication channels, and demonstrating the strength of the Company and its brand in all times. The Company also has financial strength rating AA+ by SIMAH’s Credit Rating Agency, Tassnief, and A3 rating from Moody’s. The Company also has a financial strength rating of “A-” long-term issuer credit and insurer financial strength rating and a “gcAAA” regional scale rating with a Stable Outlook by Standard & Poor’s Global (S&P) and “A3” Insurance Financial Strength Rating (IFSR) international scale and a A1.sa national scale IFSR rating with stable outlook by Moody’s.



Reinsurance companies are subject to rating downgrades by rating agencies if the Company is unable to meet the agency requirements, which may affect the Company’s reputation and growth. The rating agencies primarily assess the Company’s ability to comply with its financial requirements; therefore, financial losses, significant growth or sovereign rating of Saudi Arabia is a major factor affecting the Company’s ability to comply with rating agencies financial requirements. To mitigate this risk, the Company manages the capital required by the rating agencies on a quarterly basis and periodically discusses with them to update them in respect of the business and market and if any concerns raised are addressed and appropriate action is taken if there is any significant change in the Company’s risk profile.



Emerging risk is considered to be a high risk as it is hard to identify it at an early stage, which can be reduced if it is identified early. The Company monitors all events that might be a peril to the Company, keeps its Board of Director, related committees and Executive Management informed and provides the necessary plan to avoid, transfer or reduce the risk.

One of the emerging risks is non-adoption of ESG standards. An example of these standards is addressing climate change and its impact as reinsurance provides various levels of security over a long time period. Increased temperature variability and the resulting heatwaves can not only affect agriculture, productivity, water resources, health and mortality, but can also increase the unsuitability in certain regions. The Company is adopting different initiatives to ensure meeting ESG standards and has published Sustainability Reports since 2020 highlighting the Company initiatives towards ESG standards compliance.

In addition, global conflicts are considered emerging risks for the insurance sector as that may lead to increase the cost of insurance and reduce the availability of insurance protection. The current Russia & Ukraine conflict is one of the examples. However, the Company has limited exposure to the conflicted region, and it is continuously monitoring the exposure and will take any necessary actions to address any future impact of the current conflict.



Saudi Reinsurance Company
Northern Ring Rd,
Al Wadi, Riyadh 13313,
Saudi Arabia

www.saudire.net

