

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

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



Saudi Reinsurance Company (A Saudi Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
For the year ended 31 December 2025

INDEX	PAGES
INDEPENDENT AUDITORS' REPORT	1 – 5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF INCOME	7
STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10 – 11
NOTES TO THE FINANCIAL STATEMENTS	12 – 77
SUPPLEMENTARY INFORMATION	78 – 79

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
Saudi Reinsurance Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Saudi Reinsurance Company** (the “Company”), which comprise the statement of financial position as at 31 December 2025, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (CONTINUED)

Key audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of Reinsurance contract liabilities and Reinsurance contract assets</i></p> <p>Reinsurance contract liabilities and reinsurance contract assets are carried in the statement of financial position at ﷲ2,190 million and ﷲ120 million respectively.</p> <p>The Company measures reinsurance contracts issued using the general measurement model (GMM) as the total of the fulfillment cash flows, which comprise estimates of the present value of the future cash flows ("PVFCFs"), with a risk adjustment for non-financial risk; and the contractual service margin ("CSM").</p> <p>The PVFCFs and the CSM amounted to ﷲ1,266 million and ﷲ750 million respectively at the reporting date.</p> <p>The determination of the PVFCFs and the CSM involves actuarial models. Its accuracy is dependent on the input data being correct and requires management to apply significant judgements, make significant estimates, for example loss ratios, claims development factors and discount rates etc. and use actuarial models. The risk of error arises as a result of the inappropriate choice of actuarial methodologies, techniques and assumptions. Management used an external actuary to assist them in the aforementioned determination.</p> <p>We considered the valuation of the PVFCFs and the CSM as a key audit matter due to the following:</p> <ul style="list-style-type: none"> • significant judgments applied and estimates made by management; • the quantitative significance of the amounts to the financial statements; and • the level of audit effort required. <p><i>Refer to notes 3 and 4 for material accounting policy and significant accounting estimates and judgments adopted by the Company and note 7 for the details of reinsurance contract liabilities and reinsurance contract assets.</i></p>	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process adopted by management to determine the PVFCFs and the CSM and identified the key controls in this process; • Assessed the abovementioned key controls to determine if they were appropriately designed and tested these controls to determine if they were operating effectively throughout the year; • Tested the data used in the process of valuation of the PVFCFs and the CSM, on a sample basis, by agreeing amounts to supporting documentation; • Tested samples of claims outstanding as at the year-end by comparing the amount of the claim to appropriate documentation, such as reports from loss adjusters, confirmations obtained from lawyers and reinsurance contracts; and • Evaluated the objectivity, skills, qualifications and competence of the independent external actuary and read the terms of the actuary's engagement with the Company to determine if the scope of his work was sufficient for audit purposes. <p>In addition, with the assistance of our internal actuarial specialists, we:</p> <ul style="list-style-type: none"> • Reviewed the report issued by the external actuary; • Evaluated the methodology applied to determine the PVFCFs and CSM; • Recalculated the CSM recognised for services provided for a sample of groups of contracts; • Assessed the appropriateness of key actuarial assumptions by independent recalculation of ultimate premiums and ultimate claims; • Reperformed the calculation of the present value of future cash flows on a sample basis and assessed the reasonableness of management's estimates; and • We assessed the disclosures relating to this matter in the financial statements against the requirements of IFRSs.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (CONTINUED)**Other Matter**

The financial statements of the Company for the year ended 31 December 2024 were jointly audited by another joint auditor who expressed an unmodified opinion on those statements on 20 March 2025, (corresponding to 20 Ramadan 1446H).

Other Information

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditors' report thereon. The Board of Directors and management is responsible for the other information in the annual report. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (CONTINUED)**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (CONTINUED)

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

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

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

Deloitte and Touche & Co.
Chartered Accountants
P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia

Dr. Mohamed Al-Amri & Co.

P.O. Box 8736
Riyadh 11492
Kingdom of Saudi Arabia



Waleed Bin Moh'd Sobahi
Certified Public Accountant
License No. 378



Gihad Al-Amri
Certified Public Accountant
License No. 362

15 Ramadan, 1447H
04 March, 2026



Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	31 December 2025	31 December 2024
ASSETS			
Cash and bank balances	5	94,714,884	73,464,920
Financial investments measured at fair value through income statement (FVIS)	6	682,978,985	94,824,666
Financial investments measured at fair value through other comprehensive income (FVOCI)	6	546,199,704	285,914,854
Financial investments measured at amortized cost	6	1,854,984,492	1,916,208,117
Reinsurance contract assets	7	120,273,487	92,128,480
Retrocession contract assets	7	907,624,519	627,927,506
Prepaid expenses, deposits and other assets	10	218,621,917	180,820,946
Property and equipment, net	8	29,448,083	29,553,225
Intangible assets, net	9	5,273,937	6,162,531
Statutory deposit	11	169,810,000	89,100,000
Accrued income on statutory deposit	11	6,784,707	22,314,278
TOTAL ASSETS		4,636,714,715	3,418,419,523
LIABILITIES			
Margin loan payable	12	56,797,019	56,797,019
Reinsurance contract liabilities	7	2,189,517,956	1,585,141,809
Retrocession contract liabilities	7	33,388,097	16,932,020
Accrued expenses and other liabilities	13	61,165,574	46,564,235
Provision for employees' end of service benefits	14	30,133,038	30,351,542
Provision for zakat and tax	15	67,310,972	41,671,425
Accrued commission income payable to Insurance Authority	11	6,784,707	29,046,147
TOTAL LIABILITIES		2,445,097,363	1,806,504,197
EQUITY			
Share capital	16	1,698,100,000	891,000,000
Treasury shares	16	(25,000,000)	--
Share premium	16	151,680,000	--
Statutory reserve	17	190,902,420	162,893,535
Retained earnings		182,529,825	585,294,283
Share-based payment reserve	18	11,117,647	--
Other reserves		(17,712,540)	(27,272,492)
TOTAL EQUITY		2,191,617,352	1,611,915,326
TOTAL LIABILITIES AND EQUITY		4,636,714,715	3,418,419,523



Chief Executive Officer



Chairman of the Board



Chief Financial Officer

Signed on 4 Mar 2026, 13:29 AST

PUBLIC

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF INCOME

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	31 December 2025	31 December 2024
Reinsurance revenue	7,19	1,672,498,610	1,129,966,260
Reinsurance service expenses	7,20	(1,468,141,866)	(987,822,423)
Net (expense) / income from retrocession contracts	7,21	(33,630,127)	388,563
Reinsurance service result		170,726,617	142,532,400
Investment income from financial investments measured at amortized cost	24	96,173,472	68,240,189
Net income from financial investments measured at fair value	25	38,152,129	14,414,552
Gain on sale of investment in an equity accounted investee		--	365,949,388
Investment management expenses		(6,224,441)	(9,619,291)
(Charge) / reversal for expected credit losses		(360,769)	1,196,586
Net investment income		127,740,391	440,181,424
Net finance expense from reinsurance contracts	7,22	(112,729,660)	(49,526,270)
Net finance income from retrocession contracts	7,23	49,969,936	12,097,373
Net financial result		64,980,667	402,752,527
NET REINSURANCE AND INVESTMENT RESULT		235,707,284	545,284,927
Other income	26	8,717,300	8,777,656
Special commission expense		(1,924,787)	(1,802,326)
Other operating expenses	27	(51,864,346)	(49,054,974)
Share of profit of equity accounted investee		--	2,510,590
Net income for the year before zakat and tax		190,635,451	505,715,873
Zakat for the year	15	(46,380,652)	(29,668,654)
Tax charge for the year	15	(4,210,372)	(1,235,577)
Net income for the year after zakat and tax		140,044,427	474,811,642
Basic and diluted earnings per share (Restated)	28	0.84	3.69



Chief Executive Officer



Chairman of the Board



Chief Financial Officer

Signed on 4 Mar 2026, 13:29 AST

PUBLIC

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	31 December 2025	31 December 2024
Net income for the year after zakat and tax		140,044,427	474,811,642
<i>Other comprehensive income</i>			
Items that will not be reclassified to income statement subsequently			
Financial investments at FVOCI – net change in fair value		7,005,491	1,559,726
Re-measurement gain / (loss) on employees' end of service benefits		2,554,461	(12,889,711)
Items that may be classified to income statement subsequently			
Share of foreign currency translation reserve of an equity accounted investee		--	1,611,630
Other comprehensive income / (loss)		9,559,952	(9,718,355)
Total comprehensive income for the year		149,604,379	465,093,287

Chief Executive Officer

Chairman of the Board

Chief Financial Officer

Signed on 4 Mar 2026, 13:29 AST

PUBLIC

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Retained earnings	Other reserves	Share-based payment reserve	Treasury shares	Total
Balance as at 1 January 2024	891,000,000	--	67,931,207	194,358,333	(6,467,501)	--	--	1,146,822,039
Net income for the year	--	--	--	474,811,642	--	--	--	474,811,642
Other comprehensive loss	--	--	--	--	(9,718,355)	--	--	(9,718,355)
Total comprehensive income for the year	--	--	--	474,811,642	(9,718,355)	--	--	465,093,287
Transfer to statutory reserve	--	--	94,962,328	(94,962,328)	--	--	--	--
Share of capital contribution of investment in equity accounted investee	--	--	--	11,086,636	(11,086,636)	--	--	--
Balance as at 31 December 2024	891,000,000	--	162,893,535	585,294,283	(27,272,492)	--	--	1,611,915,326

	Share capital	Share premium	Statutory reserve	Retained earnings	Other reserves	Share-based payment reserve	Treasury shares	Total
Balance as at 1 January 2025	891,000,000	--	162,893,535	585,294,283	(27,272,492)	--	--	1,611,915,326
Net income for the year	--	--	--	140,044,427	--	--	--	140,044,427
Other comprehensive income	--	--	--	--	9,559,952	--	--	9,559,952
Total comprehensive income for the year	--	--	--	140,044,427	9,559,952	--	--	149,604,379
Transfer to statutory reserve	--	--	28,008,885	(28,008,885)	--	--	--	--
Capital issued during the year (note 16)	267,300,000	160,380,000	--	--	--	--	--	427,680,000
Transaction costs related to capital issued (note 16)	--	(8,700,000)	--	--	--	--	--	(8,700,000)
Issuance of bonus shares (note 16)	539,800,000	--	--	(539,800,000)	--	--	--	--
Treasury shares (note 16)	--	--	--	25,000,000	--	--	(25,000,000)	--
Share-based payment reserve (note 18)	--	--	--	--	--	11,117,647	--	11,117,647
Balance as at 31 December 2025	1,698,100,000	151,680,000	190,902,420	182,529,825	(17,712,540)	11,117,647	(25,000,000)	2,191,617,352



Chief Executive Officer



Chairman of the Board



Chief Financial Officer

Signed on 4 Mar 2026, 13:29 AST

PUBLIC

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	<i>Notes</i>	31 December 2025	31 December 2024
Cash flows from operating activities			
Net income for the year before zakat and tax		190,635,451	505,715,873
<i>Adjustments for:</i>			
Provision for employees' end of service benefits	14	4,883,729	2,444,377
Investment income from financial investments measured at amortized cost	24	(96,173,472)	(68,240,189)
Share-based payment expense		11,117,647	--
Income from Tier 1 Sukuk	25	(13,488,425)	(8,590,914)
Special commission expense on margin loan payable		1,924,787	1,802,326
Depreciation and amortization of property and equipment and intangibles		3,239,070	3,340,087
Realized gains on financial investments measured at FVIS	25	(9,458,698)	(15,946,925)
Unrealized (gains) / losses on financial investments measured at FVIS	25	(14,571,708)	7,410
Dividend income	25	(633,298)	(522,095)
Share of profit of equity accounted investee		--	(2,510,590)
Gain on sale of investment in an equity accounted investee		--	(365,949,388)
Charge / (reversal) for expected credit losses		360,769	(1,196,586)
		77,835,852	50,353,386
<i>Changes in:</i>			
Reinsurance contract assets		(28,145,007)	(14,301,193)
Reinsurance contract liabilities		604,376,147	370,347,235
Retrocession contract assets		(279,697,013)	(188,334,339)
Retrocession contract liabilities		16,456,077	16,742,367
Prepaid expenses, deposits and other assets		(41,530,050)	14,780,693
Statutory deposit		(80,708,940)	--
Accrued expenses and other liabilities		14,601,339	(30,299,853)
		283,188,405	219,288,296
Zakat and tax paid		(21,222,398)	(30,781,182)
Employees' end of service benefits paid		(2,547,772)	(3,615,638)
Net cash from operating activities		259,418,235	184,891,476
Cash flows from investing activities			
Additions to financial investments measured at amortized cost	6	(579,594,753)	(2,225,861,361)
Proceeds from maturity of financial investments measured at amortized cost	6	654,993,305	1,445,835,854
Receipt of special commission income		99,640,782	65,190,141
Dividends received		633,298	522,095
Purchase of property, equipment and intangible assets, net		(2,245,334)	(1,916,653)
Additions to financial investments measured at FVIS	6	(1,026,669,529)	(1,046,778,424)
Proceeds from disposal of financial investments measured at FVIS	6	462,545,616	1,122,349,259
Additions to financial investments measured at FVOCI	6	(272,795,000)	(138,737,500)
Proceeds from maturity of financial investments measured at FVOCI	6	15,000,000	--
Proceeds from disposal of investment in an equity accounted investee		--	579,061,348
Net cash used in investing activities		(648,491,615)	(200,335,241)

(Continued)

PUBLIC

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Notes	31 December 2025	31 December 2024
Cash flows from financing activities			
Proceeds from share capital issued		427,680,000	--
Transaction costs related to share capital issued		(8,700,000)	--
Special commission expense paid against margin loans		(1,924,787)	(1,802,326)
Net cash from / (used in) financing activities		417,055,213	(1,802,326)
Increase / (decrease) in cash and cash equivalents		27,981,833	(17,246,091)
Cash and cash equivalents at the beginning of the year	5	66,733,051	83,979,142
Cash and cash equivalents at the end of the year	5	94,714,884	66,733,051



Chief Executive Officer



Chairman of the Board



Chief Financial Officer

Signed on 4 Mar 2026, 13:29 AST

PUBLIC

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2025 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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

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

Basis of measurement

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

Functional and presentation currency

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

Fiscal year

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

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2025****(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)****3. MATERIAL ACCOUNTING POLICIES**

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

Amendments to existing standards

Following standard, interpretation or amendment are effective from the annual reporting period beginning on 1 January 2025 and are adopted by the Company, however, they do not have any significant impact on the financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

New standards not yet effective

The following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards, which have been published and are mandatory for compliance for the Company with effect from future dates.

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	Annual reporting periods beginning on or after 1 January 2026

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**New standards not yet effective (continued)**

Standard, interpretation, amendments	Description	Effective date
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	Annual reporting periods beginning on or after 1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS.	

The Company anticipates that the application of these new standards and amendments in the future will not have a significant impact on the amounts reported.

Reinsurance and retrocession contracts***i) Classification***

Contracts under which the Company accepts significant reinsurance risk are classified as reinsurance contracts. Contracts held by the Company under which it transfers significant reinsurance risk related to underlying reinsurance contracts are classified as retrocession contracts. Reinsurance and retrocession contracts also expose the Company to financial risk.

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.

ii) Aggregation and recognition of reinsurance and retrocession contracts***Reinsurance contracts***

Reinsurance contracts are aggregated into groups for measurement purposes. Groups of reinsurance contracts are determined by identifying portfolios of reinsurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reinsurance and retrocession contracts (continued)

ii) Aggregation and recognition of reinsurance and retrocession contracts (continued)

Reinsurance contracts (continued)

Reinsurance contract issued by the Company is recognised from the earliest of:

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

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Retrocession contracts

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

A group of retrocession contracts initiated by the Company is recognized on the following date.

- Retrocession contracts that provide proportionate coverage: The later date on which any underlying reinsurance contract is initially recognized and the beginning of the coverage period of the group of retrocession contracts. This applies to the Company's quota share retrocession contracts.
- Other retrocession contracts: The beginning of the coverage period of the group of retrocession contracts. This applies to the Company's excess of loss retrocession contracts.

However, if the Company recognizes an onerous group of underlying reinsurance contracts on an earlier date and the related retrocession contract was entered into before that earlier date, then the group of retrocession contracts is recognized on that earlier date.

iii) Reinsurance acquisition cashflows

Reinsurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of reinsurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of reinsurance contracts to which the group belongs. Reinsurance acquisition cash flows are allocated to groups of reinsurance contracts under a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. If reinsurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group. If reinsurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio under a systematic and rational method. At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reinsurance and retrocession contracts (continued)

iv) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the insurer to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

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

The reassessment of risks considers only risks transferred from insurers to the Company, which may include both insurance and financial risks, but excludes lapse and expense risks.

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

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

Retrocession contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the retrocessionaire or has a substantive right to receive services from the retrocessionaire. A substantive right to receive services from the retrocessionaire ends when the retrocessionaire:

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reinsurance and retrocession contracts (continued)

v) Measurement

Reinsurance contracts – Initial measurement

On initial recognition, the Company measures a group of reinsurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of reinsurance contracts do not reflect the Company's non-performance risk.

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

The CSM of a group of reinsurance contracts represents the unearned profit that the Company will recognize as it provides services under those contracts. On initial recognition of a group of reinsurance contracts, if the total of (a) the present value of future cash flows, and (b) risk adjustment is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

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

Reinsurance contracts – Subsequent measurement

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

- the Liability for Remaining Coverage (LRC) comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date.
- the liability for incurred claims (LIC) includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reinsurance and retrocession contracts (continued)

v) Measurement (continued)

Reinsurance contracts – Subsequent measurement (continued)

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

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

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

- experience adjustments arising from premiums received in the year that relate to futures services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- changes in the risk adjustment for non-financial risk that relate to future service.

Retrocession contracts

To measure a group of retrocession contracts, the Company applies the same accounting policies as are applied to reinsurance contracts with the following modifications. The carrying amount of a group of retrocession contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

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

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the retrocessionaire. The Company does not adjust the risk adjustment for non-financial risk for the risk that the actual effect of non-performance of the retrocessionaire differs from the adjustment included in the fulfilment cash flows.

On initial recognition, the CSM of a group of retrocession contracts represents a net cost or net gain on purchasing retrocession. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing retrocession coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in the statement of income as an expense.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reinsurance and retrocession contracts (continued)

v) Measurement (continued)

Retrocession contracts (continued)

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

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

Retrocession of onerous underlying reinsurance contracts

The Company adjusts the CSM of the group to which a retrocession contract belongs and as a result recognizes income when it recognizes a loss on initial recognition of onerous underlying contracts, if the retrocession contract is entered into before or at the same time as the onerous underlying contracts are recognized. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the retrocession contracts.
- changes in the risk adjustment for non-financial risk that relate to future service.

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

vi) Derecognition

The Company derecognizes a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

A contract is derecognized from the group of contracts by making the following adjustments:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognized
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component or where the group has no remaining coverage period; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognized from the group.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reinsurance and retrocession contracts (continued)

vii) Presentation

Portfolios of reinsurance contracts that are assets and those that are liabilities, and portfolios of retrocession contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

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

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the reinsurance service result and reinsurance finance income or expenses. All changes in the risk adjustment for non-financial risk that relate to current or past services are included in the reinsurance service result. Reinsurance revenue and reinsurance service expenses exclude any investment components and are recognised as follows.

Reinsurance revenue

The Company recognizes reinsurance revenue as it provides services under groups of reinsurance contracts. Reinsurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration and comprises the following items.

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.
- Other amounts, including experience adjustments for premium receipts for current or past services.

In addition, the Company allocates a portion of premiums that relate to recovering reinsurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognizes the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as reinsurance revenue and an equal amount as reinsurance service expenses.

Release of CSM

The amount of the CSM of a group of reinsurance contracts that is recognised as reinsurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in the statement of income the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Loss components

The Company establishes a loss component of the liability for remaining coverage for onerous groups of reinsurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in statement of income as reversals of losses on onerous contracts and are excluded from reinsurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reinsurance and retrocession contracts (continued)

vii) Presentation (continued)

Loss components (continued)

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non- financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Reinsurance service expenses

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

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

Net expenses from retrocession contracts

Net expenses from retrocession contracts comprise an allocation of retrocession premiums paid less amounts recovered from retrocessionaire. The Company recognises an allocation of retrocession premiums paid in statement of income as it receives services under groups of retrocession contracts. The allocation of retrocession premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration. For a group of retrocession contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the retrocession contract covering those contracts is entered into before or at the same time as those contracts are recognized; and
- for changes in fulfilment cash flows of the group of retrocession contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in statement of income as reversals of recoveries of losses from the retrocession contracts and are excluded from the allocation of retrocession premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the retrocession contracts.

Reinsurance finance income and expenses

Reinsurance finance income and expenses comprise changes in the carrying amounts of groups of reinsurance and retrocession contracts arising from the effects of the time value of money, financial risk and changes therein. The Company presents reinsurance finance income and expenses in the Statement of Income.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities

i) Recognition and initial measurement

The Company recognizes deposits with financial institutions on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVIS, transaction costs that are directly attributable to its acquisition or issue.

Trade date accounting

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

ii) Classification and subsequent measurement

On initial recognition, a financial asset is either classified as measured at amortized cost, FVOCI or FVIS. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVIS:

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

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

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

ii) Classification and subsequent measurement (continued)

Debt instruments (continued)

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

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

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

Equity instruments

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

ii) Classification and subsequent measurement (continued)

Financial liabilities

The Company classifies its financial liabilities into one of the following categories:

- financial liabilities at FVIS, and;
- financial liabilities at amortized cost.

Financial liabilities at FVIS are measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognized in the statement of income. Financial liabilities measured at amortized cost are measured under the effective profit method. Interest expenses and foreign exchange gains and losses are recognized in the statement of income. Any gain or loss on derecognition is also recognized in the statement of income.

iii) Profit on financial instruments

Profit on financial instruments held at amortized cost is recognized in the statement of income under the effective profit method. The effective profit rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation under the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The calculation of the effective profit rate includes transaction costs and fees paid or received that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

iv) Impairment

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

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

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1' financial instruments. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2' financial instruments. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3' financial instruments.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets and financial liabilities (continued)

v) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received is recognised in the statement of income.

Financial liabilities

The Company generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is the statement of income.

vi) Cash and bank balances

Cash and cash equivalents comprise of cash in hand, cash at banks and restricted cash.

vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when it is required or permitted by an accounting standard – e.g. gains and losses arising from a group of similar transactions such as the gains and losses on financial assets measured at FVTPL.

End of service benefits

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

Short term employee benefits

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payment plan

The Company operates a Long-Term Incentive Plan (LTIP) under which eligible employees are granted equity settled share-based awards. The LTIP is equity-settled and subject to time-based vesting over a three-year performance cycle, starting 1 January 2024 and ending 31 December 2026. Vesting occurs in two tranches:

- First Vesting: Q1 of the year following the performance period (i.e., Q1 2027).
- Second Vesting: 12 months after the first vesting date (i.e., Q1 2028).

Vesting is also conditional upon the achievement of Company-wide performance targets.

Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat. Adjustments arising from the final zakat assessments are recorded in the period in which such assessments are made.

Withholding tax

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

Value Added Tax (VAT)

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

- collection of receivables from customers or
- delivery of services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT that is not recoverable is charged to statement of income as expense. Adjustments arising from the final VAT assessments are recorded in the period in which such assessments are made.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Groups of reinsurance and retrocession contracts that generate cash flows in a foreign currency, including the CSM, are treated as monetary items.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the statement of income.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Provisions

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

Special commission income

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

Dividend income

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

Segmental reporting

The Company has identified its operating segments based on the internal reports reviewed by the Chief Operating Decision Maker (CODM) for performance evaluation and resource allocation. The CODM monitors the financial and operational performance of the Company at a more detailed level; however, for external reporting purposes, the Company has aggregated its operating segments into two reportable segments in accordance with the criteria set out in IFRS 8. The aggregation is based on similarities in economic characteristics and the nature of products. The reportable segments are as follows:

Reportable segment	Products and services
Property and Casualty (P&C)	These contracts provide coverage for property and casualty risks, including Engineering, Fire, Marine, General Accident, Specialty, IDI, Motor and other business segments (Whole Accounts, Aviation, Energy, Agriculture and Political Risk etc). These lines share common risk factors, pricing methodologies, and claims-handling processes, focusing on indemnifying insurers against property damage, liability risks, and financial losses.
Life and Health (L&H)	This segment includes Health and Life insurance business lines. These products provide coverage for personal well-being, healthcare expenses, and life protection.

Contingencies and commitments

Contingent liability is:

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

Contingent assets are not recognised in the financial statements and are disclosed, unless the probability of an inflow of resources embodying economic benefits is remote. Commitments represent binding agreements of the Company to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

i) Fulfilment cash flows

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

Estimates of future cash flows

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

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

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

Reinsurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs.

Reinsurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts under methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company allocates reinsurance acquisition cash flows to groups of contracts based on the ultimate written premium for each contract, claims handling costs based on the claims, and maintenance and administration costs based on earned premium by contract within each group. Other costs are recognised in the statement of income as they are incurred.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

i) Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

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

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

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

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

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

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

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the chain-ladder and Bornhuetter-Ferguson methods. These techniques assume that the Company's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims. The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Risk adjustment for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company would require for bearing non-financial risk. The risk adjustments are allocated to groups of reinsurance contracts based on an analysis of the risk profiles of the groups. In determining the compensation that the issuing entity requires for bearing the non-financial risk of a group of contracts, the Company considers how the group of contracts affects its exposure to non-financial risk at an aggregate level arising from all reinsurance contracts that it has issued in the same risk pool.

The risk adjustment was calculated at the line of business level and then allocated down to each group of contracts in accordance with the inherent uncertainty within the future cash-flows for that group. The Cost of Capital (CoC) approach was used to derive the overall risk adjustment for non-financial risk. In the CoC method, the Company uses Insurance Authority's capital model to calculate the required capital and then applied a 6% per annum cost of capital to obtain the line of business level risk adjustment. The resulting amount of the calculated risk adjustment corresponds to the confidence level 70.7%.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

i) Fulfilment cash flows (continued)

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the reinsurance contracts. The Company applies a bottom-up approach where a liquid risk-free yield curve is adjusted to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the reinsurance contracts.

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

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

The following table sets out the range of yield curves used to discount future cash flows for major currencies:

	31 December 2025				31 December 2024			
	1 year	5 years	10 years	15 years	1 year	5 years	10 years	15 years
SAR	4.81%	4.78%	5.56%	5.89%	5.74%	4.99%	5.23%	5.33%
GBP	4.09%	4.36%	5.17%	5.56%	4.88%	4.09%	4.46%	4.68%
AED	4.67%	4.64%	5.42%	5.76%	5.46%	4.71%	4.95%	5.05%
INR	6.08%	6.87%	6.22%	7.62%	7.01%	6.67%	6.44%	6.25%
KRW	3.07%	4.30%	4.12%	3.47%	3.08%	2.80%	2.87%	2.47%

ii) Contractual service margin

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

iii) Measurement of expected credit loss allowance

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

iii) Measurement of expected credit loss allowance (continued)

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

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

iv) Classification of investments

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

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

For equity investments carried at fair value, Company decides whether it should be classified as financial assets carried at fair value through other comprehensive income (FVOCI) or fair value through statement of income (FVIS). Investments in equity instruments are classified and measured at FVIS except if the equity investment is not held for trading and is designated by the Company at FVOCI. Further, even if the asset meets the amortized cost criteria the Company may choose at initial recognition to designate the financial asset as at FVIS if doing so eliminates or significantly reduces an accounting mismatch.

v) Level of aggregation

Judgement is involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together). Aggregation of reinsurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for retrocession contracts held. Areas of potential judgements include:

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

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

vi) Contract boundary

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract. The Company determines that the cash flows related to future renewals of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Company's expectation of its exposure to risk for that year and, on renewal, the Company can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

5. CASH AND BANK BALANCES

	31 December 2025	31 December 2024
Cash in hand	40,290	40,290
Bank balances	94,674,594	66,692,761
Bank balance - restricted (refer note 11)	--	6,731,869
Total cash and bank balances	94,714,884	73,464,920
Less: Bank balance – restricted (refer note 11)	--	(6,731,869)
Total cash and cash equivalents in the statement of cash flows	94,714,884	66,733,051

Bank balances include call account balance of ﷲ 8.70 million (2024: ﷲ 5.09 million). Cash at banks are placed with counterparties which have credit ratings of BBB+ and above as per Moody's ratings methodology.

6. FINANCIAL INVESTMENTS

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

	31 December 2025	31 December 2024
Measured at FVIS		
<i>Financial investments mandatorily measured at FVIS</i>		
Money market funds	673,142,616	86,193,233
Investment funds	6,096,987	7,607,587
<i>Financial investments designated at FVIS</i>		
Equity securities	3,739,382	1,023,846
	682,978,985	94,824,666
Measured at FVOCI		
<i>Financial investments designated at FVOCI</i>		
Tier 1 Sukuk	546,199,704	285,914,854
	546,199,704	285,914,854
Measured at amortized cost		
Time deposits	992,135,427	985,306,792
Debt securities	865,057,193	932,747,624
Expected credit losses	(2,208,128)	(1,846,299)
	1,854,984,492	1,916,208,117
Total financial investments	3,084,163,181	2,296,947,637

Time deposits are placed with banks which have credit ratings of BBB+ and above as per the Moody's ratings methodology. Such deposits earn special commission at an average effective commission rate of 5.34% (31 December 2024: 5.44%) per annum and have terms of 3 - 5 years (2024: 3 - 5 years).

Debt securities are placed with counterparties having sound rating. Such securities earn special commission at an average effective commission rate of 4.83% (2024: 4.63%) per annum and have term of 4 - 10 years (2024: 4 - 10 years).

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

6. FINANCIAL INVESTMENTS (CONTINUED)

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

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	1,224,741	--	621,558	1,846,299
Charge during the year	153,622	--	208,207	361,829
	1,378,363	--	829,765	2,208,128
	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	2,417,389	--	625,496	3,042,885
Reversal during the year	(1,192,648)	--	(3,938)	(1,196,586)
	1,224,741	--	621,558	1,846,299

The value of investments classified at stage 1 and stage 3 amounts to ﷲ 1,855,458,296 and ﷲ 1,734,324 respectively (2024: Stage 1 - ﷲ 1,916,457,171, Stage 3 - ﷲ 1,597,245).

iii. The movement of financial investments is as follows:

	31 December 2025			
	FVIS	FVOCI	Amortized cost	Total
Opening balance	94,824,666	285,914,854	1,916,208,117	2,296,947,637
Additions	1,026,669,529	272,795,000	579,594,753	1,879,059,282
Disposals / Maturity	(462,545,616)	(15,000,000)	(654,993,305)	(1,132,538,921)
Unrealized gains / Change in fair value, net	14,571,708	7,005,491	--	21,577,199
Realized gains	9,458,698	--	--	9,458,698
Change in accrued profit	--	(4,515,641)	7,857,710	3,342,069
Amortization of discount / (premium), net	--	--	6,679,046	6,679,046
Charge for expected credit losses	--	--	(361,829)	(361,829)
Closing balance	682,978,985	546,199,704	1,854,984,492	3,084,163,181
	31 December 2024			
	FVIS	FVOCI	Amortized cost	Total
Opening balance	154,455,986	141,632,674	1,127,330,016	1,423,418,676
Additions	1,046,778,424	138,737,500	2,225,861,361	3,411,377,285
Disposals / Maturity	(1,122,349,259)	--	(1,445,835,854)	(2,568,185,113)
Unrealized losses / change in fair value, net	(7,410)	1,559,726	--	1,552,316
Realized gains	15,946,925	--	--	15,946,925
Change in accrued profit	--	3,984,954	5,435,683	9,420,637
Amortization of discount / (premium), net	--	--	2,220,325	2,220,325
Reversal for expected credit losses	--	--	1,196,586	1,196,586
Closing balance	94,824,666	285,914,854	1,916,208,117	2,296,947,637

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS

	Property and Casualty (P&C)	Life and Health (L&H)	Total
31 December 2025			
Reinsurance contracts			
Reinsurance contract assets	(109,462,169)	(10,811,318)	(120,273,487)
Reinsurance contract liabilities	2,154,411,138	35,106,818	2,189,517,956
Net balance	2,044,948,969	24,295,500	2,069,244,469
Retrocession contracts			
Retrocession contract assets	(907,624,519)	--	(907,624,519)
Retrocession contract liabilities	33,279,074	109,023	33,388,097
Net balance	(874,345,445)	109,023	(874,236,422)
31 December 2024			
Reinsurance contracts			
Reinsurance contract assets	(90,813,930)	(1,314,550)	(92,128,480)
Reinsurance contract liabilities	1,559,745,794	25,396,015	1,585,141,809
Net balance	1,468,931,864	24,081,465	1,493,013,329
Retrocession contracts			
Retrocession contract assets	(627,927,506)	--	(627,927,506)
Retrocession contract liabilities	16,875,358	56,662	16,932,020
Net balance	(611,052,148)	56,662	(610,995,486)

A. Movements in reinsurance and retrocession contract balances

Description	Reinsurance contracts	Description	Retrocession Contracts
Net opening balance (without surplus)	1,451,848,785	Net opening balance	(610,995,486)
Premiums received, net of commission	1,298,722,887	Premiums paid, net of commission	(277,871,134)
Claims and other service expenses paid	(566,234,602)	Recoveries from retrocession	30,970,007
Reinsurance acquisition cash flows	(76,920,703)	Retrocession expenses	33,630,127
Reinsurance revenue	(1,672,498,610)	Retrocession finance income	(49,969,936)
Reinsurance service expenses	1,468,141,866		
Reinsurance finance expenses	112,729,660		
	2,015,789,283	Net closing balance	(874,236,422)
Accumulated surplus	53,455,186		
Net closing balance	2,069,244,469		

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

For each segment, the Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of income. A second reconciliation is presented, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2025					31 December 2024				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Opening liabilities	350,007,362	19,321,326	1,111,678,075	62,970,502	1,543,977,265	253,793,869	44,374,389	850,084,867	37,708,128	1,185,961,253
Opening assets	2,125,339	1,040,196	(106,408,492)	11,114,477	(92,128,480)	1,848,498	172,580	(90,153,447)	10,305,082	(77,827,287)
Net opening balance	352,132,701	20,361,522	1,005,269,583	74,084,979	1,451,848,785	255,642,367	44,546,969	759,931,420	48,013,210	1,108,133,966
Accumulated surplus	--	--	41,164,544	--	41,164,544	--	--	28,833,321	--	28,833,321
Total reinsurance contract liabilities	350,007,362	19,321,326	1,152,842,619	62,970,502	1,585,141,809	253,793,869	44,374,389	878,918,188	37,708,128	1,214,794,574
Changes in the statement of income										
Reinsurance revenue	(1,672,498,610)	--	--	--	(1,672,498,610)	(1,129,966,260)	--	--	--	(1,129,966,260)
Reinsurance service expenses										
Incurred claims and other reinsurance service expenses	--	(69,822,715)	1,474,162,513	47,560,510	1,451,900,308	--	(146,266,712)	1,060,378,983	31,394,073	945,506,344
Amortisation of insurance acquisition cash flows	58,226,224	--	--	--	58,226,224	39,353,473	--	--	--	39,353,473
Losses and reversals of losses on onerous contracts, net	--	73,863,326	--	--	73,863,326	--	113,272,897	--	--	113,272,897
Adjustments to liabilities for incurred claims	--	--	(101,842,395)	(14,005,597)	(115,847,992)	--	--	(104,987,987)	(5,322,304)	(110,310,291)
	58,226,224	4,040,611	1,372,320,118	33,554,913	1,468,141,866	39,353,473	(32,993,815)	955,390,996	26,071,769	987,822,423
Investment components	(5,713,858)	--	5,713,858	--	--	(5,007,017)	--	5,007,017	--	--
Reinsurance service result – Gross	(1,619,986,244)	4,040,611	1,378,033,976	33,554,913	(204,356,744)	(1,095,619,804)	(32,993,815)	960,398,013	26,071,769	(142,143,837)
Net finance (income) / expenses from reinsurance contracts	22,058,890	4,660,791	97,430,839	--	124,150,520	(17,786,717)	8,808,368	70,551,741	--	61,573,392
Effect of movement in exchange rates	497,364	--	(11,918,224)	--	(11,420,860)	(124,935)	--	(11,922,187)	--	(12,047,122)
Total changes in the statement of income	(1,597,429,990)	8,701,402	1,463,546,591	33,554,913	(91,627,084)	(1,113,531,456)	(24,185,447)	1,019,027,567	26,071,769	(92,617,567)
Cash flows										
Premiums, net of ceding commission, received	837,983,656	--	460,739,231	--	1,298,722,887	670,915,843	--	386,302,744	--	1,057,218,587
Claims and other reinsurance service expenses paid	--	--	(566,234,602)	--	(566,234,602)	--	--	(562,679,628)	--	(562,679,628)
Reinsurance acquisition cash flows	(76,920,703)	--	--	--	(76,920,703)	(58,206,573)	--	--	--	(58,206,573)
	761,062,953	--	(105,495,371)	--	655,567,582	612,709,270	--	(176,376,884)	--	436,332,386
Premiums expected to be received transferred from the LRC to LIC	1,047,753,902	--	(1,047,753,902)	--	--	597,312,520	--	(597,312,520)	--	--
Net closing balance	563,519,566	29,062,924	1,315,566,901	107,639,892	2,015,789,283	352,132,701	20,361,522	1,005,269,583	74,084,979	1,451,848,785
Closing liabilities	562,554,756	26,480,595	1,457,647,248	89,380,171	2,136,062,770	350,007,362	19,321,326	1,111,678,075	62,970,502	1,543,977,265
Closing assets	964,810	2,582,329	(142,080,347)	18,259,721	(120,273,487)	2,125,339	1,040,196	(106,408,492)	11,114,477	(92,128,480)
Net closing balance	563,519,566	29,062,924	1,315,566,901	107,639,892	2,015,789,283	352,132,701	20,361,522	1,005,269,583	74,084,979	1,451,848,785
Accumulated surplus	--	--	53,455,186	--	53,455,186	--	--	41,164,544	--	41,164,544
Total reinsurance contract liabilities	562,554,756	26,480,595	1,511,102,434	89,380,171	2,189,517,956	350,007,362	19,321,326	1,152,842,619	62,970,502	1,585,141,809

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

Reinsurance contracts

Analysis by measurement component

	31 December 2025				31 December 2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts								
Opening liabilities	924,498,633	117,962,941	501,515,691	1,543,977,265	808,844,285	80,710,190	296,406,778	1,185,961,253
Opening assets	(160,289,412)	20,618,947	47,541,985	(92,128,480)	(98,972,208)	14,587,505	6,557,416	(77,827,287)
Net opening balance	764,209,221	138,581,888	549,057,676	1,451,848,785	709,872,077	95,297,695	302,964,194	1,108,133,966
Accumulated surplus	41,164,544	--	--	41,164,544	28,833,321	--	--	28,833,321
Total reinsurance contract liabilities	965,663,177	117,962,941	501,515,691	1,585,141,809	837,677,606	80,710,190	296,406,778	1,214,794,574
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(322,428,985)	(322,428,985)	--	--	(228,429,834)	(228,429,834)
Change in the risk adjustment for non-financial risk for the risk expired	--	12,343,954	--	12,343,954	--	17,346,664	--	17,346,664
Experience adjustments	147,712,953	--	--	147,712,953	65,976,727	--	--	65,976,727
Changes that relate to future services								
Contracts initially recognised in the period	(504,701,085)	62,129,288	516,264,256	73,692,459	(324,545,596)	52,924,007	403,935,004	132,313,415
Changes in estimates that adjust the CSM	15,944,474	(1,435,219)	(14,509,255)	--	(12,348,643)	(19,291,388)	31,640,031	--
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	419,365	(248,498)	--	170,867	(16,667,732)	(2,372,786)	--	(19,040,518)
Changes that relate to past services								
Adjustments to liabilities for incurred claims	(101,842,395)	(14,005,597)	--	(115,847,992)	(104,987,987)	(5,322,304)	--	(110,310,291)
Reinsurance service result – Gross	(442,466,688)	58,783,928	179,326,016	(204,356,744)	(392,573,231)	43,284,193	207,145,201	(142,143,837)
Net finance expenses from reinsurance contracts	66,638,238	--	57,512,282	124,150,520	22,625,111	--	38,948,281	61,573,392
Effect of movement in exchange rates	(11,420,860)	--	--	(11,420,860)	(12,047,122)	--	--	(12,047,122)
Total changes in the statement of income	(387,249,310)	58,783,928	236,838,298	(91,627,084)	(381,995,242)	43,284,193	246,093,482	(92,617,567)
Cash flows								
Premiums, net of ceding commission, received	1,298,722,887	--	--	1,298,722,887	1,057,218,587	--	--	1,057,218,587
Claims and other reinsurance service expenses paid	(566,234,602)	--	--	(566,234,602)	(562,679,628)	--	--	(562,679,628)
Reinsurance acquisition cash flows	(76,920,703)	--	--	(76,920,703)	(58,206,573)	--	--	(58,206,573)
	655,567,582	--	--	655,567,582	436,332,386	--	--	436,332,386
Net closing balance	1,032,527,493	197,365,816	785,895,974	2,015,789,283	764,209,221	138,581,888	549,057,676	1,451,848,785
Closing liabilities	1,212,603,603	173,009,408	750,449,759	2,136,062,770	924,498,633	117,962,941	501,515,691	1,543,977,265
Closing assets	(180,076,110)	24,356,408	35,446,215	(120,273,487)	(160,289,412)	20,618,947	47,541,985	(92,128,480)
Net closing balance	1,032,527,493	197,365,816	785,895,974	2,015,789,283	764,209,221	138,581,888	549,057,676	1,451,848,785
Accumulated surplus	53,455,186	--	--	53,455,186	41,164,544	--	--	41,164,544
Total reinsurance contract liabilities	1,266,058,789	173,009,408	750,449,759	2,189,517,956	965,663,177	117,962,941	501,515,691	1,585,141,809

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2025					31 December 2024				
	(Assets) / liabilities for remaining coverage		(Assets) / liabilities for incurred claims			(Assets) / liabilities for remaining coverage		(Assets) / liabilities for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Retrocession contracts										
Opening assets	(278,418,827)	(859,277)	(332,370,171)	(16,279,231)	(627,927,506)	(189,148,319)	(3,223,310)	(236,418,979)	(10,802,559)	(439,593,167)
Opening liabilities	(1,037,987)	(151,360)	19,097,085	(975,718)	16,932,020	1,308	(5,562)	194,568	(661)	189,653
Net opening balance	(279,456,814)	(1,010,637)	(313,273,086)	(17,254,949)	(610,995,486)	(189,147,011)	(3,228,872)	(236,224,411)	(10,803,220)	(439,403,514)
Allocation of retrocession premiums paid	488,809,970	--	--	--	488,809,970	206,776,524	--	--	--	206,776,524
Income on initial recognition of onerous underlying reinsurance contracts	--	(8,347,087)	--	--	(8,347,087)	--	(4,354,901)	--	--	(4,354,901)
Amounts recoverable from retrocessionaires										
Recoveries of incurred claims and other reinsurance services	--	--	(437,225,538)	(19,449,716)	(456,675,254)	--	--	(264,754,866)	(11,783,489)	(276,538,355)
Recoveries and reversals of recoveries of losses on onerous underlying contracts, net	--	6,148,608	--	--	6,148,608	--	6,316,388	--	--	6,316,388
Adjustments to assets for incurred claims	--	--	5,666,307	1,740,828	7,407,135	--	--	63,298,929	5,331,760	68,630,689
	--	6,148,608	(431,559,231)	(17,708,888)	(443,119,511)	--	6,316,388	(201,455,937)	(6,451,729)	(201,591,278)
Changes that relate to future service	--	(3,700,975)	--	--	(3,700,975)	--	617,969	--	--	617,969
Effect of changes in the risk of retrocessionaires' non-performance	70,849	--	(83,119)	--	(12,270)	(1,415,409)	--	(421,468)	--	(1,836,877)
Net expenses / (income) from retrocession contracts	488,880,819	(5,899,454)	(431,642,350)	(17,708,888)	33,630,127	205,361,115	2,579,456	(201,877,405)	(6,451,730)	(388,563)
Net finance income from retrocession contracts	(22,380,870)	(457,015)	(26,694,852)	--	(49,532,737)	(132,967)	(361,221)	(11,435,149)	--	(11,929,337)
Effect of movement in exchange rates	(193)	--	(437,006)	--	(437,199)	--	--	(168,036)	--	(168,036)
Total changes in the statement of income	466,499,756	(6,356,469)	(458,774,208)	(17,708,888)	(16,339,809)	205,228,148	2,218,235	(213,480,590)	(6,451,729)	(12,485,936)
Cash flows										
Premiums, net of ceding commissions, paid	(225,282,484)	--	(52,588,650)	--	(277,871,134)	(219,035,532)	--	1,709,675	--	(217,325,857)
Recoveries from retrocession	--	--	30,970,007	--	30,970,007	--	--	58,219,821	--	58,219,821
	(225,282,484)	--	(21,618,643)	--	(246,901,127)	(219,035,532)	--	59,929,496	--	(159,106,036)
Premiums expected to be received transferred from the ARC to AIC	(246,877,461)	--	246,877,461	--	--	(76,502,419)	--	76,502,419	--	--
Net closing balance	(285,117,003)	(7,367,106)	(546,788,476)	(34,963,837)	(874,236,422)	(279,456,814)	(1,010,637)	(313,273,086)	(17,254,949)	(610,995,486)
Closing contract assets	(290,370,966)	(6,776,353)	(581,255,947)	(29,221,253)	(907,624,519)	(278,418,827)	(859,277)	(332,370,171)	(16,279,231)	(627,927,506)
Closing contract liabilities	5,253,963	(590,753)	34,467,471	(5,742,584)	33,388,097	(1,037,987)	(151,360)	19,097,085	(975,718)	16,932,020
Net closing balance	(285,117,003)	(7,367,106)	(546,788,476)	(34,963,837)	(874,236,422)	(279,456,814)	(1,010,637)	(313,273,086)	(17,254,949)	(610,995,486)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

Retrocession contracts

Analysis by measurement component

	31 December 2025				31 December 2024			
	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total
Retrocession contracts								
Opening assets	(225,220,930)	(53,908,745)	(348,797,831)	(627,927,506)	(183,058,050)	(45,507,807)	(211,027,310)	(439,593,167)
Opening liabilities	69,838,854	(4,414,176)	(48,492,658)	16,932,020	194,569	(661)	(4,255)	189,653
Net opening balance	(155,382,076)	(58,322,921)	(397,290,489)	(610,995,486)	(182,863,481)	(45,508,468)	(211,031,565)	(439,403,514)
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services received	--	--	197,424,996	197,424,996	--	--	80,312,980	80,312,980
Change in the risk adjustment for non-financial risk for the risk expired	--	(11,163,018)	--	(11,163,018)	--	(9,805,033)	--	(9,805,033)
Experience adjustments	(147,978,654)	--	--	(147,978,654)	(133,953,390)	--	--	(133,953,390)
Changes that relate to future services								
Contracts initially recognised in the period	277,046,802	(26,722,499)	(258,671,390)	(8,347,087)	216,652,478	(18,876,386)	(202,130,993)	(4,354,901)
Changes in recoveries of losses on onerous contracts that adjust the CSM	12,316,752	(292,410)	(12,024,342)	--	(13,626,745)	(2,737,320)	16,364,065	--
Changes in estimates that adjust the CSM	(120,924,019)	(353,267)	121,277,286	--	63,091,646	(108,230)	(62,983,416)	--
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	120,958,908	1,090,025	(125,749,908)	(3,700,975)	(16,043,140)	13,380,756	3,280,353	617,969
Changes that relate to past services								
Adjustments to liabilities for incurred claims	5,666,307	1,740,828	--	7,407,135	63,298,929	5,331,760	--	68,630,689
Effect of changes in the risk of reinsurers non-performance	(12,270)	--	--	(12,270)	(1,836,877)	--	--	(1,836,877)
Net expenses / (income) from retrocession contracts	147,073,826	(35,700,341)	(77,743,358)	33,630,127	177,582,901	(12,814,453)	(165,157,011)	(388,563)
Net finance (income) / expense from retrocession contracts	(14,035,136)	--	(35,497,601)	(49,532,737)	9,172,576	--	(21,101,913)	(11,929,337)
Effect of movement in exchange rates	(437,199)	--	--	(437,199)	(168,036)	--	--	(168,036)
Total changes in the statement of income	132,601,491	(35,700,341)	(113,240,959)	(16,339,809)	186,587,441	(12,814,453)	(186,258,924)	(12,485,936)
Cash flows								
Premiums, net of ceding commissions, paid	(277,871,134)	--	--	(277,871,134)	(217,325,857)	--	--	(217,325,857)
Recoveries from retrocession	30,970,007	--	--	30,970,007	58,219,821	--	--	58,219,821
	(246,901,127)	--	--	(246,901,127)	(159,106,036)	--	--	(159,106,036)
Net closing balance	(269,681,712)	(94,023,262)	(510,531,448)	(874,236,422)	(155,382,076)	(58,322,921)	(397,290,489)	(610,995,486)
Closing assets	(326,600,436)	(86,716,211)	(494,307,872)	(907,624,519)	(225,220,930)	(53,908,745)	(348,797,831)	(627,927,506)
Closing liabilities	56,918,724	(7,307,051)	(16,223,576)	33,388,097	69,838,854	(4,414,176)	(48,492,658)	16,932,020
Net closing balance	(269,681,712)	(94,023,262)	(510,531,448)	(874,236,422)	(155,382,076)	(58,322,921)	(397,290,489)	(610,995,486)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

i. Property and Casualty

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2025					31 December 2024				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Opening liabilities	350,137,951	19,092,641	1,088,399,656	60,951,002	1,518,581,250	254,556,850	42,651,716	823,023,164	36,019,238	1,156,250,968
Opening assets	2,290,648	842,576	(104,949,456)	11,002,302	(90,813,930)	1,841,169	172,580	(88,616,141)	10,225,842	(76,376,550)
Net opening balance	352,428,599	19,935,217	983,450,200	71,953,304	1,427,767,320	256,398,019	42,824,296	734,407,023	46,245,080	1,079,874,418
Accumulated surplus	--	--	41,164,544	--	41,164,544	--	--	28,833,321	--	28,833,321
Total reinsurance contract liabilities	350,137,951	19,092,641	1,129,564,200	60,951,002	1,559,745,794	254,556,850	42,651,716	851,856,485	36,019,238	1,185,084,289
Changes in the statement of income										
Reinsurance revenue	(1,601,752,952)	--	--	--	(1,601,752,952)	(1,081,768,104)	--	--	--	(1,081,768,104)
Reinsurance service expenses										
Incurred claims and other reinsurance service expenses	--	(69,041,690)	1,417,452,656	46,477,482	1,394,888,448	--	(144,304,122)	1,021,761,538	30,713,719	908,171,135
Amortisation of insurance acquisition cash flows	56,473,615	--	--	--	56,473,615	36,984,305	--	--	--	36,984,305
Losses and reversals of losses on onerous contracts, net	--	73,036,122	--	--	73,036,122	--	112,871,048	--	--	112,871,048
Adjustments to liabilities for incurred claims	--	--	(103,844,123)	(13,501,325)	(117,345,448)	--	--	(101,688,148)	(5,005,495)	(106,693,643)
	56,473,615	3,994,432	1,313,608,533	32,976,157	1,407,052,737	36,984,305	(31,433,074)	920,073,390	25,708,224	951,332,845
Investment components	(5,709,383)	--	5,709,383	--	--	(5,003,127)	--	5,003,127	--	--
Reinsurance service result – Gross	(1,550,988,720)	3,994,432	1,319,317,916	32,976,157	(194,700,215)	(1,049,786,926)	(31,433,074)	925,076,517	25,708,224	(130,435,259)
Net finance (income) / expenses from reinsurance contracts	23,569,830	4,581,122	92,025,222	--	120,176,174	(15,519,634)	8,543,995	65,711,120	--	58,735,481
Effect of movement in exchange rates	514,420	--	(11,997,771)	--	(11,483,351)	(119,093)	--	(12,083,817)	--	(12,202,910)
Total changes in the statement of income	(1,526,904,470)	8,575,554	1,399,345,367	32,976,157	(86,007,392)	(1,065,425,653)	(22,889,079)	978,703,820	25,708,224	(83,902,688)
Cash flows										
Premiums, net of ceding commission, received	822,372,956	--	462,344,329	--	1,284,717,285	653,829,841	--	367,465,042	--	1,021,294,883
Claims and other reinsurance service expenses paid	--	--	(559,653,315)	--	(559,653,315)	--	--	(533,736,530)	--	(533,736,530)
Reinsurance acquisition cash flows	(75,330,115)	--	--	--	(75,330,115)	(55,762,763)	--	--	--	(55,762,763)
	747,042,841	--	(97,308,986)	--	649,733,855	598,067,078	--	(166,271,488)	--	431,795,590
Premiums expected to be received transferred from the LRC to LIC	988,715,577	--	(988,715,577)	--	--	563,389,155	--	(563,389,155)	--	--
Net closing balance	561,282,547	28,510,771	1,296,771,004	104,929,461	1,991,493,783	352,428,599	19,935,217	983,450,200	71,953,304	1,427,767,320
Closing liabilities	560,503,622	25,929,911	1,427,530,367	86,992,052	2,100,955,952	350,137,951	19,092,641	1,088,399,656	60,951,002	1,518,581,250
Closing assets	778,925	2,580,860	(130,759,363)	17,937,409	(109,462,169)	2,290,648	842,576	(104,949,456)	11,002,302	(90,813,930)
Net closing balance	561,282,547	28,510,771	1,296,771,004	104,929,461	1,991,493,783	352,428,599	19,935,217	983,450,200	71,953,304	1,427,767,320
Accumulated surplus	--	--	53,455,186	--	53,455,186	--	--	41,164,544	--	41,164,544
Total reinsurance contract liabilities	560,503,622	25,929,911	1,480,985,553	86,992,052	2,154,411,138	350,137,951	19,092,641	1,129,564,200	60,951,002	1,559,745,794

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

i. Property and Casualty (continued)

Reinsurance contracts

Analysis by measurement component

	31 December 2025				31 December 2024			
	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total
Reinsurance contracts								
Opening liabilities	902,329,047	115,639,897	500,612,306	1,518,581,250	781,569,894	78,610,148	296,070,926	1,156,250,968
Opening assets	(158,805,081)	20,478,781	47,512,370	(90,813,930)	(97,391,594)	14,508,006	6,507,038	(76,376,550)
Net opening balance	743,523,966	136,118,678	548,124,676	1,427,767,320	684,178,300	93,118,154	302,577,964	1,079,874,418
Accumulated surplus	41,164,544	--	--	41,164,544	28,833,321	--	--	28,833,321
Total reinsurance contract liabilities	943,493,591	115,639,897	500,612,306	1,559,745,794	810,403,215	78,610,148	296,070,926	1,185,084,289
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(315,280,140)	(315,280,140)	--	--	(225,625,241)	(225,625,241)
Change in the risk adjustment for non-financial risk for the risk expired	--	12,302,635	--	12,302,635	--	17,195,426	--	17,195,426
Experience adjustments	152,586,616	--	--	152,586,616	71,817,151	--	--	71,817,151
Changes that relate to future services								
Contracts initially recognised in the period	(491,144,705)	60,679,701	503,559,793	73,094,789	(320,190,476)	52,086,645	400,378,472	132,274,641
Changes in estimates that adjust the CSM	16,171,360	(1,344,694)	(14,826,666)	--	(13,150,730)	(18,931,212)	32,081,942	--
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	189,208	(247,875)	--	(58,667)	(17,058,753)	(2,344,840)	--	(19,403,593)
Changes that relate to past services								
Adjustments to liabilities for incurred claims	(103,844,123)	(13,501,325)	--	(117,345,448)	(101,688,148)	(5,005,495)	--	(106,693,643)
Reinsurance service result – Gross	(426,041,644)	57,888,442	173,452,987	(194,700,215)	(380,270,956)	43,000,524	206,835,173	(130,435,259)
Net finance expenses from reinsurance contracts	63,443,700	--	56,732,474	120,176,174	20,023,942	--	38,711,539	58,735,481
Effect of movement in exchange rates	(11,483,351)	--	--	(11,483,351)	(12,202,910)	--	--	(12,202,910)
Total changes in the statement of income	(374,081,295)	57,888,442	230,185,461	(86,007,392)	(372,449,924)	43,000,524	245,546,712	(83,902,688)
Cash flows								
Premiums, net of ceding commission, received	1,284,717,285	--	--	1,284,717,285	1,021,294,883	--	--	1,021,294,883
Claims and other reinsurance service expenses paid	(559,653,315)	--	--	(559,653,315)	(533,736,530)	--	--	(533,736,530)
Reinsurance acquisition cash flows	(75,330,115)	--	--	(75,330,115)	(55,762,763)	--	--	(55,762,763)
	649,733,855	--	--	649,733,855	431,795,590	--	--	431,795,590
Net closing balance	1,019,176,526	194,007,120	778,310,137	1,991,493,783	743,523,966	136,118,678	548,124,676	1,427,767,320
Closing liabilities	1,186,357,385	170,139,865	744,458,702	2,100,955,952	902,329,047	115,639,897	500,612,306	1,518,581,250
Closing assets	(167,180,859)	23,867,255	33,851,435	(109,462,169)	(158,805,081)	20,478,781	47,512,370	(90,813,930)
Net closing balance	1,019,176,526	194,007,120	778,310,137	1,991,493,783	743,523,966	136,118,678	548,124,676	1,427,767,320
Accumulated surplus	53,455,186	--	--	53,455,186	41,164,544	--	--	41,164,544
Total reinsurance contract liabilities	1,239,812,571	170,139,865	744,458,702	2,154,411,138	943,493,591	115,639,897	500,612,306	1,559,745,794

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

i. Property and Casualty (continued)

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2025					31 December 2024					
	(Assets) / liabilities for remaining coverage		(Assets) / liabilities for incurred claims			(Assets) / liabilities for remaining coverage		(Assets) / liabilities for incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk		
Retrocession contracts											
Opening assets	(278,418,827)	(859,277)	(332,370,170)	(16,279,232)	(627,927,506)	(189,148,319)	(3,223,310)	(236,418,979)	(10,802,559)	(439,593,167)	
Opening liabilities	(1,039,885)	(149,549)	19,039,743	(974,951)	16,875,358	--	--	--	--	--	
Net opening balance	(279,458,712)	(1,008,826)	(313,330,427)	(17,254,183)	(611,052,148)	(189,148,319)	(3,223,310)	(236,418,979)	(10,802,559)	(439,593,167)	
Allocation of retrocession premiums paid	488,536,078	--	--	--	488,536,078	206,515,160	--	--	--	206,515,160	
Income on initial recognition of onerous underlying reinsurance contracts	--	(8,347,087)	--	--	(8,347,087)	--	(4,354,709)	--	--	(4,354,709)	
Amounts recoverable from retrocessionaires											
Recoveries of incurred claims and other reinsurance services	--	--	(437,225,539)	(19,449,715)	(456,675,254)	--	--	(264,754,866)	(11,783,489)	(276,538,355)	
Recoveries and reversals of recoveries of losses on onerous underlying contracts, net	--	6,146,637	--	--	6,146,637	--	6,309,716	--	--	6,309,716	
Adjustments to assets for incurred claims	--	--	5,629,164	1,740,843	7,370,007	--	--	63,229,956	5,331,865	68,561,821	
	--	6,146,637	(431,596,375)	(17,708,872)	(443,158,610)	--	6,309,716	(201,524,910)	(6,451,624)	(201,666,818)	
Changes that relate to future service	--	(3,701,033)	--	--	(3,701,033)	--	619,546	--	--	619,546	
Effect of changes in the risk of retrocessionaires' non-performance	70,848	--	(83,143)	--	(12,295)	(1,415,409)	--	(421,603)	--	(1,837,012)	
Net expenses / (income) from retrocession contracts	488,606,926	(5,901,483)	(431,679,518)	(17,708,872)	33,317,053	205,099,751	2,574,553	(201,946,513)	(6,451,624)	(723,833)	
Net finance income from retrocession contracts	(22,387,105)	(456,797)	(26,696,772)	--	(49,540,674)	(141,135)	(360,069)	(11,446,438)	--	(11,947,642)	
Effect of movement in exchange rates	(193)	--	(437,006)	--	(437,199)	--	--	(168,037)	--	(168,037)	
Total changes in the statement of income	466,219,628	(6,358,280)	(458,813,296)	(17,708,872)	(16,660,820)	204,958,616	2,214,484	(213,560,988)	(6,451,624)	(12,839,512)	
Cash flows											
Premiums, net of ceding commissions, paid	(225,013,834)	--	(52,588,650)	--	(277,602,484)	(218,766,590)	--	1,927,300	--	(216,839,290)	
Recoveries from retrocession	--	--	30,970,007	--	30,970,007	--	--	58,219,821	--	58,219,821	
	(225,013,834)	--	(21,618,643)	--	(246,632,477)	(218,766,590)	--	60,147,121	--	(158,619,469)	
Premiums expected to be received transferred from the ARC to AIC	(246,865,244)	--	246,865,244	--	--	(76,502,419)	--	76,502,419	--	--	
Net closing balance	(285,118,162)	(7,367,106)	(546,897,122)	(34,963,055)	(874,345,445)	(279,458,712)	(1,008,826)	(313,330,427)	(17,254,183)	(611,052,148)	
Closing contract assets	(290,370,966)	(6,776,353)	(581,255,947)	(29,221,253)	(907,624,519)	(278,418,827)	(859,277)	(332,370,170)	(16,279,232)	(627,927,506)	
Closing contract liabilities	5,252,804	(590,753)	34,358,825	(5,741,802)	33,279,074	(1,039,885)	(149,549)	19,039,743	(974,951)	16,875,358	
Net closing balance	(285,118,162)	(7,367,106)	(546,897,122)	(34,963,055)	(874,345,445)	(279,458,712)	(1,008,826)	(313,330,427)	(17,254,183)	(611,052,148)	

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

i. Property and Casualty (continued)

Retrocession contracts

Analysis by measurement component

	31 December 2025				31 December 2024			
	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total
Retrocession contracts								
Opening assets	(225,220,930)	(53,908,745)	(348,797,831)	(627,927,506)	(183,058,050)	(45,507,807)	(211,027,310)	(439,593,167)
Opening liabilities	69,781,510	(4,413,409)	(48,492,743)	16,875,358	--	--	--	--
Net opening balance	(155,439,420)	(58,322,154)	(397,290,574)	(611,052,148)	(183,058,050)	(45,507,807)	(211,027,310)	(439,593,167)
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services received	--	--	197,160,796	197,160,796	--	--	80,044,589	80,044,589
Change in the risk adjustment for non-financial risk for the risk expired	--	(11,163,018)	--	(11,163,018)	--	(9,805,033)	--	(9,805,033)
Experience adjustments	(147,990,317)	--	--	(147,990,317)	(133,953,035)	--	--	(133,953,035)
Changes that relate to future services								
Contracts initially recognised in the period	276,801,842	(26,722,499)	(258,426,430)	(8,347,087)	216,412,964	(18,876,386)	(201,891,287)	(4,354,709)
Changes in recoveries of losses on onerous contracts that adjust the CSM	12,316,752	(292,410)	(12,024,342)	--	(13,626,745)	(2,737,320)	16,364,065	--
Changes in estimates that adjust the CSM	(120,998,355)	(353,267)	121,351,622	--	62,960,068	(108,159)	(62,851,909)	--
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	121,026,326	1,090,025	(125,817,384)	(3,701,033)	(15,919,598)	13,380,685	3,158,459	619,546
Changes that relate to past services								
Adjustments to liabilities for incurred claims	5,629,164	1,740,843	--	7,370,007	63,229,955	5,331,866	--	68,561,821
Effect of changes in the risk of reinsurers non-performance	(12,295)	--	--	(12,295)	(1,837,012)	--	--	(1,837,012)
Net expenses / (income) from retrocession contracts	146,773,117	(35,700,326)	(77,755,738)	33,317,053	177,266,597	(12,814,347)	(165,176,083)	(723,833)
Net finance (income) / expense from retrocession contracts	(14,057,120)	--	(35,483,554)	(49,540,674)	9,139,539	--	(21,087,181)	(11,947,642)
Effect of movement in exchange rates	(437,199)	--	--	(437,199)	(168,037)	--	--	(168,037)
Total changes in the statement of income	132,278,798	(35,700,326)	(113,239,292)	(16,660,820)	186,238,099	(12,814,347)	(186,263,264)	(12,839,512)
Cash flows								
Premiums, net of ceding commissions, paid	(277,602,484)	--	--	(277,602,484)	(216,839,290)	--	--	(216,839,290)
Recoveries from retrocession	30,970,007	--	--	30,970,007	58,219,821	--	--	58,219,821
	(246,632,477)	--	--	(246,632,477)	(158,619,469)	--	--	(158,619,469)
Net closing balance	(269,793,099)	(94,022,480)	(510,529,866)	(874,345,445)	(155,439,420)	(58,322,154)	(397,290,574)	(611,052,148)
Closing assets	(326,600,436)	(86,716,211)	(494,307,872)	(907,624,519)	(225,220,930)	(53,908,745)	(348,797,831)	(627,927,506)
Closing liabilities	56,807,337	(7,306,269)	(16,221,994)	33,279,074	69,781,510	(4,413,409)	(48,492,743)	16,875,358
Net closing balance	(269,793,099)	(94,022,480)	(510,529,866)	(874,345,445)	(155,439,420)	(58,322,154)	(397,290,574)	(611,052,148)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

ii. Life and Health

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2025					31 December 2024				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims			Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Opening liabilities	(130,589)	228,685	23,278,419	2,019,500	25,396,015	(762,981)	1,722,673	27,061,703	1,688,890	29,710,285
Opening assets	(165,309)	197,620	(1,459,036)	112,175	(1,314,550)	7,329	--	(1,537,306)	79,240	(1,450,737)
Net opening balance	(295,898)	426,305	21,819,383	2,131,675	24,081,465	(755,652)	1,722,673	25,524,397	1,768,130	28,259,548
Changes in the statement of income										
Reinsurance revenue	(70,745,658)	--	--	--	(70,745,658)	(48,198,156)	--	--	--	(48,198,156)
Reinsurance service expenses										
Incurred claims and other reinsurance service expenses	--	(781,025)	56,709,857	1,083,028	57,011,860	--	(1,962,590)	38,617,445	680,354	37,335,209
Amortisation of insurance acquisition cash flows	1,752,609	--	--	--	1,752,609	2,369,168	--	--	--	2,369,168
Losses and reversals of losses on onerous contracts, net	--	827,204	--	--	827,204	--	401,849	--	--	401,849
Adjustments to liabilities for incurred claims	--	--	2,001,728	(504,272)	1,497,456	--	--	(3,299,839)	(316,809)	(3,616,648)
	1,752,609	46,179	58,711,585	578,756	61,089,129	2,369,168	(1,560,741)	35,317,606	363,545	36,489,578
Investment components	(4,475)	--	4,475	--	--	(3,890)	--	3,890	--	--
Reinsurance service result – Gross	(68,997,524)	46,179	58,716,060	578,756	(9,656,529)	(45,832,878)	(1,560,741)	35,321,496	363,545	(11,708,578)
Net finance (income) / expenses from reinsurance contracts	(1,510,940)	79,669	5,405,617	--	3,974,346	(2,267,083)	264,373	4,840,621	--	2,837,911
Effect of movement in exchange rates	(17,056)	--	79,547	--	62,491	(5,842)	--	161,630	--	155,788
Total changes in the statement of income	(70,525,520)	125,848	64,201,224	578,756	(5,619,692)	(48,105,803)	(1,296,368)	40,323,747	363,545	(8,714,879)
Cash flows										
Premiums, net of ceding commission, received	15,610,700	--	(1,605,098)	--	14,005,602	17,086,002	--	18,837,702	--	35,923,704
Claims and other reinsurance service expenses paid	--	--	(6,581,287)	--	(6,581,287)	--	--	(28,943,098)	--	(28,943,098)
Reinsurance acquisition cash flows	(1,590,588)	--	--	--	(1,590,588)	(2,443,810)	--	--	--	(2,443,810)
	14,020,112	--	(8,186,385)	--	5,833,727	14,642,192	--	(10,105,396)	--	4,536,796
Premiums expected to be received transferred from the LRC to LIC	59,038,325	--	(59,038,325)	--	--	33,923,365	--	(33,923,365)	--	--
Net closing balance	2,237,019	552,153	18,795,897	2,710,431	24,295,500	(295,898)	426,305	21,819,383	2,131,675	24,081,465
Closing liabilities	2,051,134	550,684	30,116,881	2,388,119	35,106,818	(130,589)	228,685	23,278,419	2,019,500	25,396,015
Closing assets	185,885	1,469	(11,320,984)	322,312	(10,811,318)	(165,309)	197,620	(1,459,036)	112,175	(1,314,550)
Net closing balance	2,237,019	552,153	18,795,897	2,710,431	24,295,500	(295,898)	426,305	21,819,383	2,131,675	24,081,465

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

ii. Life and Health (continued)

Reinsurance contracts

Analysis by measurement component

	31 December 2025				31 December 2024			
	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total
Reinsurance contracts								
Opening liabilities	22,169,586	2,323,044	903,385	25,396,015	27,274,391	2,100,042	335,852	29,710,285
Opening assets	(1,484,331)	140,166	29,615	(1,314,550)	(1,580,614)	79,499	50,378	(1,450,737)
Total reinsurance contract liabilities	20,685,255	2,463,210	933,000	24,081,465	25,693,777	2,179,541	386,230	28,259,548
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services provided	--	--	(7,148,845)	(7,148,845)	--	--	(2,804,593)	(2,804,593)
Change in the risk adjustment for non-financial risk for the risk expired	--	41,319	--	41,319	--	151,238	--	151,238
Experience adjustments	(4,873,663)	--	--	(4,873,663)	(5,840,424)	--	--	(5,840,424)
Changes that relate to future services								
Contracts initially recognised in the period	(13,556,380)	1,449,587	12,704,463	597,670	(4,355,120)	837,362	3,556,532	38,774
Changes in estimates that adjust the CSM	(226,886)	(90,525)	317,411	--	802,087	(360,176)	(441,911)	--
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	230,157	(623)	--	229,534	391,021	(27,946)	--	363,075
Changes that relate to past services								
Adjustments to liabilities for incurred claims	2,001,728	(504,272)	--	1,497,456	(3,299,839)	(316,809)	--	(3,616,648)
Reinsurance service result – Gross	(16,425,044)	895,486	5,873,029	(9,656,529)	(12,302,275)	283,669	310,028	(11,708,578)
Net finance expenses from reinsurance contracts	3,194,538	--	779,808	3,974,346	2,601,169	--	236,742	2,837,911
Effect of movement in exchange rates	62,491	--	--	62,491	155,788	--	--	155,788
Total changes in the statement of income	(13,168,015)	895,486	6,652,837	(5,619,692)	(9,545,318)	283,669	546,770	(8,714,879)
Cash flows								
Premiums, net of ceding commission, received	14,005,602	--	--	14,005,602	35,923,704	--	--	35,923,704
Claims and other reinsurance service expenses paid	(6,581,287)	--	--	(6,581,287)	(28,943,098)	--	--	(28,943,098)
Reinsurance acquisition cash flows	(1,590,588)	--	--	(1,590,588)	(2,443,810)	--	--	(2,443,810)
	5,833,727	--	--	5,833,727	4,536,796	--	--	4,536,796
Net closing balance	13,350,967	3,358,696	7,585,837	24,295,500	20,685,255	2,463,210	933,000	24,081,465
Closing liabilities	26,246,218	2,869,543	5,991,057	35,106,818	22,169,586	2,323,044	903,385	25,396,015
Closing assets	(12,895,251)	489,153	1,594,780	(10,811,318)	(1,484,331)	140,166	29,615	(1,314,550)
Total reinsurance contract liabilities	13,350,967	3,358,696	7,585,837	24,295,500	20,685,255	2,463,210	933,000	24,081,465

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

ii. Life and Health (continued)

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2025					31 December 2024				
	(Assets) / liabilities for remaining coverage		(Assets) / liabilities for incurred claims			(Assets) / liabilities for remaining coverage		(Assets) / liabilities for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Retrocession contracts										
Opening assets	--	--	--	--	--	--	--	--	--	--
Opening liabilities	1,898	(1,811)	57,342	(767)	56,662	1,308	(5,562)	194,568	(661)	189,653
Net opening balance	1,898	(1,811)	57,342	(767)	56,662	1,308	(5,562)	194,568	(661)	189,653
Allocation of retrocession premiums paid	273,892	--	--	--	273,892	261,364	--	--	--	261,364
Income on initial recognition of onerous underlying reinsurance contracts	--	--	--	--	--	--	(192)	--	--	(192)
Amounts recoverable from retrocessionaires										
Recoveries of incurred claims and other reinsurance services	--	--	--	--	--	--	--	--	--	--
Recoveries and reversals of recoveries of losses on onerous underlying contracts, net	--	1,971	--	--	1,971	--	6,672	--	--	6,672
Adjustments to assets for incurred claims	--	--	37,143	(15)	37,128	--	--	68,974	(106)	68,868
	--	1,971	37,143	(15)	39,099	--	6,672	68,974	(106)	75,540
Changes that relate to future service	--	58	--	--	58	--	(1,577)	--	--	(1,577)
Effect of changes in the risk of retrocessionaires' non-performance	1	--	24	--	25	--	--	135	--	135
Net expenses / (income) from retrocession contracts	273,893	2,029	37,167	(15)	313,074	261,364	4,903	69,109	(106)	335,270
Net finance income from retrocession contracts	6,235	(218)	1,920	--	7,937	8,168	(1,152)	11,289	--	18,305
Effect of movement in exchange rates	--	--	--	--	--	--	--	1	--	1
Total changes in the statement of income	280,128	1,811	39,087	(15)	321,011	269,532	3,751	80,399	(106)	353,576
Cash flows										
Premiums, net of ceding commissions, paid	(268,650)	--	--	--	(268,650)	(268,942)	--	(217,625)	--	(486,567)
Recoveries from retrocession	--	--	--	--	--	--	--	--	--	--
	(268,650)	--	--	--	(268,650)	(268,942)	--	(217,625)	--	(486,567)
Premiums expected to be received transferred from the ARC to AIC	(12,217)	--	12,217	--	--	--	--	--	--	--
Net closing balance	1,159	--	108,646	(782)	109,023	1,898	(1,811)	57,342	(767)	56,662
Closing contract assets	--	--	--	--	--	--	--	--	--	--
Closing contract liabilities	1,159	--	108,646	(782)	109,023	1,898	(1,811)	57,342	(767)	56,662
Net closing balance	1,159	--	108,646	(782)	109,023	1,898	(1,811)	57,342	(767)	56,662

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

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

ii. Life and Health (continued)

Retrocession contracts

Analysis by measurement component

	31 December 2025				31 December 2024			
	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total	Present value of future cash flows	Risk adjustment for non - financial risk	Contractual service margin	Total
Retrocession contracts								
Opening assets	--	--	--	--	--	--	--	--
Opening liabilities	57,344	(767)	85	56,662	194,569	(661)	(4,255)	189,653
Net opening balance	57,344	(767)	85	56,662	194,569	(661)	(4,255)	189,653
Changes in the statement of income								
Changes that relate to current services								
CSM recognised for the services received	--	--	264,200	264,200	--	--	268,391	268,391
Experience adjustments	11,663	--	--	11,663	(355)	--	--	(355)
Changes that relate to future services								
Contracts initially recognised in the period	244,960	--	(244,960)	--	239,514	--	(239,706)	(192)
Changes in recoveries of losses on onerous contracts that adjust the CSM	--	--	--	--	--	--	--	--
Changes in estimates that adjust the CSM	74,336	--	(74,336)	--	131,578	(71)	(131,507)	--
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	(67,418)	--	67,476	58	(123,542)	71	121,894	(1,577)
Changes that relate to past services								
Adjustments to liabilities for incurred claims	37,143	(15)	--	37,128	68,974	(106)	--	68,868
Effect of changes in the risk of reinsurers non-performance	25	--	--	25	135	--	--	135
Net expenses / (income) from retrocession contracts	300,709	(15)	12,380	313,074	316,304	(106)	19,072	335,270
Net finance (income) / expense from retrocession contracts	21,984	--	(14,047)	7,937	33,037	--	(14,732)	18,305
Effect of movement in exchange rates	--	--	--	--	1	--	--	1
Total changes in the statement of income	322,693	(15)	(1,667)	321,011	349,342	(106)	4,340	353,576
Cash flows								
Premiums, net of ceding commissions, paid	(268,650)	--	--	(268,650)	(486,567)	--	--	(486,567)
Recoveries from retrocession	--	--	--	--	--	--	--	--
	(268,650)	--	--	(268,650)	(486,567)	--	--	(486,567)
Net closing balance	111,387	(782)	(1,582)	109,023	57,344	(767)	85	56,662
Closing assets	--	--	--	--	--	--	--	--
Closing liabilities	111,387	(782)	(1,582)	109,023	57,344	(767)	85	56,662
Net closing balance	111,387	(782)	(1,582)	109,023	57,344	(767)	85	56,662

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

B. Effect of contracts initially recognized in the period

	Property and Casualty			Property and Casualty			Life and Health			Life and Health		
	31 December 2025			31 December 2024			31 December 2025			31 December 2024		
	Profitable contracts	Onerous contracts	Total	Profitable contracts	Onerous contracts	Total	Profitable contracts	Onerous contracts	Total	Profitable contracts	Onerous contracts	Total
Reinsurance contracts												
Claims and other directly attributable expenses	1,550,461,589	400,147,227	1,950,608,816	1,178,849,671	424,681,449	1,603,531,120	71,341,595	2,961,873	74,303,468	31,025,100	9,163,677	40,188,777
Reinsurance acquisition cash flows	18,410,615	3,789,035	22,199,650	12,264,161	2,616,323	14,880,484	475,571	13,164	488,735	1,015,309	283,913	1,299,222
Estimates of present value of cash outflows	1,568,872,204	403,936,262	1,972,808,466	1,191,113,832	427,297,772	1,618,411,604	71,817,166	2,975,037	74,792,203	32,040,409	9,447,590	41,487,999
Estimates of present value of cash inflows	(2,123,283,339)	(340,669,832)	(2,463,953,171)	(1,632,649,246)	(305,952,834)	(1,938,602,080)	(85,931,352)	(2,417,231)	(88,348,583)	(36,273,533)	(9,569,586)	(45,843,119)
Risk adjustment for non-financial risk	50,851,342	9,828,359	60,679,701	41,156,942	10,929,703	52,086,645	1,409,723	39,864	1,449,587	676,592	160,770	837,362
CSM	503,559,793	--	503,559,793	400,378,472	--	400,378,472	12,704,463	--	12,704,463	3,556,532	--	3,556,532
Losses recognised on initial recognition	--	73,094,789	73,094,789	--	132,274,641	132,274,641	--	597,670	597,670	--	38,774	38,774

	Property and Casualty			Property and Casualty			Life and Health			Life and Health		
	31 December 2025			31 December 2024			31 December 2025			31 December 2024		
	Contracts initiated at net gain	Contracts initiated at net loss	Total	Contracts initiated at net gain	Contracts initiated at net loss	Total	Contracts initiated at net gain	Contracts initiated at net loss	Total	Contracts initiated at net gain	Contracts initiated at net loss	Total
Retrocession contracts												
Estimates of present value of cash inflows	(556,298,307)	(72,313,606)	(628,611,913)	(408,463,288)	(33,520,484)	(441,983,772)	(1,230)	--	(1,230)	(599)	--	(599)
Estimates of present value of cash outflows	855,543,755	49,870,000	905,413,755	646,537,060	11,859,676	658,396,736	246,190	--	246,190	240,113	--	240,113
Risk adjustment for non-financial risk	(23,977,565)	(2,744,934)	(26,722,499)	(17,854,912)	(1,021,474)	(18,876,386)	--	--	--	--	--	--
Income recognized on initial recognition	6,242,872	2,104,215	8,347,087	1,940,468	2,414,241	4,354,709	--	--	--	192	--	192
CSM	281,510,755	(23,084,325)	258,426,430	222,159,328	(20,268,041)	201,891,287	244,960	--	244,960	239,706	--	239,706

C. Contractual service margin

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

	31 December 2025							31 December 2024						
	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
Reinsurance contracts														
Property and Casualty	145,976,125	65,268,348	56,264,540	56,898,233	59,670,882	394,232,009	778,310,137	125,954,158	43,569,816	38,349,417	36,988,036	37,583,627	265,679,622	548,124,676
Life and Health	6,691,364	466,172	165,514	181,557	80,951	279	7,585,837	813,966	118,422	93	106	120	293	933,000
Retrocession contracts														
Property and Casualty	(73,526,194)	(42,150,999)	(41,587,929)	(42,072,853)	(43,497,094)	(267,694,797)	(510,529,866)	(80,686,622)	(27,325,945)	(27,705,496)	(28,466,389)	(29,479,467)	(203,626,655)	(397,290,574)
Life and Health	(1,582)	--	--	--	--	--	(1,582)	99	(14)	--	--	--	--	85
Net CSM	79,139,713	23,583,521	14,842,125	15,006,937	16,254,739	126,537,491	275,364,526	46,081,601	16,362,279	10,644,014	8,521,753	8,104,280	62,053,260	151,767,187

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

D. Claims development table

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

Gross

Underwriting year	2016 and prior	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimates of undiscounted gross cumulative claims											
At end of underwriting year	2,298,053,687	640,902,272	528,000,952	472,216,120	576,063,780	716,490,145	785,052,798	975,894,249	1,486,988,977	2,028,981,442	
One year later	2,711,676,583	627,294,512	593,435,556	460,695,946	572,647,228	769,669,121	853,656,971	1,068,240,005	1,551,561,251	--	
Two years later	2,698,771,812	621,201,148	547,329,451	452,161,668	593,953,170	751,002,885	786,699,641	1,019,071,102	--	--	
Three years later	2,651,887,813	639,220,156	536,490,861	446,279,936	516,022,530	727,754,501	741,035,395	--	--	--	
Four years later	2,629,555,761	655,261,452	530,289,572	434,123,163	498,187,954	735,450,491	--	--	--	--	
Five years later	2,614,387,255	657,589,451	540,517,999	434,997,192	510,840,118	--	--	--	--	--	
Six years later	2,616,175,358	678,255,614	533,950,346	443,117,452	--	--	--	--	--	--	
Seven years later	2,596,843,835	671,533,191	544,249,563	--	--	--	--	--	--	--	
Eight years later	2,601,614,667	694,465,380	--	--	--	--	--	--	--	--	
Nine years later	2,612,570,000	--	--	--	--	--	--	--	--	--	
Current estimate of ultimate claims	2,612,570,000	694,465,380	544,249,563	443,117,452	510,840,118	735,450,491	741,035,395	1,019,071,102	1,551,561,251	2,028,981,442	10,881,342,194
Cumulative payments to date	(2,546,472,904)	(663,017,785)	(492,560,996)	(395,907,539)	(453,597,260)	(617,732,848)	(367,434,592)	(298,893,071)	(193,044,338)	(57,036,985)	(6,085,698,318)
Effect of discounting											(255,562,970)
Effect of risk adjustment											107,639,892
Payable claims and other expenses											610,729,348
Reinstatement premium											(101,740,450)
LIC others											(1,827,717,356)
LRC claims											(1,905,785,547)
Gross liabilities for incurred claims											1,423,206,793

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

7. REINSURANCE AND RETROCESSION CONTRACTS (CONTINUED)

D. Claims development table (continued)

Net of retrocession

Underwriting year	2016 and prior	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimates of undiscounted net cumulative claims											
At end of underwriting year	2,011,401,753	431,699,944	430,538,167	335,243,671	483,046,785	660,210,689	499,293,544	677,799,248	855,175,024	1,296,157,002	
One year later	2,393,344,360	452,097,225	472,867,596	346,671,678	485,243,707	683,127,320	563,392,533	742,413,178	843,721,303	--	
Two years later	2,373,755,559	465,249,883	461,246,825	346,175,776	519,005,245	674,612,770	526,615,648	697,299,256	--	--	
Three years later	2,349,512,223	446,992,523	454,184,907	354,379,433	462,140,817	650,622,657	511,325,834	--	--	--	
Four years later	2,332,480,063	460,185,052	439,705,702	345,883,185	448,969,327	665,229,043	--	--	--	--	
Five years later	2,320,273,949	455,529,594	462,616,736	348,425,059	460,604,046	--	--	--	--	--	
Six years later	2,323,669,617	457,373,199	440,355,558	359,158,781	--	--	--	--	--	--	
Seven years later	2,305,663,508	449,320,239	457,527,612	--	--	--	--	--	--	--	
Eight years later	2,310,689,123	468,473,332	--	--	--	--	--	--	--	--	
Nine years later	2,320,017,970	--	--	--	--	--	--	--	--	--	
Current estimate of ultimate claims	2,320,017,970	468,473,332	457,527,612	359,158,781	460,604,046	665,229,043	511,325,834	697,299,256	843,721,303	1,296,157,002	8,079,514,179
Cumulative payments to date	(2,262,601,279)	(440,982,899)	(416,229,927)	(313,205,230)	(409,932,477)	(567,518,695)	(350,904,148)	(275,598,559)	(137,924,417)	(57,030,681)	(5,231,928,312)
Effect of discounting											(188,458,289)
Effect of risk adjustment											72,676,055
Payable claims and other expenses											546,682,051
Reinstatement premium											(41,536,159)
LIC others											(1,592,163,438)
LRC claims											(803,331,607)
Net liabilities for incurred claims											841,454,480
Gross liabilities for incurred claims											1,423,206,793
Net liabilities for incurred claims											(841,454,480)
Retrocession contract assets for incurred claims											581,752,313

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

8. PROPERTY AND EQUIPMENT, NET

	31 December 2025								
	Land	Building	Computers and equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Work-in - progress	Right of use assets	Total
Cost									
As at 1 January 2025	18,329,960	11,454,040	5,972,036	7,202,352	1,144,711	982,013	205,317	692,419	45,982,848
Additions during the year	--	--	382,938	549,610	--	--	727,231	951,594	2,611,373
Disposals / transfers during the year	--	--	--	--	(1,072,811)	--	(932,548)	(692,419)	(2,697,778)
As at 31 December 2025	18,329,960	11,454,040	6,354,974	7,751,962	71,900	982,013	--	951,594	45,896,443
Accumulated depreciation									
As at 1 January 2025	--	3,789,088	4,947,953	5,313,135	1,096,780	667,183	--	615,484	16,429,623
Charge for the year	--	347,093	625,630	430,279	47,929	76,550	--	250,822	1,778,303
Disposals during the year	--	--	--	--	(1,072,811)	--	--	(686,755)	(1,759,566)
As at 31 December 2025	--	4,136,181	5,573,583	5,743,414	71,898	743,733	--	179,551	16,448,360
Net book value									
As at 31 December 2025	18,329,960	7,317,859	781,391	2,008,548	2	238,280	--	772,043	29,448,083

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

8. PROPERTY AND EQUIPMENT, NET (CONTINUED)

	31 December 2024								
	Land	Building	Computers and equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Work-in - progress	Right of use assets	Total
Cost									
As at 1 January 2025	18,329,960	11,454,040	5,558,074	6,139,451	1,144,711	982,013	781,826	692,419	45,082,494
Additions during the year	--	--	413,962	1,062,901	--	--	900,354	--	2,377,217
Transfers during the year	--	--	--	--	--	--	(1,476,863)	--	(1,476,863)
As at 31 December 2024	18,329,960	11,454,040	5,972,036	7,202,352	1,144,711	982,013	205,317	692,419	45,982,848
Accumulated depreciation									
As at 1 January 2024	--	3,441,997	4,271,061	4,936,412	953,005	571,166	--	384,339	14,557,980
Charge for the year	--	347,091	676,892	376,723	143,775	96,017	--	231,145	1,871,643
As at 31 December 2024	--	3,789,088	4,947,953	5,313,135	1,096,780	667,183	--	615,484	16,429,623
Net book value									
As at 31 December 2024	18,329,960	7,664,952	1,024,083	1,889,217	47,931	314,830	205,317	76,935	29,553,225

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

9. INTANGIBLE ASSETS, NET

	31 December 2025		
	Software	Work-in-Progress	Total
Cost			
As at 1 January 2025	18,764,666	716,912	19,481,578
Additions during the year	57,760	572,173	629,933
Transfers during the year	--	(57,760)	(57,760)
As at 31 December 2025	18,822,426	1,231,325	20,053,751
Accumulated depreciation			
As at 1 January 2025	13,319,047	--	13,319,047
Charge for the year	1,460,767	--	1,460,767
As at 31 December 2025	14,779,814	--	14,779,814
Net book value			
As at 31 December 2025	4,042,612	1,231,325	5,273,937
	31 December 2024		
	Software	Work-in-Progress	Total
Cost			
As at 1 January 2024	17,713,192	752,087	18,465,279
Additions during the year	1,051,474	1,016,299	2,067,773
Transfers during the year	--	(1,051,474)	(1,051,474)
As at 31 December 2024	18,764,666	716,912	19,481,578
Accumulated depreciation			
As at 1 January 2024	11,850,603	--	11,850,603
Charge for the year	1,468,444	--	1,468,444
As at 31 December 2024	13,319,047	--	13,319,047
Net book value			
As at 31 December 2024	5,445,619	716,912	6,162,531

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2025****(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)****10. PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS**

	31 December 2025	31 December 2024
Funds at Lloyds*	211,629,282	168,695,636
Refundable deposit	3,818,519	4,021,037
Prepaid expenses	1,311,675	5,804,955
Advances to employees	802,379	1,388,597
Others	1,060,062	910,721
	218,621,917	180,820,946

*These represent restricted funds placed with Custodian as required by Lloyd's. These earn an average interest of 4.37% (2024: 4.98%). These funds serve as collateral for participation in Lloyd's Syndicates for the underwriting years 2023, 2024, and 2025. Funds at Lloyds are neither past due nor impaired and are classified as Stage 1.

11. STATUTORY DEPOSIT

The Company has deposited an amount of ﷲ 169.81 million (2024: ﷲ 89.1 million) with a local bank, which has been rated "A1" by Moody's Rating agency representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law on Supervision of Cooperative Insurance Companies" issued by Insurance Authority. This statutory deposit cannot be withdrawn without the consent of the Insurance Authority. The accrued commission on the deposit and accrued commission income payable to Insurance Authority as at 31 December 2025 amounted to ﷲ 6.78 million.

During the period, the Company settled the accrued commission payable to Insurance Authority relating to previous statutory deposit. As at 31 December 2024, the accrued commission on the deposit was ﷲ 22.31 million, while the accrued commission income payable to Insurance Authority was ﷲ 29.05 million. The balance of ﷲ 6.73 million, maintained in a separate account and presented within cash and bank balances as restricted cash as at 31 December 2024, was also utilized towards the settlement of this obligation.

12. MARGIN LOAN PAYABLE

In 2020, the Company obtained a margin loan amounting to ﷲ 23,116,816. During 2021, additional drawdown was made amounting to ﷲ 33,680,203. Both of margin loans were fully collateralized against underlying bonds and sukuk. As at 31 December 2025, the fair value of collateral against margin loan payable amount to ﷲ 113,904,555 (2024: ﷲ 151,340,899).

As at 31 December 2025, the outstanding balance of margin loan payable is ﷲ 56,797,019 (2024: ﷲ 56,797,019). The loan has no fixed maturity and carries a floating special commission payable on quarterly basis. Average commission rate for the year ended 31 December 2025 was 3.49% (2024: 3.17%).

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2025	31 December 2024
Unallocated cash	23,461,951	11,966,367
Value added tax payable	14,218,677	5,154,039
Employees bonus	10,300,000	17,056,400
Withholding tax payable	5,002,434	2,546,944
Directors' remunerations	2,292,329	2,221,639
Professional fees payable	1,853,169	3,074,186
Meetings fees and expenses	1,060,000	1,225,000
Consultancy fees	--	1,296,993
Others	2,977,014	2,022,667
	61,165,574	46,564,235

14. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

	31 December 2025	31 December 2024
Balance at beginning of the year	30,351,542	18,633,092
Current service cost	3,269,919	1,586,288
Interest cost	1,613,810	858,089
Amount recognized in income statement	4,883,729	2,444,377
Re-measurement (gain) / loss recognized in other comprehensive income	(2,554,461)	12,889,711
Benefits paid during the year	(2,547,772)	(3,615,638)
Balance at the end of the year	30,133,038	30,351,542

Principal actuarial assumptions

The principal actuarial assumptions used are as follows:

	31 December 2025	31 December 2024
Salary growth rate	8%	8%
Mortality rates	Permanent Assurances, Males, Combined - A1967/70 Mortality Table	Permanent Assurances, Males, Combined - A1967/70 Mortality Table
Disability rates	10% of the assumed mortality rate	10% of the assumed mortality rate
Discount rate	5.10%	5.55%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

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

Principal actuarial assumptions (continued)

Assumption on withdrawal rates are as follows:

Employees' age	31 December 2025	31 December 2024
20 – 35	20%	20%
35 – 40	7%	7%
40 – 45	7%	7%
45 and above	--	--

Sensitivity analysis

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

	31 December 2025		31 December 2024	
	Increase	Decrease	Increase	Decrease
Salary growth rate (0.5% movement)	2,176,588	(2,000,037)	2,220,126	(2,041,595)
Mortality rates (10% movement)	(64,793)	79,813	(98,017)	78,853
Discount rate (0.5% movement)	(2,025,818)	2,228,826	(2,019,116)	2,216,797
Withdrawal rate (50% movement)	(1,623,475)	1,374,187	(1,975,529)	1,678,857

Risks associated with defined benefit plans

Salary increase risk

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

Longevity risks

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

15. PROVISION FOR ZAKAT AND TAX

a) Zakat

Zakat charge for the year of ﷲ 46,380,653 (2024: ﷲ 29,668,654) is based on the following:

	31 December 2025	31 December 2024
Zakat base	1,804,367,429	1,142,462,437
Zakat provision for the year	46,380,652	29,668,654

b) Income tax

Income tax for the year of ﷲ 481,293 (2024: ﷲ 1,235,577) is based on the following:

	31 December 2025	31 December 2024
Net income for the year	190,635,451	505,715,873
Adjusted profit	207,143,598	541,390,124
Portion of net taxable income for non-Saudi shareholders 0.28% (2024: 0.39%)	580,002	2,111,421
Non-GCC share in losses carried forward up to 25% of their share from the portion of taxable income	(145,001)	(527,855)
KSA operations' income tax base	435,001	1,583,566
Labuan branch income tax base	13,143,058	30,628,814
Income tax provision for the year – KSA Operations	87,000	316,713
Income tax provision for the year – Labuan branch	394,293	918,864
VAT expense (Refer note below)	3,729,079	--
Tax charge for the year	4,210,372	1,235,577

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

	31 December 2025	31 December 2024
Opening balance	41,671,425	41,548,376
Income tax provision for the year	481,293	1,235,577
Zakat provision for the year	46,380,652	29,668,654
Paid during the year	(21,222,398)	(30,781,182)
Closing balance	67,310,972	41,671,425

15. PROVISION FOR ZAKAT AND TAX (CONTINUED)

Status of Zakat assessment

The Company has filed its tax / Zakat returns for the year ended 31 December 2024 and obtained the final Zakat certificate up to 2024. However, it is ZATCA's discretion to issue further assessments for 2022, 2023 and 2024. In October 2021, the ZATCA issued assessments for the years 2019 and 2020 with additional zakat and income tax liability amounting to ﷲ 3.1 million and ﷲ 4.2 million, respectively. The Company filed an appeal with Tax Committee for Resolution of Tax Violations and Disputes (Level 1) against this additional amount. On 8 September 2022, the Tax Violations and Disputes Committee (Level 1) concluded its hearing with the Company and ZATCA by issuing its verbal ruling wherein it overturned the ZATCA's assessment and ruled in favor of the Company. Following the issuance of the written ruling, the ZATCA submitted an appeal to the Appellate Committee for Tax Violations and Disputes at the GSZTCC (i.e., GSZTCC level 2) on 30 October 2022 and 10 November 2022. GSZTCC level 2 notified the Company about the appeal for the Company to submit a response. The Company responded to this on 27 December 2022. In December 2023, GSZTCC (Level 2) issued its final ruling whereby it upheld ZATCA's appeal and cancelled the ruling issued in favor of the Company. The Company has settled this amount. Considering this decision, the Company has recorded zakat provision for the years 2021 and 2022 amounting to ﷲ 4.6 million and ﷲ 6.3 million, respectively against non-deduction of deferred acquisition costs and excess of loss premiums from zakat base.

In October 2025, ZATCA issued the zakat and income tax assessments for the years ended 31 December 2021 and 2022 with additional liabilities amounting to ﷲ 6.06 million and ﷲ 8.03 million, respectively. ZATCA has not allowed the claim of investments in government Sukuks amounting to ﷲ 72.89 million from the zakat base which has resulted in an increase in zakat liability by ﷲ 1.9 million for the year 2021. ZATCA requested the Company to submit a zakat refund request relating to the investment in government sukuks after finalizing the assessment. The Company has filed an appeal against the assessment with ZATCA, awaiting ZATCA decision.

Status of VAT assessment

ZATCA's assessment of VAT return – tax years 2021 & 2022

On 22 June 2023 ZATCA audited the Company for the years 2021 and 2022. On 8 October 2024, ZATCA concluded additional VAT on retrocession commission for 2021 and 2022 amounting to ﷲ 3.7 million. ZATCA issued a final assessment of ﷲ 3.7 million. While the Company intends to object to the assessment and escalate the matter to the GSTCC Level 2, it has reassessed the recoverability of the deposit in light of the circumstances of the case and the outcome of similar case for tax year 2020. Accordingly, the Company has expensed the VAT deposit previously recorded under prepaid expenses, deposits and other assets during the period.

16. SHARE CAPITAL

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

The issued and paid-up capital of the Company was ﷲ 1,698 million at 31 December 2025 (2024: ﷲ 891 million) consisting of 169.8 million shares (2024: 89.1 million shares) of SR 10 each.

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2025****(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)****16. SHARE CAPITAL (CONTINUED)**

During 2024, the Board of Directors had recommended to increase the Company's capital by issuing new ordinary shares (representing 30% of the Company's current capital) with a nominal value of ﷲ10 per share, at an offer price of ﷲ16 per share and with a total offer value of 427,680,000 which was fully subscribed by the Public Investment Fund (PIF), a sovereign wealth fund of the Kingdom of Saudi Arabia. An application for the increase was approved by the CMA on 25 November 2024 (corresponding to 23/05/1446H). The Extraordinary General Assembly (EGM) approved the issue of shares on 24 December 2024 (corresponding to 23/06/1446H) to increase the Company's share capital. Consequently, all relevant regulatory formalities were completed during the period. The Company incurred incremental transaction costs amounting to ﷲ8.7 million in relation to the issue of shares and is included in "Share Premium" as of 31 December 2025.

On 16 March 2025 (corresponding to 16/09/1446H), the Board of Directors recommended an increase in the Company's capital by 46.6%. The capital increase was executed as follows:

- Issuance of 51,480,000 bonus shares to existing shareholders, granting 4 additional shares for every 9 shares held, representing a 44.44% increase in capital.
- Allocation of 2,500,000 shares for the establishment of the Company's long-term incentive share plan for employees, representing an additional 2.16% of the Company's capital.

On 9 October 2025, the capital increase related to bonus shares was approved by the shareholders' in the Extraordinary General Assembly. Shareholding structure of the Company is as below.

	31 December 2025		
	Issued & Paid up		
	No. of Shares	Value	ﷲ
Public Investment Fund (PIF)	38,609,700	10	386,097,000
Treasury shares	2,500,000	10	25,000,000
General public	128,700,300	10	1,287,003,000
	169,810,000	10	1,698,100,000
	<hr/>		
	31 December 2024		
	Issued & Paid up		
	No. of Shares	Value	ﷲ
General public	89,100,000	10	891,000,000
	89,100,000	10	891,000,000

17. STATUTORY RESERVE

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

18. SHARE BASED PAYMENT RESERVE

The Company's Long-Term Incentive Plan (LTIP), approved by the Board on 17 November 2024 and ratified by shareholders on 9 October 2025, grants equity-settled awards to eligible employees to support retention and align interests with long-term shareholder value. The LTIP follows a three-year performance cycle (1 January 2024 to 31 December 2026) with vesting in two tranches (Q1-2027 and Q1-2028), which depends on time and Company-wide performance targets. For the year ended 31 December 2025, the Company recognized a share-based payment expense of ﷲ11,117,647 in the financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

19. REINSURANCE REVENUE

	31 December 2025			31 December 2024		
	P&C	L&H	Total	P&C	L&H	Total
Amounts relating to changes in LRC						
CSM recognised for services provided	315,280,140	7,148,845	322,428,985	225,625,241	2,804,593	228,429,834
Change in risk adjustment for non-financial risk for the risk expired after loss component allocation	32,117,646	1,027,528	33,145,174	10,374,519	524,999	10,899,518
Expected incurred claims and other directly attributable expenses	1,102,867,331	55,272,113	1,158,139,444	753,130,537	40,456,349	793,586,886
Experience adjustments – arising from premiums received in the period other than those that relate to future services	95,014,220	5,544,563	100,558,783	55,653,502	2,043,047	57,696,549
Reinsurance acquisition cash flows recovery	56,473,615	1,752,609	58,226,224	36,984,305	2,369,168	39,353,473
	1,601,752,952	70,745,658	1,672,498,610	1,081,768,104	48,198,156	1,129,966,260

20. REINSURANCE SERVICE EXPENSES

	31 December 2025			31 December 2024		
	P&C	L&H	Total	P&C	L&H	Total
Incurring claims and other directly attributable expenses	(1,394,888,448)	(57,011,860)	(1,451,900,308)	(908,171,135)	(37,335,209)	(945,506,344)
Changes that relate to past service - adjustments to the LIC	117,345,448	(1,497,456)	115,847,992	106,693,643	3,616,648	110,310,291
Losses on onerous contracts and reversal of those losses	(73,036,122)	(827,204)	(73,863,326)	(112,871,048)	(401,849)	(113,272,897)
Reinsurance acquisition cash flows amortisation	(56,473,615)	(1,752,609)	(58,226,224)	(36,984,305)	(2,369,168)	(39,353,473)
	(1,407,052,737)	(61,089,129)	(1,468,141,866)	(951,332,845)	(36,489,578)	(987,822,423)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

21. NET EXPENSE FROM RETROCESSION CONTRACTS

	31 December 2025			31 December 2024		
	P&C	L&H	Total	P&C	L&H	Total
Allocation of retrocession premiums paid	(488,536,078)	(273,892)	(488,809,970)	(206,515,160)	(261,364)	(206,776,524)
Income on initial recognition of onerous underlying reinsurance contracts	8,347,087	--	8,347,087	4,354,709	192	4,354,901
Recoveries of incurred claims and other reinsurance services	456,675,254	--	456,675,254	276,538,355	--	276,538,355
Recoveries and reversals of recoveries of losses on onerous underlying contracts	(6,146,637)	(1,971)	(6,148,608)	(6,309,716)	(6,672)	(6,316,388)
Adjustments to assets for incurred claims	(7,370,007)	(37,128)	(7,407,135)	(68,561,821)	(68,868)	(68,630,689)
Changes that relate to future service	3,701,033	(58)	3,700,975	(619,546)	1,577	(617,969)
Effect of changes in the risk of retrocessionaires' non-performance	12,295	(25)	12,270	1,837,012	(135)	1,836,877
	(33,317,053)	(313,074)	(33,630,127)	723,833	(335,270)	388,563

22. NET FINANCE EXPENSE FROM REINSURANCE CONTRACTS ISSUED

	31 December 2025			31 December 2024		
	P&C	L&H	Total	P&C	L&H	Total
Interest accreted	(98,066,966)	(3,529,915)	(101,596,881)	(65,410,563)	(3,112,257)	(68,522,820)
Effect of changes in interest rates and other financial assumptions	(21,367,849)	(426,373)	(21,794,222)	7,245,619	315,339	7,560,958
Effects of measuring changes in estimates at current rates and adjusting the CSM at locked-in rates	(741,359)	(18,058)	(759,417)	(570,537)	(40,993)	(611,530)
Foreign exchange differences	11,483,351	(62,491)	11,420,860	12,202,910	(155,788)	12,047,122
	(108,692,823)	(4,036,837)	(112,729,660)	(46,532,571)	(2,993,699)	(49,526,270)

23. NET FINANCE INCOME FROM RETROCESSION CONTRACTS HELD

	31 December 2025			31 December 2024		
	P&C	L&H	Total	P&C	L&H	Total
Interest accreted	36,489,762	(7,614)	36,482,148	16,535,667	(18,601)	16,517,066
Effect of changes in interest rates and other financial assumptions	2,369,971	(305)	2,369,666	(984,980)	296	(984,684)
Effect of measuring changes in estimates at current rates and adjusting the CSM at locked-in rates	10,680,941	(18)	10,680,923	(3,603,045)	--	(3,603,045)
Foreign exchange differences	437,199	--	437,199	168,037	(1)	168,036
	49,977,873	(7,937)	49,969,936	12,115,679	(18,306)	12,097,373

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

24. INVESTMENT INCOME FROM FINANCIAL INVESTMENTS MEASURED AT AMORTIZED COST

	31 December 2025	31 December 2024
Special commission income from time deposits	52,793,797	50,053,523
Special commission income from debt securities	43,379,675	18,186,666
	96,173,472	68,240,189

25. NET INCOME FROM FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE

	31 December 2025	31 December 2024
Realized gains on investments measured at FVIS	9,458,698	15,946,925
Unrealized gains / (losses) on investments measured at FVIS	14,571,708	(7,410)
Loss on forward contract	--	(10,637,972)
Income from Tier 1 Sukuk	13,488,425	8,590,914
Dividend income	633,298	522,095
	38,152,129	14,414,552

26. OTHER INCOME

	31 December 2025	31 December 2024
Special commission income from Funds at Lloyds (FAL)	7,375,892	7,925,026
Others	1,341,408	852,630
	8,717,300	8,777,656

27. OTHER OPERATING EXPENSES

	31 December 2025	31 December 2024
Salaries and related benefits	67,165,719	56,974,230
Income attributed to reinsurance operations	12,290,642	12,331,223
Share-based payment expense	11,117,647	--
Legal and professional fees	10,194,364	9,887,321
Computer expenses	5,943,097	1,783,646
Foreign exchange loss, net	4,684,860	7,113,828
Board of directors' remunerations, meetings fees and expenses	4,498,477	4,586,261
Depreciation and amortization	3,239,070	3,340,087
Licensing Fees	3,028,551	2,658,173
Advertising	2,844,858	1,463,538
Consulting fees	1,893,631	2,759,094
Travelling expenses	1,640,752	1,750,714
Rent and premises expenses	1,363,222	907,976
Withholding tax	403,172	495,984
Others	3,840,669	4,019,490
	134,148,731	110,071,565
Amount attributed to reinsurance contracts	(82,284,385)	(61,016,591)
Other operating expenses	51,864,346	49,054,974

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2025****(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)****27. OTHER OPERATING EXPENSES (CONTINUED)**

27.1 Auditors' remuneration for the statutory audit of the Company's financial statements for the year ended 31 December 2025 amounted to ﷻ 2.17 million (2024: ﷻ 2.805 million). Auditors' remuneration for the review of the Company's interim financial statements during the year ended 31 December 2025 amounted to ﷻ 1.04 million (2024: ﷻ 0.875 million). Auditors' remuneration for the non-audit services during the year ended 31 December 2025 amounted to ﷻ 0.142 million (2024: ﷻ 0.144 million).

28. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2025 and 31 December 2024 have been calculated by dividing net income after zakat and tax attributable to the shareholders for the period by the weighted average number of ordinary shares issued and outstanding at the end of the period. Basic and diluted earnings per share are same as there are no instruments which will dilute the basic earnings per share.

During the year, the Company's shareholders approved a bonus share issue of 46.6% of the share capital, of which 2.16 % was allocated to employees under a share-based payment plan. To calculate earnings per share, the weighted average number of shares have been adjusted retrospectively to reflect only the 44.44 % bonus issue applicable to ordinary shareholders. The element of increase in share capital as follows:

	31 December 2025	31 December 2024
Issued ordinary shares opening balance as at 1 January	115,830,000	89,100,000
Effect of bonus issue	51,480,000	39,600,000
Weighted average outstanding number of ordinary shares	167,310,000	128,700,000
Net income for the period after zakat and tax	140,044,427	474,811,642
Basic and diluted earnings per share (Restated)	0.84	3.69

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors, key management personnel of the Company as well as entities controlled, jointly controlled or significantly influenced by such parties. The Company has conducted these transactions in the normal course of business. Details of transactions and balances with related parties during the period are disclosed below.

Related party	Nature of transactions	Amount of transactions for the year ended		Balance as at	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Board of Directors	- Remunerations, meetings fees and expenses	4,498,477	4,586,261	2,987,329	3,161,639
Key management Personnel	- Short term benefits	13,634,880	15,070,304	3,047,789	5,399,594
	- End of service benefits	1,563,438	2,139,871	5,946,278	5,263,578
	- Time deposits	--	--	520,614,241	--
	- Debt securities	--	--	37,500,000	--
	- Tier 1 Sukuk	--	--	164,974,828	--
Related entities of major shareholder*	- Bank balances	--	--	1,497,545	--
	- Special commission income from time deposits	30,245,133	--	--	--
	- Special commission income from debt securities	1,458,750	--	--	--
	- Income from Tier 1 Sukuk	5,004,898	--	--	--
	- Payments made for miscellaneous services	1,348,549	--	--	--

*There were no major shareholders of the Company as at 31 December 2024.

30. SEGMENTAL INFORMATION

Segment results do not include investment income from financial investments measured at amortized cost, net income from financial investments measured at fair value, investment management expenses, net expected credit losses, other income, special commission expense, other operating expenses and share profit of equity accounted investee. Segment assets do not include cash and bank balances, financial investments at FVIS, financial investments at FVOCI, financial investments at amortized cost, prepaid expenses, deposits and other assets, and property and equipment (net), intangible assets, statutory deposit and accrued income on statutory deposit. Segment liabilities do not include margin loan payable, accrued expenses and other liabilities, provision for employees' end of service benefits, provision for zakat and tax and accrued commission income payable to insurance authority.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

30. SEGMENTAL INFORMATION (CONTINUED)

30.1 Business segments

	31 December 2025				31 December 2024			
	Property & Casualty	Life & Health	Unallocated	Total	Property & Casualty	Life & Health	Unallocated	Total
ASSETS								
Cash and bank balances	--	--	94,714,884	94,714,884	--	--	73,464,920	73,464,920
Financial investments measured at FVIS	--	--	682,978,985	682,978,985	--	--	94,824,666	94,824,666
Financial investments measured at FVOCI	--	--	546,199,704	546,199,704	--	--	285,914,854	285,914,854
Financial investments measured at amortized cost	--	--	1,854,984,492	1,854,984,492	--	--	1,916,208,117	1,916,208,117
Reinsurance contract assets	109,462,169	10,811,318	--	120,273,487	90,813,930	1,314,550	--	92,128,480
Retrocession contract assets	907,624,519	--	--	907,624,519	627,927,506	--	--	627,927,506
Prepaid expenses, deposits and other assets	--	--	218,621,917	218,621,917	--	--	180,820,946	180,820,946
Property and equipment, net	--	--	29,448,083	29,448,083	--	--	29,553,225	29,553,225
Intangible assets	--	--	5,273,937	5,273,937	--	--	6,162,531	6,162,531
Statutory deposit	--	--	169,810,000	169,810,000	--	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	--	6,784,707	6,784,707	--	--	22,314,278	22,314,278
TOTAL ASSETS	1,017,086,688	10,811,318	3,608,816,709	4,636,714,715	718,741,436	1,314,550	2,698,363,537	3,418,419,523
LIABILITIES								
Margin loan payable	--	--	56,797,019	56,797,019	--	--	56,797,019	56,797,019
Reinsurance contract liabilities	2,154,411,138	35,106,818	--	2,189,517,956	1,559,745,794	25,396,015	--	1,585,141,809
Retrocession contract liabilities	33,279,074	109,023	--	33,388,097	16,875,358	56,662	--	16,932,020
Accrued expenses and other liabilities	--	--	61,165,574	61,165,574	--	--	46,564,235	46,564,235
Provision for employees' end of service benefits	--	--	30,133,038	30,133,038	--	--	30,351,542	30,351,542
Provision for zakat and tax	--	--	67,310,972	67,310,972	--	--	41,671,425	41,671,425
Accrued commission income payable to Insurance Authority	--	--	6,784,707	6,784,707	--	--	29,046,147	29,046,147
TOTAL LIABILITIES	2,187,690,212	35,215,841	222,191,310	2,445,097,363	1,576,621,152	25,452,677	204,430,368	1,806,504,197

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

30. SEGMENTAL INFORMATION (CONTINUED)

30.1 Business segments (continued)

	31 December 2025			31 December 2024		
	Property & Casualty	Life & Health	Total	Property & Casualty	Life & Health	Total
Reinsurance revenue	1,601,752,952	70,745,658	1,672,498,610	1,081,768,104	48,198,156	1,129,966,260
Reinsurance service expenses	(1,407,052,737)	(61,089,129)	(1,468,141,866)	(951,332,845)	(36,489,578)	(987,822,423)
Net (expense) / income from retrocession contracts held	(33,317,053)	(313,074)	(33,630,127)	723,833	(335,270)	388,563
Reinsurance service results	161,383,162	9,343,455	170,726,617	131,159,092	11,373,308	142,532,400
Net finance expense from reinsurance contracts	(108,692,823)	(4,036,837)	(112,729,660)	(46,532,571)	(2,993,699)	(49,526,270)
Net finance income from retrocession contracts	49,977,873	(7,937)	49,969,936	12,115,679	(18,306)	12,097,373
Net reinsurance finance expense	(58,714,950)	(4,044,774)	(62,759,724)	(34,416,892)	(3,012,005)	(37,428,897)
Other non-reinsurance items						
Investment income from financial investments measured at amortized cost			96,173,472			68,240,189
Net income from financial investments measured at fair value			38,152,129			14,414,552
Gain on sale of an equity accounted investee			--			365,949,388
Investment management expenses			(6,224,441)			(9,619,291)
Reversal for expected credit losses			(360,769)			1,196,586
Other income			8,717,300			8,777,656
Special commission expense			(1,924,787)			(1,802,326)
Other operating expenses			(51,864,346)			(49,054,974)
Share of profit of equity accounted investee			--			2,510,590
Net income for the period before zakat and tax			190,635,451			505,715,873

The details of gross written premiums are as follows:

	31 December 2025	31 December 2024
Property & Casualty	2,836,925,737	2,322,132,113
Life & Health	90,815,692	37,709,798
Total gross written premium	2,927,741,429	2,359,841,911

PUBLIC

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

30. SEGMENTAL INFORMATION (CONTINUED)

30.2 Geographical segments

	31 December 2025			31 December 2024		
	Local	International	Total	Local	International	Total
ASSETS						
Cash and bank balances	92,605,228	2,109,656	94,714,884	63,747,573	9,717,347	73,464,920
Financial investments measured at FVIS	682,978,985	-	682,978,985	94,824,666	--	94,824,666
Financial investments measured at FVOCI	542,462,829	3,736,875	546,199,704	282,228,979	3,685,875	285,914,854
Financial investments measured at amortized cost	1,807,488,985	47,495,507	1,854,984,492	1,827,235,121	88,972,996	1,916,208,117
Reinsurance contract assets	43,837,115	76,436,372	120,273,487	8,887,015	83,241,465	92,128,480
Retrocession contract assets	641,068,362	266,556,157	907,624,519	391,463,472	236,464,034	627,927,506
Prepaid expenses, deposits and other assets	6,992,635	211,629,282	218,621,917	12,125,310	168,695,636	180,820,946
Property and equipment, net	29,448,083	-	29,448,083	29,553,225	--	29,553,225
Intangible assets	5,273,937	-	5,273,937	6,162,531	--	6,162,531
Statutory deposit	169,810,000	-	169,810,000	89,100,000	--	89,100,000
Accrued income on statutory deposit	6,784,707	-	6,784,707	22,314,278	--	22,314,278
TOTAL ASSETS	4,028,750,866	607,963,849	4,636,714,715	2,827,642,170	590,777,353	3,418,419,523
LIABILITIES						
Margin loan payable	--	56,797,019	56,797,019	--	56,797,019	56,797,019
Reinsurance contract liabilities	1,165,427,186	1,024,090,770	2,189,517,956	703,646,506	881,495,303	1,585,141,809
Retrocession contract liabilities	31,291,407	2,096,690	33,388,097	16,920,541	11,479	16,932,020
Accrued expenses and other liabilities	61,165,574	--	61,165,574	46,564,235	--	46,564,235
Provision for employees' end of service benefits	30,133,038	--	30,133,038	30,351,542	--	30,351,542
Provision for zakat and tax	67,310,972	--	67,310,972	41,671,425	--	41,671,425
Accrued commission income payable to Insurance Authority	6,784,707	--	6,784,707	29,046,147	--	29,046,147
TOTAL LIABILITIES	1,362,112,884	1,082,984,479	2,445,097,363	868,200,396	938,303,801	1,806,504,197

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

30. SEGMENTAL INFORMATION (CONTINUED)

30.2 Geographical segments (continued)

	31 December 2025			31 December 2024		
	Local	International	Total	Local	International	Total
Reinsurance revenue	900,336,832	772,161,778	1,672,498,610	479,877,407	650,088,853	1,129,966,260
Reinsurance service expenses	(786,354,958)	(681,786,908)	(1,468,141,866)	(251,222,724)	(736,599,699)	(987,822,423)
Net (expense) / income from retrocession contracts held	(7,748,458)	(25,881,669)	(33,630,127)	(118,074,097)	118,462,660	388,563
Reinsurance service results	106,233,416	64,493,201	170,726,617	110,580,586	31,951,814	142,532,400
Net finance expense from reinsurance contracts	(73,098,255)	(39,631,405)	(112,729,660)	(24,558,919)	(24,967,351)	(49,526,270)
Net finance income from retrocession contracts	37,943,254	12,026,682	49,969,936	10,100,327	1,997,046	12,097,373
Net reinsurance finance expense	(35,155,001)	(27,604,723)	(62,759,724)	(14,458,592)	(22,970,305)	(37,428,897)
Other non-reinsurance items						
Investment income from financial investments measured at amortized cost			96,173,472			68,240,189
Net income from financial investments measured at fair value			38,152,129			14,414,552
Gain on sale of an equity accounted investee			--			365,949,388
Investment management expenses			(6,224,441)			(9,619,291)
Reversal for expected credit losses			(360,769)			1,196,586
Other income			8,717,300			8,777,656
Special commission expense			(1,924,787)			(1,802,326)
Other operating expenses			(51,864,346)			(49,054,974)
Share of profit of equity accounted investee			--			2,510,590
Net income for the period before zakat and tax			190,635,451			505,715,873

The details of gross written premiums are as follows:

	31 December 2025	31 December 2024
Local	1,878,484,863	1,379,373,094
International	1,049,256,566	980,468,817
Total gross written premium	2,927,741,429	2,359,841,911

31. RISK MANAGEMENT

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

- Reinsurance risk: the risk transferred from the insurer to the Company, other than financial risk. Reinsurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

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

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

Risk management framework

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

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

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

31.1 Reinsurance risk

The risk resulting from reinsurance business written is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such reinsurance contracts is that the actual claims and benefit payments exceed the carrying amount of reinsurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of long-term claims.

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

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

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2025****(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)****31. RISK MANAGEMENT (CONTINUED)****31.1 Reinsurance risk (continued)**

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

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

Concentration of underwriting risk

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

	As at 31 December 2025	
	Amount	Percentage
Kingdom of Saudi Arabia	511,813,116	42.83%
Asia	607,247,094	50.82%
Other Middle Eastern Countries	146,302,016	12.24%
Africa	(4,665,610)	(0.39%)
Others	(65,688,569)	(5.50%)
	1,195,008,047	100.00%

	As at 31 December 2024	
	Amount	Percentage
Kingdom of Saudi Arabia	320,216,560	36.30%
Asia	486,697,475	55.18%
Other Middle Eastern Countries	153,279,877	17.38%
Africa	(2,772,523)	(0.31%)
Others	(75,403,546)	(8.55%)
	882,017,843	100.00%

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

31. RISK MANAGEMENT (CONTINUED)

31.1 Reinsurance risk (continued)

Sensitivity analysis

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

31 December 2025	Contract Liabilities		Profit or loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Expenses (+5%)	2,357,477	2,339,555	(2,357,477)	(2,339,555)	(2,357,477)	(2,339,555)
Expenses (-5%)	(2,355,617)	(2,337,842)	2,355,617	2,337,842	2,355,617	2,337,842
Yield curve (+0.5%)	(2,363,833)	(1,245,953)	2,363,833	1,245,953	2,363,833	1,245,953
Yield curve (-0.5%)	2,367,564	1,247,427	(2,367,564)	(1,247,427)	(2,367,564)	(1,247,427)
Loss reserves (+5%)	160,387,342	119,544,082	(160,387,342)	(119,544,082)	(160,387,342)	(119,544,082)
Loss reserves (-5%)	(160,387,313)	(119,544,058)	160,387,313	119,544,058	160,387,313	119,544,058

31 December 2024	Contract Liabilities		Profit or loss		Equity	
	Gross	Net	Gross	Gross	Net	Gross
Expenses (+5%)	1,609,412	1,604,674	(1,609,412)	1,609,412	1,604,674	(1,609,412)
Expenses (-5%)	(1,609,402)	(1,604,664)	1,609,402	(1,609,402)	(1,604,664)	1,609,402
Yield curve (+0.5%)	(1,476,681)	(667,940)	1,476,681	(1,476,681)	(667,940)	1,476,681
Yield curve (-0.5%)	1,479,238	668,686	(1,479,238)	1,479,238	668,686	(1,479,238)
Loss reserves (+5%)	115,293,070	95,165,091	(115,293,070)	115,293,070	95,165,091	(115,293,070)
Loss reserves (-5%)	(115,293,063)	(95,165,083)	115,293,063	(115,293,063)	(95,165,083)	115,293,063

31.2 Retrocession risk

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

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

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

- Minimum acceptable credit rating by recognized rating agencies that is not lower than BBB or equivalent.
- Reputation of particular retrocessionaire companies.
- Existing or past business experience with the retrocessionaire.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

31. RISK MANAGEMENT (CONTINUED)

31.2 Retrocession risk (continued)

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

Retrocession contracts do not relieve the Company from its obligations to ceding companies and as a result the Company remains liable for the portion of outstanding claims retroceded to the extent that the retrocessionaire fails to meet the obligations under the retrocession agreements.

31.3 Regulatory framework risk

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

31.4 Claims management risk

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

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

31.5 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation related to a financial instrument and cause the other party to incur a financial loss. At 31 December 2025, the maximum exposure to credit risk from reinsurance contracts is ﷲ 167.11 million (2024: ﷲ 65.08 million), which primarily relates to premiums receivable for services that the Company has already provided. The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

31. RISK MANAGEMENT (CONTINUED)

31.5 Credit risk (continued)

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

	31 December 2025	31 December 2024
Bank balances	94,674,594	73,424,630
Financial investments at amortized cost	1,854,984,492	1,916,208,117
Reinsurance contract assets	120,273,487	92,128,480
Retrocession contract assets	907,624,519	627,927,506
Other assets	213,491,723	170,994,954
	<u>3,191,048,815</u>	<u>2,880,683,687</u>

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

Credit quality	Credit Rating Agency	Financial Instruments	31 December 2025	31 December 2024
A+			781,294,582	1,005,678,999
A			61,980,447	453,634,772
A-			965,124,995	369,457,116
BBB-	Moody's / Fitch	Bonds / Sukuks / Time Deposits	7,481,099	42,512,736
B+			38,178,549	43,928,546
D			924,820	995,948
			<u>1,854,984,492</u>	<u>1,916,208,117</u>

31.6 Liquidity risk

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

31. RISK MANAGEMENT (CONTINUED)

31.6 Liquidity risk (continued)

Maturity profiles

The following table provides a maturity analysis of the Company's reinsurance and retrocession contracts, margin loan payable and accrued expenses and liabilities, which reflects the dates on which the cash flows are expected to occur.

31 December 2025	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
LIABILITIES							
Margin loan payable	--	--	--	--	--	56,797,019	56,797,019
Reinsurance contract liabilities	235,608,880	101,373,661	87,064,939	88,035,022	92,157,874	608,241,968	1,212,482,344
Retrocession contract liabilities	8,196,296	4,701,487	4,638,876	4,690,103	4,849,475	29,842,487	56,918,724
Accrued expenses and other liabilities	41,944,463	--	--	--	--	--	41,944,463
Accrued insurance commission payable to Insurance Authority	6,784,707	--	--	--	--	--	6,784,707
	292,534,346	106,075,148	91,703,815	92,725,125	97,007,349	694,881,474	1,374,927,257
31 December 2024	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
LIABILITIES							
Margin loan payable	--	--	--	--	--	56,797,019	56,797,019
Reinsurance contract liabilities	213,448,244	73,562,356	64,576,230	62,283,473	63,281,931	447,346,399	924,498,633
Retrocession contract liabilities	14,184,271	4,804,913	4,867,768	5,007,446	5,182,043	35,792,413	69,838,854
Accrued expenses and other liabilities	38,863,252	--	--	--	--	--	38,863,252
Accrued insurance commission payable to Insurance Authority	29,046,147	--	--	--	--	--	29,046,147
	295,541,914	78,367,269	69,443,998	67,290,919	68,463,974	539,935,831	1,119,043,905

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

31. RISK MANAGEMENT (CONTINUED)

31.6 Liquidity risk (continued)

Maturity analysis on expected maturity bases

	31 December 2025		
	Current	Non-current	Total
ASSETS			
Cash and bank balances	94,714,884	--	94,714,884
Financial investments at FVIS	682,978,985	--	682,978,985
Financial investments at FVOCI	45,881,400	500,318,304	546,199,704
Financial investments at amortized cost	422,334,555	1,432,649,937	1,854,984,492
Reinsurance contract assets	23,369,139	96,904,348	120,273,487
Retrocession contract assets	130,697,931	776,926,588	907,624,519
Other assets	1,862,441	211,629,282	213,491,723
	1,401,839,335	3,018,428,459	4,420,267,794
LIABILITIES			
Margin loan payable	--	56,797,019	56,797,019
Reinsurance contract liabilities	425,423,339	1,764,094,617	2,189,517,956
Retrocession contract liabilities	4,807,886	28,580,211	33,388,097
Accrued expenses and other liabilities	41,944,463	--	41,944,463
Accrued insurance commission payable to Insurance Authority	6,784,707	--	6,784,707
	478,960,395	1,849,471,847	2,328,432,242
Gap	922,878,940	1,168,956,612	2,091,835,552

	31 December 2024		
	Current	Non-current	Total
ASSETS			
Cash and bank balances	73,464,920	--	73,464,920
Financial investments at FVIS	94,824,666	--	94,824,666
Financial investments at FVOCI	--	285,914,854	285,914,854
Financial investments at amortized cost	249,205,166	1,667,002,951	1,916,208,117
Reinsurance contract assets	21,272,466	70,856,014	92,128,480
Retrocession contract assets	127,532,077	500,395,429	627,927,506
Other assets	2,299,318	168,695,636	170,994,954
	568,598,613	2,692,864,884	3,261,463,497
LIABILITIES			
Margin loan payable	--	56,797,019	56,797,019
Reinsurance contract liabilities	366,009,244	1,219,132,566	1,585,141,810
Retrocession contract liabilities	3,438,893	13,493,127	16,932,020
Accrued expenses and other liabilities	38,863,252	--	38,863,252
Accrued insurance commission payable to Insurance Authority	29,046,147	--	29,046,147
	437,357,536	1,289,422,712	1,726,780,248
Gap	131,241,077	1,403,442,172	1,534,683,249

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2025****(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)****31. RISK MANAGEMENT (CONTINUED)****31.7 Special commission rate risk**

The Company is exposed to special commission rate risk on its bonds and sukuk investments. Special Commission rate risk arises on bonds and sukuk which are exposed to the fluctuations in special commission rates. The Company manages special commission rate risk by investing in various long and short duration financial assets, along with cash and cash equivalents. The investment committee monitors the duration of these assets on a regular basis. Average duration of investments in bonds and sukuk portfolios as at 31 December 2025 is around 4.17 years (2024: 4.4 years). A hypothetical increase/decrease of 10 basis points in yield curve will entail decrease/increase in bond/sukuk portfolio values of investments by ﷲ 5.80 million as at 31 December 2025 (2024: ﷲ 5.34 million).

31.8 Market price risk

Market price risk is the risk that the fair value of a financial instrument will fluctuate caused by the factors (other than those arising from commission rate risk or currency risk), that affect all financial instruments traded in the market. Efficient management of market price risk is key to the investment of Company assets. Appropriate levels of investment risk is determined by risk/return profile of the assets. The Company has a diversified portfolio of investments, including investment in the listed equities securities. The Company manages the equity market price risk through diversification and by placing limits on individual and total equity instruments. A 5% change in the fair value of these investments, with all other variables held constant, would impact the statement of income by increase / decrease of ﷲ 34.15 million (2024: ﷲ 4.74 million).

A 5% change in the fair value of FVOCI investments, with all other variables held constant, would impact the statement of comprehensive income by increase / decrease of ﷲ 27.31 million (2024: ﷲ 14.09 million).

31.9 Capital management risk

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

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

	31 December 2025	31 December 2024
Total capital held	2,191,617,352	1,611,915,326
Minimum regulatory capital	200,000,000	200,000,000

In the opinion of the management, the Company has fully complied with the externally imposed capital requirements as at 31 December 2025 and 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

32. FAIR VALUE

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

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

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments: Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date.

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

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

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

	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial investments at FVIS				
Money market funds	--	673,142,616	--	673,142,616
Investment funds	6,096,987	--	--	6,096,987
Equity securities	3,739,382	--	--	3,739,382
Financial investments at FVOCI				
Tier 1 Sukuk	--	546,199,704	--	546,199,704
Financial investments at amortized cost				
Time deposits	--	--	1,001,237,363	1,001,237,363
Debt securities	--	852,172,679	--	852,172,679
Total	9,836,369	2,071,514,999	1,001,237,363	3,082,588,731

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial investments at FVIS				
Money market funds	--	86,193,233	--	86,193,233
Investment funds	7,607,587	--	--	7,607,587
Equity securities	1,023,846	--	--	1,023,846
Financial investments at FVOCI				
Tier 1 Sukuk	--	285,914,854	--	285,914,854
Financial investments at amortized cost				
Time deposits	--	--	997,282,720	997,282,720
Debt securities	--	919,340,018	--	919,340,018
Total	8,631,433	1,291,448,105	997,282,720	2,297,362,258

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

32. FAIR VALUE (CONTINUED)

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

33. CONTINGENCIES AND COMMITMENTS

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

34. SUBSEQUENT EVENT

Subsequent to the reporting date, the Company confirmed the non-applicability of surplus distribution on reinsurance operations and accordingly completed updating the surplus distribution policy. The Company will cease accruing the surplus provision starting from Q1 2026 and will assess the treatment of accumulated surplus accordingly.

35. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 8 Ramadan 1447H corresponding to 25 February 2025.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

SUPPLEMENTARY INFORMATION

STATEMENT OF FINANCIAL POSITION

	31 December 2025			31 December 2024		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
ASSETS						
Cash and bank balances	84,405,030	10,309,854	94,714,884	53,102,318	20,362,602	73,464,920
Financial investments measured at FVIS	341,272,412	341,706,573	682,978,985	76,779,114	18,045,552	94,824,666
Financial investments measured at FVOCI	58,938,750	487,260,954	546,199,704	21,353,929	264,560,925	285,914,854
Financial investments measured at amortized cost	759,969,912	1,095,014,580	1,854,984,492	753,179,492	1,163,028,625	1,916,208,117
Reinsurance contract assets	120,273,487	--	120,273,487	92,128,480	--	92,128,480
Retrocession contract assets	907,624,519	--	907,624,519	627,927,506	--	627,927,506
Prepaid expenses, deposits and other assets	52,346,385	166,275,532	218,621,917	7,729,283	173,091,663	180,820,946
Property and equipment, net	3,380,530	26,067,553	29,448,083	2,960,826	26,592,399	29,553,225
Intangible assets, net	5,273,937	--	5,273,937	6,162,531	--	6,162,531
Statutory deposit	--	169,810,000	169,810,000	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	6,784,707	6,784,707	--	22,314,278	22,314,278
Due from shareholders' / reinsurance operations*	--	36,531,821	36,531,821	3,886,063	--	3,886,063
TOTAL ASSETS	2,333,484,962	2,339,761,574	4,673,246,536	1,645,209,542	1,777,096,044	3,422,305,586
LIABILITIES						
Margin loan payable	--	56,797,019	56,797,019	--	56,797,019	56,797,019
Reinsurance contract liabilities	2,189,517,956	--	2,189,517,956	1,585,141,809	--	1,585,141,809
Retrocession contract liabilities	33,388,097	--	33,388,097	16,932,020	--	16,932,020
Accrued expenses and other liabilities	50,377,689	10,787,885	61,165,574	33,358,667	13,205,568	46,564,235
Provision for employees' end of service benefits	30,133,038	--	30,133,038	30,351,542	--	30,351,542
Provision for zakat and tax	--	67,310,972	67,310,972	--	41,671,425	41,671,425
Accrued commission income payable to Insurance Authority	--	6,784,707	6,784,707	--	29,046,147	29,046,147
Due to reinsurance / shareholders' operations*	36,531,821	--	36,531,821	--	3,886,063	3,886,063
TOTAL LIABILITIES	2,339,948,601	141,680,583	2,481,629,184	1,665,784,038	144,606,222	1,810,390,260
EQUITY						
Share capital	--	1,698,100,000	1,698,100,000	--	891,000,000	891,000,000
Share premium	--	151,680,000	151,680,000	--	--	--
Statutory reserve	--	190,902,420	190,902,420	--	162,893,535	162,893,535
Retained earnings	--	182,529,825	182,529,825	--	585,294,283	585,294,283
Share-based payment reserve	11,117,647	--	11,117,647	--	--	--
Shares held for employees' long-term incentive plan	--	(25,000,000)	(25,000,000)	--	--	--
Other reserves	(17,581,286)	(131,254)	(17,712,540)	(20,574,496)	(6,697,996)	(27,272,492)
TOTAL EQUITY	(6,463,639)	2,198,080,991	2,191,617,352	(20,574,496)	1,632,489,822	1,611,915,326
TOTAL LIABILITIES AND EQUITY	2,333,484,962	2,339,761,574	4,673,246,536	1,645,209,542	1,777,096,044	3,422,305,586

*These items are not included in the statement of financial position.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

For the year ended 31 December 2025

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

SUPPLEMENTARY INFORMATION (CONTINUED)

STATEMENT OF INCOME

	For the year ended 31 December 2025			For the year ended 31 December 2024		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Reinsurance service expenses	1,672,498,610	--	1,672,498,610	1,129,966,260	--	1,129,966,260
Reinsurance revenue	(1,468,141,866)	--	(1,468,141,866)	(987,822,423)	--	(987,822,423)
Net expenses from retrocession contracts	(33,630,127)	--	(33,630,127)	388,563	--	388,563
Reinsurance service result	170,726,617	--	170,726,617	142,532,400	--	142,532,400
Investment income from financial investments measured at amortized cost	43,129,092	53,044,380	96,173,472	32,807,097	35,433,092	68,240,189
Net income from financial investments measured at fair value	8,161,107	29,991,022	38,152,129	9,444,526	4,970,026	14,414,552
Gain on sale of investment in an equity accounted investee	--	--	--	--	365,949,388	365,949,388
Investment management expenses	(2,074,406)	(4,150,035)	(6,224,441)	(2,225,872)	(7,393,419)	(9,619,291)
(Charge) / reversal for expected credit losses	(63,645)	(297,124)	(360,769)	--	1,196,586	1,196,586
Net investment income	49,152,148	78,588,243	127,740,391	40,025,751	400,155,673	440,181,424
Finance expenses from reinsurance contracts issued	(112,729,660)	--	(112,729,660)	(49,526,270)	--	(49,526,270)
Finance income from retrocession contracts held	49,969,936	--	49,969,936	12,097,373	--	12,097,373
Net financial result	(13,607,576)	78,588,243	64,980,667	2,596,854	400,155,673	402,752,527
NET REINSURANCE AND INVESTMENT RESULT	157,119,041	78,588,243	235,707,284	145,129,254	400,155,673	545,284,927
Other income	768,747	7,948,553	8,717,300	3,956,486	4,821,170	8,777,656
Special commission expense	--	(1,924,787)	(1,924,787)	--	(1,802,326)	(1,802,326)
Other operating expenses	(43,542,958)	(8,321,388)	(51,864,346)	(38,104,725)	(10,950,249)	(49,054,974)
Share of profit of equity accounted investee	--	--	--	--	2,510,590	2,510,590
Net income for the period before zakat and tax	114,344,830	76,290,621	190,635,451	110,981,015	394,734,858	505,715,873
Zakat for the period	--	(46,380,652)	(46,380,652)	--	(29,668,654)	(29,668,654)
Tax charge for the period	(3,729,079)	(481,293)	(4,210,372)	--	(1,235,577)	(1,235,577)
Net income for the period after zakat and tax	110,615,751	29,428,676	140,044,427	110,981,015	363,830,627	474,811,642
<i>Other comprehensive income</i>						
Items that will not be reclassified to income statements subsequently						
Financial investments at FVOCI – net change in fair value	438,750	6,566,741	7,005,491	--	1,559,726	1,559,726
Re-measurement gain / (loss) on employees' end of service benefits	2,554,461	--	2,554,461	(12,889,711)	--	(12,889,711)
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve an equity accounted investee	--	--	--	--	1,611,630	1,611,630
Total comprehensive income for the period	113,608,962	35,995,417	149,604,379	98,091,304	367,001,983	465,093,287