WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT
To The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of **Walaa Cooperative Insurance Company – a Saudi Joint Stock Company ("the Company") and its subsidiary (collectively referred to as the "Group")**, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated 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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as " International Financial Reporting Standards" as endorsed in Kingdom of Saudi Arabia).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following is the description of the key audit matters and how the key audit matter was addressed:

Key audit matter	How the key audit matter was addressed in our audit
Valuation of estimated present value of cashflows for incurred claims, risk adjustment for non-financial risk and loss component: As at 31 December 2025, the total valuation of estimated present value of cash flows for incurred claims, risk adjustment for non-financial risk and for loss component amount for insurance contracts issued under PAA amounts to SR 2,070.63 million, SR 106.20 million and SR 32.13 million respectively and the total valuation of estimated present value of cash flows for incurred claims, risk adjustment for non-financial risk and for loss component amount for insurance contracts issued under GMM-VFA amounts to SR 3.55 million, SR 0.21 million and SR 0.71 million respectively, as reported in Note 4 to the consolidated financial statements.	We performed the following audit procedures: • Assessed the design and implementation of internal control procedures and their operational effectiveness; • Evaluated and tested the data used in the process of valuation of the "Present Value of Future Cash Flows" (PVFCFs); • Tested samples of claims reserves by comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters, reinsurance contracts etc.;

INDEPENDENT AUDITORS' REPORT
To The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)
Key Audit Matters (Continued…)

Key audit matter	How the key audit matter was addressed in our audit
Valuation of estimated present value of cashflows for incurred claims, risk adjustment for non-financial risk and loss component: The estimation of the liability for incurred claims and loss component involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk (forming part of liability for incurred claims) and loss component (forming part of liability for remaining coverage). The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils its obligations under insurance contracts. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. The loss component is recognized if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous. Such loss component is remeasured at each reporting date as the difference between the amounts of the fulfillments cashflows determined under the general measurement model relating to the future service and the carrying amount of the liability for remaining coverage without the loss component. Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.	• Evaluated the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary's engagement with the Company to determine if the scope of their work was sufficient for audit purposes. • Assessed the disclosures relating to this matter in the financial statements against the requirements of IFRSs. In addition, with the assistance of our actuarial specialists, we performed the following: • Evaluated the Company's actuarial practices and provisions established, including the actuarial report issued by management's expert; • Assessed the calculation methods and the models used; • Assessed key actuarial assumptions including loss ratios, claims development factors, mortality rates, lapse rates and discount rates; • Determined if the estimates applied in the current and prior year were consistent; and • Developed a point estimate or range based on our understanding of the Company's business and evaluated the differences between management's point estimate and our point estimate or range.

INDEPENDENT AUDITORS' REPORT

To The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)
Key Audit Matters (Continued…)

Key audit matter	How the key audit matter was addressed in our audit
Valuation of estimated present value of cashflows for incurred claims, risk adjustment for non-financial risk and loss component: Due to the inherent estimation uncertainty, complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows, risk adjustment for non-financial risk and loss component arising from insurance contracts, we have considered this as a key audit matter. Refer to notes 2(e) and 3 for the material accounting policies and significant accounting judgements, estimates and assumptions adopted by the Group, involved in the initial recognition and subsequent measurement of insurance contract liabilities.	

Other Information

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

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In preparing the consolidated financial statements, the management is responsible for assessing the Group'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 Group 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
To The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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, as 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 consolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of managements' 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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group 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; and

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INDEPENDENT AUDITORS' REPORT
To The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)

Auditors' Responsibilities for The Audit of The Financial Statements (Continued…)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as basis for forming an opinion on the Group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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 the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Kingdom of Saudi Arabia

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Certified Public Accountant
Registration No. 345

Date: 16 March 2026
Corresponding to: 27 Ramadhan 1447H

شركة حلول كرو للاستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
Crowe Solutions For Professional Consulting

المحاسبون العيوطي وشركاه
CERTIFIED PUBLIC ACCOUNTANTS
EL SAYED EL AYOUTY & CO.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Notes	2025	2024
		SAR "000"	
Assets			
Cash and cash equivalents	9.1	**407,070**	962,268
Short term deposits	9.2	**233,414**	296,709
Prepaid expenses and other assets	11	**86,232**	88,400
Reinsurance contract assets for non unit-linked business	4.2	**1,921,806**	741,129
Reinsurance contract assets for unit-linked business	4.2	**-**	164
Financial assets for unit-linked insurance contracts		**516,571**	536,185
Statutory deposit	25	**127,558**	127,558
Accrued income on statutory deposit	25	**7,048**	19
Investments	10	**1,489,762**	1,388,722
Long term deposits		**410,601**	409,741
Property and equipment, net	13	**56,455**	50,960
Right of use assets, net	12	**16,085**	23,183
Intangible assets	14	**107,452**	116,460
Goodwill	15	**76,729**	24,415
Total assets		**5,456,783**	4,765,913
Liabilities and equity			
Liabilities			
Insurance contract liabilities for non unit-linked business	4.1	**3,016,112**	2,129,850
Insurance contract liabilities for unit-linked business	4.1	**525,983**	543,959
Reinsurance contract liabilities for non unit-linked business	4.2	**3,161**	3,302
Reinsurance contract liabilities for unit-linked business	4.2	**393**	-
Accrued expenses and other liabilities	16	**113,392**	162,253
Lease liabilities	12	**15,090**	21,534
Accrued income on statutory deposit payable to Insurance Authority	25	**7,048**	19
Provision for zakat and income tax	21	**60,278**	42,963
Provision for end-of-service benefits (EOSB)	23	**42,692**	38,015
Total liabilities		**3,784,149**	2,941,895
Equity			
Share capital	22	**1,275,583**	1,275,583
Share premium	22	**228,280**	228,280
Statutory reserve	24	**92,775**	92,775
Fair value reserve for investments	10	**140,345**	117,149
(Accumulated losses) / Retained earnings		**(58,022)**	117,794
Total shareholders' equity		**1,678,961**	1,831,581
Remeasurement of EOSB obligations	23	**(9,227)**	(7,563)
Minority interest	15	**2,900**	-
Total equity		**1,672,634**	1,824,018
Total liabilities and equity		**5,456,783**	4,765,913

Chief Financial Officer | Chief Executive Officer | Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025	2024
		SAR "000"	
Insurance revenue	5.1	**3,104,295**	3,344,580
Insurance service expenses	5.2	**(2,713,084)**	(1,988,804)
Insurance service results before reinsurance contracts held		**391,211**	1,355,776
Allocation of reinsurance premiums	5.3	**(1,701,888)**	(1,574,269)
Amounts recoverable from reinsurers for incurred claims	5.4	**1,150,311**	182,412
Net expenses from reinsurance contracts held		**(551,577)**	(1,391,857)
Insurance service results		**(160,366)**	(36,081)
Commission income on investments and deposits		**87,382**	74,216
Dividends on investments		**14,151**	16,983
Realized gain on investments measured at fair value	10.1	**4,765**	43,892
Unrealized (loss) / gain on investments measured at fair value	10.1	**(58,635)**	4,652
Change in expected credit losses on financial assets		**(21)**	(18)
Net investment income		**47,642**	139,725
Finance expense from insurance contracts issued	6.1	**(22,008)**	(21,567)
Finance income from reinsurance contracts held	6.2	**13,394**	12,994
Net insurance finance expenses		**(8,614)**	(8,573)
Net insurance and investment results		**(121,338)**	95,071
Other operating income		**13,689**	-
Other income	13	**2,827**	23,260
Other operating expenses	8	**(50,262)**	(35,278)
Net (loss) / income for the year before zakat & tax		**(155,084)**	83,053
Zakat charge for the year	21	**(20,000)**	(16,350)
Income tax charge for the year	21	**-**	(2,400)
Net (loss) / income for the year after zakat & tax		**(175,084)**	64,303
- Attributable to minority interest	15	**732**	-
- Attributable to shareholders		**(175,816)**	64,303
(Loss) / earning per share (expressed in SAR per share)			
Basic and diluted (loss) / earning per share	30	**(1.38)**	0.62
Weighted average number of ordinary outstanding shares (in thousand shares)		**127,558**	103,064

Chief Financial Officer | Chief Executive Officer | Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025	2024
		SAR "000"	
Net (loss) / income for the year		**(175,084)**	64,303
Other comprehensive (loss) / income:			
Items that will not be reclassified to consolidated statement of income in subsequent periods			
Re-measurement loss on end of service benefits (EOSB)	23	**(1,664)**	(4,223)
Net changes in fair value of investments measured at fair value through other comprehensive income (FVOCI)	10.2	**23,196**	35,322
Total comprehensive (loss) / income for the year		**(153,552)**	95,402
- Attributable to minority interest	15	**732**	-
- Attributable to shareholders		**(154,284)**	95,402

Chief Financial Officer | Chief Executive Officer | Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	Share capital	Share premium	Statutory reserve	Fair value reserve for investments	(Accumulated losses) / Retained earnings	Total shareholders' equity	Remeasure-ment of EOSB obligations	Minority Interest	Total equity
						SAR "000"				
Balance as at December 31, 2024		1,275,583	228,280	92,775	117,149	117,794	1,831,581	(7,563)	-	1,824,018
Comprehensive loss for the year:										
Net loss for the year attributable to the shareholders		-	-	-	-	(175,816)	(175,816)	-	-	(175,816)
Re-measurement loss on end of service benefits (EOSB)	23	-	-	-	-	-	-	(1,664)	-	(1,664)
Net income for the year attributable to minority interest		-	-	-	-	-	-	-	732	732
Net changes in fair value of investments measured at FVOCI	10.2	-	-	-	23,196	-	23,196	-	-	23,196
Total comprehensive loss for the year		-	-	-	23,196	(175,816)	(152,620)	(1,664)	732	(153,552)
Minority interest arising on acquisition of subsidiary during the year	15	-	-	-	-	-	-	-	2,168	2,168
Balance as at December 31, 2025		1,275,583	228,280	92,775	140,345	(58,022)	1,678,961	(9,227)	2,900	1,672,634

Chief Financial Officer

Chief Executive Officer

Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	Share capital	Share premium	Statutory reserve	Fair value reserve for investments	Retained earnings	Total shareholders' equity	Remeasure-ment of EOSB obligations	Minority Interest	Total equity
						SAR "000"				
Balance as at December 31, 2023		850,583	193,119	79,915	81,827	66,351	1,271,795	(3,340)	-	1,268,455
Comprehensive income for the year:										
Net income for the year attributable to the shareholders		-	-	-	-	64,303	64,303	-	-	64,303
Re-measurement loss on end of service benefits (EOSB)	23	-	-	-	-	-	-	(4,223)	-	(4,223)
Net changes in fair value of investments measured at FVOCI	10.2	-	-	-	35,322	-	35,322	-	-	35,322
Total comprehensive income for the year		-	-	-	35,322	64,303	99,625	(4,223)	-	95,402
Transfer to statutory reserve	24	-	-	12,860	-	(12,860)	-	-	-	-
Increase in share capital (rights issue)	22	425,000	-	-	-	-	425,000	-	-	425,000
Increase in share premium (rights issue), net	22	-	35,161	-	-	-	35,161	-	-	35,161
Balance as at December 31, 2024		1,275,583	228,280	92,775	117,149	117,794	1,831,581	(7,563)	-	1,824,018

Chief Financial Officer

Chief Executive Officer

Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025	2024
		SAR "000"	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before zakat and income tax		(155,084)	83,053
Adjustments for non-cash and non-operating items:			
Depreciation of property and equipment	13	7,452	5,603
Depreciation of right of use assets	12	7,970	7,496
Amortization of intangible assets	14	12,326	20,156
Commission income on investments and deposits		(87,382)	(74,216)
Dividends on investments		(14,151)	(16,983)
Realized gain on investments measured at fair value	10.1	(4,765)	(43,892)
Unrealized loss / (gain) on investments measured at fair value	10.1	58,635	(4,652)
Change in expected credit losses on financial assets		28	5
Gains on disposal of property and equipment		(161)	(20,378)
Finance cost on lease assets		851	912
Provision for end-of-service benefits (EOSB)		7,026	6,089
Changes in operating assets and liabilities:			
Insurance contract liabilities for non unit-linked business	4.1	886,262	127,426
Insurance contract liabilities for unit-linked business	4.1	(17,976)	(8,288)
Reinsurance contract assets for non unit-linked business	4.2	(1,180,677)	48,638
Reinsurance contract assets for unit-linked business	4.2	164	(53)
Reinsurance contract liabilities for non unit-linked business	4.2	(141)	3,302
Reinsurance contract liabilities for unit-linked business	4.2	393	-
Prepaid expenses and other assets	11	6,748	(33,726)
Accrued expenses and other liabilities	16	(66,717)	(8,977)
		(539,199)	91,515
End-of-service benefits paid	23	(4,013)	(5,619)
Zakat and income tax paid	21	(2,685)	(20,321)
Net cash (used in) / generated from operating activities		(545,897)	65,575

Chief Financial Officer | Chief Executive Officer | Board member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025	2024
		SAR "000"	
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets for unit linked insurance contracts, net		**19,614**	7,050
Purchase of investments measured at FVTPL	10.1	**(291,561)**	(245,558)
Disposals of investments measured at FVTPL	10.1	**235,676**	240,076
Purchase of investments measured at FVOCI	10.2	**(5,624)**	(5,625)
Purchase of investments measured at amortized cost	10.3	**(218,751)**	(170,738)
Disposals of investments measured at amortized cost	10.3	**164,867**	10,032
Investment in joint venture	10.4	**(12,600)**	(12,600)
Commission income received on investments and deposits		**83,645**	70,278
Dividends received on investments		**14,151**	16,983
Disposals of short term deposits		**63,293**	136,711
Additions to long term deposits		**(883)**	(51,426)
Additions to intangible assets, net	14	**(3,318)**	(15,050)
Additions to property and equipment	13	**(12,937)**	(41,709)
Cash and cash equivalents acquired through business combination	15	**31,325**	-
Purchase consideration paid	15	**(68,209)**	-
Net cash used in investing activities		**(1,151)**	(24,798)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid		**(8,150)**	(8,581)
Net cash (used in) / generated from financing activities		**(8,150)**	409,080
Net change in cash and cash equivalents		**(555,198)**	449,857
Cash and cash equivalents, beginning of the year	9	**962,268**	512,411
Cash and cash equivalents, end of the year	9	**407,070**	962,268

Chief Financial Officer

Chief Executive Officer

Board member

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

1. GENERAL

Walaa Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), "the Company", was formed pursuant to Royal Decree No. (S/114) dated 02/05/1428H. The Company operates under UNN 7001526578 (formerly Commercial Registration no. 2051034982) dated Jumada II 19, 1428H corresponding to July 4, 2007. The registered address of the Company's head office is as follows:

Walaa Cooperative Insurance Company
Head Office
4513, Adh Dhahran Al Khubar Al Janubiyah
Unit No: 8, Al-Khobar 34621-8615
Kingdom of Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, casualty insurance and protection & savings both linked and non-linked.

On 2 Jumada II, 1424H, corresponding to July 31, 2003, the Law on the Supervision of Cooperative Insurance Companies (Insurance Law) was promulgated by Royal Decree Number (M/32). On 28 Jumada II, 1429H corresponding to July 2, 2008, Insurance Authority (IA), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license number (TMN/16/20087) to transact insurance activities in Saudi Arabia.

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

The share capital of the Company as of December 31, 2025 amounted to SAR 1,275.583 million comprising of 127.558 million shares of SAR 10 each (December 31, 2024: SAR 1,275.583 million comprising of 127.558 million shares of SAR 10 each). Refer note 22.

The Company has one subsidiary "Aspire Underwriting Agency Ltd", a Managing General Agent (MGA) based in Dubai International Financial Center (DIFC), UAE, with 88% ownership interest. Refer note 15.

These consolidated financial statements comprise the Company and its subsidiary (together referred to as the "Group").

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (IFRS that are endorsed in the Kingdom of Saudi Arabia). These consolidated financial statements also comply with Regulations for Companies in the Kingdom of Saudi Arabia and the Group's By-Laws.

On July 23, 2019, the Insurance Authority (IA) instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (IASB) and as endorsed in the Kingdom of Saudi Arabia.

These consolidated financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations. The Group’s consolidated statement of financial position is not presented using a current/non-current classification. However, following balances would generally be classified as non-current: investments measured at amortized costs, investments in joint ventures, long term deposits, property and equipment, right of use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposits, lease liabilities, accrued income on statutory deposits payable to Insurance Authority, provision for end-of-service benefits and those balances of insurance and reinsurance contract assets and liabilities that would not be settled within next twelve months. All other assets and liabilities would generally be classified as current.

The consolidated statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 28 of the consolidated financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations (the implementing regulations). The implementing regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the consolidated financial statements prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations. (Refer to Note 28 for supplementary disclosures).

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

In preparing the Group-level consolidated financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders’ operations. Inter-operation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders’ operations are uniform for transactions and events in similar circumstances.

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary "Aspire". The financial statements of the subsidiary are prepared for the same reporting period as that of the Company.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and;
- The Group's voting rights and potential voting rights.

The financial statements of the subsidiary are included in the consolidated financial statements of the Group from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when it loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the minority interests, even if this results in the non-controlling interests having a deficit balance.

Minority Interest

Minority interest is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Elimination of intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses and cash flows relating to transactions arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Functional and presentation currency

Amounts in these consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands, unless otherwise stated.

(d) Seasonality of operations

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

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical accounting judgments, estimates and assumptions

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

(1) PAA Eligibility Testing

Eligibility assessment testing to apply PAA on insurance and reinsurance contracts where the contract period is more than one year is the area where management assumptions and assessment are involved.

The Group has calculated a Liability for Remaining Coverage (LRC) and Asset for Remaining Coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year except long term life insurance contracts with participation features for which Variable Fee Approach (VFA) has been applied.

The calculation was performed under both simplified approaches i.e., Premium Allocation Approach (PAA) and General Measurement Model (GMM). Upon analysis of the possible differences between LRC and / or ARC applying the PAA and GMM approach, respectively, the Group did not note material differences for contracts with coverage period of more than one year except long term life without participation features. Hence, the Group has reported only long-term life contracts issued under GMM. For the reinsurance contracts held, all the contracts are measured under the PAA except for the long-term life insurance contracts with and without participating feature on which GMM has been applied.

In addition to the above, the Group is participating in industry pool for Inherent defect insurance commonly called as “IDI”. One insurance company is working as a leader on behalf of the participating companies. The portfolio is measured by the pool leader at GMM. The Group is taking its share and presenting in these financials at GMM as well.

(2) Unit of account

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

- the determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by IFRS 17; 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 insurance contracts issued which are measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group’s profitability and whether any loss component remeasurement is required.

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical accounting judgments, estimates and assumptions (Continued)

(3) Discount rates

Under the bottom-up 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'). Management uses judgement to assess liquidity characteristics of the liability cash flows.

(4) Methods used to measure the risk adjustment for non-financial risk

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk and also to choose the most appropriate confidence level to which the risk adjustment for non-financial risk should correspond.

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

(5) Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical areas, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

2. BASIS OF PREPARATION (CONTINUED)

(e) Critical accounting judgments, estimates and assumptions (Continued)

(6) Measurement of the Expected Credit Loss Allowance (ECL)

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 ECL requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing 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 purpose of measuring ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

(7) Fair value of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

(8) Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies, estimates and assumptions used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to each of the years presented except new IFRS standards, IFRIC interpretations, and amendments thereof, adopted by the Group as explained below:

(a) New IFRS Standards, IFRIC interpretations and amendments thereof, effective during the year but not adopted by the Group:

Standard interpretation, amendments	Description
Amendment to IFRS-16 - Leases on sale and lease back	These amendments include requirements for sale and leaseback transactions in IFRS-16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cashflows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
Amendment IAS 01- Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions.
Amendments 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 sets 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.
IFRS S1 - General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
IFRS S2 - Climate-related disclosures (subject to endorsement from SOCPA)	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

(b) New IFRS Standards, IFRIC interpretations and amendments thereof, not effective during the year and not early adopted by the Group

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 applies to the gain or loss resulting from the sale of 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 of contribution to an associate or joint venture of assets that constitute a business as defined in IFRS-3 is recognized in full.	Effective date deferred indefinitely
IFRS 18 - Presentation and disclosure in financial statements	The new standard sets out the requirements for presentation and disclosure of financial statements (mainly SOI), aiming to improve the structure and content of the primary financial statements for all entities applying IFRS. This standard will supersede IAS 8.	January 1, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	IFRS 19 is a voluntary standard for eligible subsidiaries without public accountability wherein the eligible subsidiary applies the requirements of other IFRS Accounting Standards but with reduced disclosure requirements.	January 1, 2027

Note: There is no material impact on the Group's consolidated financial statements due to the above changes.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts

Under IFRS 17, the Group's insurance contracts issued are all eligible to be measured by applying the "Premium Allocation Approach" (PAA) except individual life products without participation features on which GMM has been applied and individual life products with participation features on which "Variable Fees Approach" (VFA) has been applied.

All the reinsurance contracts held are eligible to be measured by applying PAA except reinsurance contracts held for individual life products with and without participation features on which GMM has been applied.

In addition to this, the Group participates in the industry pool for Inherent Defect Insurance (IDI), where the GMM model has been applied industry wise.

Definition and classification

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

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

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

The Group underlying items is shared with policyholders. The underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets.

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

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

Investment components in Savings and Participating products comprise policyholder account values less applicable surrender fees.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

The Group uses judgment to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the FCF that does not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA.

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

Direct participating contracts issued by the Group are contracts with direct participation features where the Group holds the pool of underlying assets and accounts for these groups of contracts under VFA.

All other insurance contracts originated by the Group are without direct participation features.

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

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

Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses significant judgment to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and are allocated to the same group without performing an individual contract assessment.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

For Life Risk and Savings product lines, sets of contracts usually correspond to policyholder pricing groups that the Group determined to have similar insurance risks and that are priced within the same insurance rate ranges. The Group monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing groups with no information available at a more granular level.

Contracts issued within Participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous as at initial recognition.

For all contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones.

For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. Similar to Life Risk and Savings contracts, this assessment is performed at a policyholder pricing at group of contract level.

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

Recognition and derecognition

Groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination, or a portfolio transfer, are accounted for as if they were entered into at the date of acquisition or transfer.

Investment contracts with DPF are initially recognized at the date the Group becomes a party to the contract.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognized at the latter of:

- the beginning of the coverage period of the group of contracts; or
- the initial recognition of any underlying insurance contract.

The Group does not recognize a group of quota-share reinsurance contracts held until it has recognized at least one of the underlying insurance contracts.

A group of reinsurance contracts held that cover aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognized at the beginning of the coverage period of that group.

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

Accounting for contract modification and derecognition

An insurance contract is derecognized when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified, and certain additional criteria are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cashflows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

The Group derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
   i. is not in scope of IFRS 17;
   ii. results in different separable components;
   iii. results in a different contract boundary; or
   iv. belongs to a different group of contracts;
b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts, the Group:

a. Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group of contracts.
b. Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
   i. If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
   ii. If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
   iii. If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in a. adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognizing the new contract in this case, the Group assumes such a hypothetical premium as actually received.
c. Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to statement of income:

a. if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;
b. if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;
c. if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

Measurement

Fulfilment cash flows

Fulfilment cash flows within contract boundaries

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability weighted mean of the full range of possible outcomes.
b. are determined from the perspective of the group of contracts, provided the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cashflows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

A substantive obligation ends when:

a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b. both of the following criteria are satisfied:
    i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
    ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Group provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Group until they are exercised.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Group to deliver cash at the present or future date.

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

The Group's quota-share life reinsurance agreements held have an unlimited duration but are cancelable for new underlying business with a one-year notice period by either party. Thus, the Group treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one-year boundary are included in each of the reinsurance contracts' measurements.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognized in General and administrative expenses as incurred.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

Insurance acquisition costs

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

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

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

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Group requires for bearing uncertainty about the amount and timing of the cash-flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Initial measurement - groups of contracts not measured under the PAA

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group recognizes as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

a. the initial recognition of the FCF;
b. the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
c. cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in statement of income immediately with no CSM recognized on the balance sheet on initial recognition.

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

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a. the initial recognition of the FCF; and
b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

Subsequent measurement - groups of contracts not measured under the PAA

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

a. the LRC, comprising:
   i. the FCF related to future service allocated to the group of contracts at that date; and
   ii. the CSM of the group at that date; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

a. the remaining coverage, comprising:
   i. the FCF related to future service allocated to the group of contracts at that date; and
   ii. the CSM of the group at that date; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

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

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

a. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
b. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
d. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a.-c. are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

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

a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b. changes in the FCF relating to the LIC; and
c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

For investment contracts with DPF that are measured under the GMM and provide the Group with discretion as to the timing and amount of the cash flows to be paid to the policyholders, a change in discretionary cash flows is regarded as relating to future service and accordingly adjusts the CSM. At inception of such contracts, the Group specifies its commitment as crediting interest to the policyholder's account balance based on the return on a pool of assets less a spread. The effect of discretionary changes in the spread on the FCF adjusts the CSM while the effect of changes in assumptions that relate to financial risk on this commitment are reflected in insurance finance income or expenses.

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognized in insurance finance expenses.

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

a. changes in the share of the fair value of the underlying items; and
b. changes in the FCF that do not vary based on the returns of underlying items:
   i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
   ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
   iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
   iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
   v. changes in the risk adjustment for non-financial risk that relate to future service. Adjustments ii.-v. are measured using the current discount rates.

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

a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
b. changes in the FCF that do not vary based on the returns of the underlying items:
   i. changes in the FCF relating to the LIC; and
   ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Group does not have any products with complex guarantees and does not use derivatives to economically hedge the risks.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a. The effect of any new contracts added to the group of contracts.
b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
c. Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
d. The effect of any currency exchange differences.
e. The amount recognized as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognized in the insurance service result.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured by applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to statement of income

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

For contracts issued, the Group determines the coverage period for the CSM recognition as follows:

a. for term life and universal life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk; and
b. for direct participating contracts and for investment contracts with DPF, the coverage period corresponds to the period in which insurance or investment management services are expected to be provided.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

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

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

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

The Group determines coverage units as follows:

a. for term life and universal life insurance contracts, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;
b. for direct participating contracts, coverage units are based on the fixed death benefits amounts (during the insurance coverage period) plus policyholders' account values;
c. for investment contracts with DPF, coverage units are based on policyholders' account values.

The Group reflects the time value of money in the allocation of the CSM to coverage units.

For reinsurance contracts held, the CSM is released to statement of income as services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

Onerous contracts - Loss component

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

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

a. expected incurred claims and expenses for the period;
b. changes in the risk adjustment for non-financial risk for the risk expired; and
c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in a. and b. above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

Initial and subsequent measurement - groups of contracts measured under the PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less. The respective group of acquired contracts do not meet the PAA eligibility criteria and have been measured under the GMM.

The excess of loss reinsurance contracts provide coverage on the insurance contracts originated for claims incurred during a period of one year or less and are accounted for under the PAA.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognized over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For reinsurance contracts held on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

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

a. the LRC; and
b. the LIC, comprising the FCF related to past service allocated to the group of contracts at the reporting date.

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

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

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

a. increased for premiums received in the period;
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
d. increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

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

a. increased for ceding premiums paid in the period; and
b. decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since insurance contracts issued by the Group and measured under the PAA typically have a settlement period of over one year.

If a group of contracts becomes onerous, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognized in insurance service expenses. Subsequently, the Group amortizes the amount of loss component within the LRC by decreasing insurance service expenses. The loss component amortization is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

Amounts recognized in comprehensive income for Insurance service result from insurance contracts issued

Insurance revenue

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

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

- Amounts relating to the changes in the LRC:
  a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
     i. amounts related to the loss component;
     ii. repayments of investment components;
     iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
     iv. insurance acquisition expenses;
  b. changes in the risk adjustment for non-financial risk, excluding:
     i. changes included in insurance finance income (expenses);
     ii. changes that relate to future coverage (which adjust the CSM); and
     iii. amounts allocated to the loss component;
  c. amounts of the CSM recognized in statement of income for the services provided in the period; and
  d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

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

For groups of insurance contracts measured under the PAA, the Group recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits excluding investment components;
b. other incurred directly attributable insurance service expenses;
c. amortization of insurance acquisition cashflows;
d. changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
e. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).
f. Surplus for the year attributable to policyholders

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

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

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

Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

The Group presents the financial performance of groups of reinsurance contracts held separately for premium allocation and amounts recoverable from reinsurers. These comprise the following amounts:

a. reinsurance premium allocation;
b. incurred claims recovery;
c. other directly attributable reinsurance service expenses;
d. effect of changes in risk of reinsurer non-performance;
e. for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
f. changes relating to past service (i.e. adjustments to incurred claims).

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 17 Insurance Contracts (Continued)

For groups of reinsurance contracts held measured under the PAA, the Group recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

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

Insurance finance income or expenses

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

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

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

a. interest accreted on the FCF and the CSM;
b. the effect of changes in interest rates and other financial assumptions; and
c. foreign exchange differences arising from contracts denominated in a foreign currency.

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

a. changes in the fair value of underlying items;
b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items and
c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

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

a. interest accreted on the LIC; and
b. the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the GMM and the PAA, the Group includes all insurance finance income or expenses for the period in statement of income (i.e. the profit or loss (P&L) option is applied).

For the contracts measured using the VFA, the P&L option is applied. As the Group holds the underlying items for these contracts, the use of the P&L option results in the elimination of accounting mismatches with income or expenses included in statement of income on the underlying assets held. This is applied because the amounts of income or expenses for the underlying assets are recognized in statement of income.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) IFRS 9 Financial Instruments

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The classification of financial assets are:

(a) Financial assets carried at amortized cost;
(b) Financial assets carried at fair value through other comprehensive income (FVOCI); and
(c) Financial assets carried at fair value through profit or loss (FVTPL).

(a) Financial assets at amortized cost:

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

- The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below. Further, financial assets carried at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Financing income, foreign exchange gains and losses and impairment are recognized in the profit or loss. Any gain or loss on derecognition is recognized in the profit or loss.

(i) Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) IFRS 9 Financial Instruments (Continued)

(b) Financial assets at fair value through other comprehensive income (FVOCI):

Debt instruments at FVOCI

The Group applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Financing income and foreign exchange gains and losses and impairment losses are recognized in statement of income. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss.

This category only includes debt instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition. Debt instruments at FVOCI are subject to an impairment assessment under IFRS 9.

Equity instruments at FVOCI

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) IFRS 9 Financial Instruments (Continued)

Transaction costs of financial assets carried at fair value though statement of income are expensed in the statement of income.

For debt instruments measured at amortized cost, FVTPL and FVOCI, the interest income, foreign currency gains or losses and impairment losses or reversals are recognized in statement of income. For debt instruments classified as FVTPL, unrealized and realized fair value changes are recognized in profit and loss. For debt instruments measured at FVOCI, the fair value gains or losses are recognized in other comprehensive income until derecognition, when the cumulative gains or losses recognized in other comprehensive income are reclassified to statement of income.

The Group subsequently measures all equity investments at fair value. Dividends from such investments are recognized in the statement of income. The unrealized and realized fair value gains and losses on equity investments that are held for trading are recognized in statement of income. Where the Group has made an irrevocable election at initial recognition to classify the equity investments through other comprehensive income, the changes in fair value are recognized in other comprehensive income. For all equity investments at FVOCI, there is no subsequent recycling of fair value gains and losses to statement of income at derecognition.

Impairment of financial assets

Overview of Expected Credit Loss ('ECL') principles

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments either measured at amortized costs or at FVOCI
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except in the following cases, for which the amount recognized is 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit losses are the portion of expected credit losses that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of expected credit losses:

Expected credit losses are a probability-weighted estimate of credit losses and are measured as follows:

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) IFRS 9 Financial Instruments (Continued)

ECL methodology

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

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

Probability of Default ('PD')

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

Loss Given Default ('LGD')

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

Exposure at Default ('EAD')

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

Forward looking estimate

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

Credit impaired financial assets:

At each reporting date, the Group assesses whether financial assets measured at amortized cost and debt investments at FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in statement of income and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset (either partially or in full), the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed in statement of income.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.
- Impairment losses are recognized in the statement of income and changes between the amortized cost of the assets and their fair value are recognized in OCI.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) IFRS 9 Financial Instruments (Continued)

Financial liabilities

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

- The amount of change in the fair value that is attributable to changes in the credit risk of liability are presented in OCI.
- The remaining amount of the change in the fair value are presented in the statement of income.

However, the above has no impact on the Group.

(iv) 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 Group 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.

(v) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flows to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. The cost of other items of property and equipment is depreciated on the straight-line method to allocate the cost over estimated useful lives, as follows:

	No of years
Furniture, fixture and office equipment	5
Computer equipment	4
Vehicles	4

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other income, net" in the statement of income.

(vi) Intangible assets

Separately acquired intangible assets are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Group amortizes intangible assets with a limited useful life using straight-line method over the period of their useful lives. Refer to note 14.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(vii) Goodwill

Goodwill represents the fair value of the consideration paid in excess of the fair value of net assets or liabilities acquired. Goodwill is tested for impairment by management at least once at the end of each financial year. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit or a group of cash-generating units (CGU) to which the goodwill is related. When the recoverable amount of the CGU is less than the carrying amount of the CGU to which goodwill has been allocated, an impairment loss is recognized. Impairment losses, if any, relating to goodwill cannot be reversed in future periods.

Impairment testing of goodwill

The Group's management tests, on an annual basis, whether goodwill arising on merger has suffered any impairment. This requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 15.

(viii) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

(ix) Provisions, accrued expenses and other liabilities

Provisions are recognized when the Group has an obligation (legal or constructive) arising from past events, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(x) Employees' end-of-service benefits

The Group 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 the expected future wages and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields, at the end of the reporting period, of high-quality corporate bonds like dollar denominated KSA Sovereign Bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Re-measurements (actuarial gains/ losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(xi) Leases

The Group assesses whether the contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these short-term leases and leases of low value assets, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

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

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

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

The Group did not make any such adjustments during the years reported.

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(xi) Leases (Continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(xii) Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the year in which the dividends are approved by the Group's shareholders.

(xiii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks including certain time deposits with less than three months' maturity from the date of acquisition.

(xiv) Cash flow statement

The Group's main cash flows are from insurance operations which are classified as cash flow from operating activities. Cash flows generated from investing and financing activities are classified accordingly.

(xv) Short-term deposits

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

(xvi) Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Arabian Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Foreign exchange gains or losses on available-for-sale investments are recognized in "Other income, net" in the statement of income and statement of comprehensive income. As the Group's foreign currency transactions are primarily in US dollars, foreign exchange gains and losses are not significant.

(xvii) Zakat and taxes

Zakat and income tax are provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) known previously as the General Authority of Zakat and Tax ("the GAZT") in the Kingdom of Saudi Arabia. Zakat provision is charged to the statement of income. Zakat is computed on the Saudi shareholder's share of the zakat base, while income tax is calculated on the foreign shareholder's share of adjusted net income. Income tax is charged to the statement of income. The Group is settling the zakat and income tax annually to ZATCA.

Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the KSA, including dividend payments to the non-resident shareholders, as required under Saudi Arabian Income Tax Law.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(xvii) Zakat and taxes (Continued)

Value added tax

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Deferred income tax:

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, and the credits can be utilized. The deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(xviii) Statutory reserve

In accordance with the Group's by-laws, the Group allocates 20% of its annual net income from shareholders' operations each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

(xix) Operating segments

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

- Medical insurance provides coverage for health insurance
- Motor insurance provides coverage for vehicles' insurance
- Property insurance provides coverage for property insurance
- Engineering insurance provides coverage for engineering and contract works
- Energy insurance provides coverage to energy projects
- Protection and savings insurance both linked and non-linked provides coverage for life insurance
- Other insurance provides coverage for marine and other general insurance.

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

No inter-segment transactions occurred during the year. If any transaction was to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

Shareholders' income is a non-operating segment. Income earned from time deposits and investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

4. INSURANCE AND REINSURANCE CONTRACTS

An analysis of the amounts presented in the consolidated statement of financial position for insurance and reinsurance contract assets and liabilities by valuation approach (PAA / GMM / VFA) has been included in the tables below:

4.1 Insurance contracts assets and liabilities	**Valuation Approach**	**2025**		2024	
		Assets	**Liabilities**	Assets	Liabilities
				SAR "000"	
Medical	PAA	**-**	**223,866**	-	200,054
Motor	PAA	**-**	**360,045**	-	540,735
Property	PAA	**-**	**1,305,766**	-	310,213
Energy	PAA	**-**	**262,653**	-	241,018
Engineering	PAA	**-**	**377,894**	-	308,685
P&S - non unit-linked	PAA	**-**	**98,674**	-	101,976
P&C - others	PAA	**-**	**342,510**	-	371,495
4.1.1 Total PAA		**-**	**2,971,408**	-	2,074,176
P&C - others	GMM	**-**	**43,980**	-	55,024
P&S - non unit-linked	GMM	**-**	**724**	-	650
P&S - unit-linked	VFA	**-**	**525,983**	-	543,959
4.1.2 Total GMM/VFA		**-**	**570,687**	-	599,633
Insurance contract Liabilities for non unit-linked business	PAA, GMM	**-**	**3,016,112**	-	2,129,850
Insurance contract Liabilities for unit-linked business	VFA	**-**	**525,983**	-	543,959

4.2 Reinsurance contracts assets and liabilities	**Valuation Approach**	**2025**		2024	
		Assets	**Liabilities**	Assets	Liabilities
				SAR "000"	
Medical	PAA	**-**	**3,161**	-	3,302
Motor	PAA	**3,387**	**-**	3,253	-
Property	PAA	**1,213,022**	**-**	70,022	-
Energy	PAA	**182,265**	**-**	228,809	-
Engineering	PAA	**321,724**	**-**	238,570	-
P&S - non unit-linked	PAA	**13,791**	**-**	28,649	-
P&C - others	PAA	**164,467**	**-**	132,906	-
4.2.1 Total PAA		**1,898,656**	**3,161**	702,209	3,302
P&C - others	GMM	**23,150**	**-**	38,920	-
P&S - unit-linked	GMM	**-**	**393**	164	-
4.2.2 Total GMM		**23,150**	**393**	39,084	-
Reinsurance contract assets and liabilities for non unit-linked business	PAA, GMM	**1,921,806**	**3,161**	741,129	3,302
Reinsurance contract assets for unit-linked business	GMM	**-**	**393**	164	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

An analysis of insurance contracts assets and liabilities by 'Liability for Remaining Coverage' (LFRC) and 'Liability for Incurred Claims' (LIC) along with the breakup of 'Loss Component' (LC) and 'Risk Adjustment' (RA) has been included in the tables below:

4.1.1 Insurance contracts - PAA - Total	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening insurance contract liabilities	**885,982**	**34,338**	**1,114,088**	**39,768**	**2,074,176**	949,383	18,386	961,831	38,247	1,967,847
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**885,982**	**34,338**	**1,114,088**	**39,768**	**2,074,176**	949,383	18,386	961,831	38,247	1,967,847
Insurance revenue	**(3,091,082)**	**-**	**-**	**-**	**(3,091,082)**	(3,330,738)	-	-	-	(3,330,738)
Incurred claims and other expenses	**-**	**-**	**2,566,814**	**81,020**	**2,647,834**	-	-	1,848,800	27,524	1,876,324
Losses/(loss reversals) on onerous contracts	**-**	**(2,207)**	**-**	**-**	**(2,207)**	-	15,952	-	-	15,952
Changes to liabilities for incurred claims	**-**	**-**	**(219,611)**	**(14,538)**	**(234,149)**	-	-	(207,013)	(26,009)	(233,022)
Insurance acquisition costs	**300,499**	**-**	**-**	**-**	**300,499**	327,006	-	-	-	327,006
Insurance service expenses	**300,499**	**(2,207)**	**2,347,203**	**66,482**	**2,711,977**	327,006	15,952	1,641,787	1,515	1,986,260
Insurance service results before reinsurance contracts held	**(2,790,583)**	**(2,207)**	**2,347,203**	**66,482**	**(379,105)**	(3,003,732)	15,952	1,641,787	1,515	(1,344,478)
Finance expenses from insurance contracts issued	**-**	**-**	**22,040**	**(47)**	**21,993**	-	-	19,483	6	19,489
Total changes in the consolidated statement of income	**(2,790,583)**	**(2,207)**	**2,369,243**	**66,435**	**(357,112)**	(3,003,732)	15,952	1,661,270	1,521	(1,324,989)
Premium received	**2,923,736**	**-**	**-**	**-**	**2,923,736**	3,267,573	-	-	-	3,267,573
Claims and directly attributable expenses paid	**-**	**-**	**(1,412,698)**	**-**	**(1,412,698)**	-	-	(1,509,013)	-	(1,509,013)
Insurance acquisition expenses paid	**(256,694)**	**-**	**-**	**-**	**(256,694)**	(327,242)	-	-	-	(327,242)
Net cash flows for insurance contracts	**2,667,042**	**-**	**(1,412,698)**	**-**	**1,254,344**	2,940,331	-	(1,509,013)	-	1,431,318
Net closing insurance contract liabilities	**762,441**	**32,131**	**2,070,633**	**106,203**	**2,971,408**	885,982	34,338	1,114,088	39,768	2,074,176
Closing insurance contract liabilities	**762,441**	**32,131**	**2,070,633**	**106,203**	**2,971,408**	885,982	34,338	1,114,088	39,768	2,074,176
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.1 Insurance contracts - PAA - Medical	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
	SAR "000"					SAR "000"				
Opening insurance contract liabilities	**62,466**	**7,509**	**124,519**	**5,560**	**200,054**	115,331	18,301	165,856	7,365	306,853
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**62,466**	**7,509**	**124,519**	**5,560**	**200,054**	115,331	18,301	165,856	7,365	306,853
Insurance revenue	**(389,522)**	**-**	**-**	**-**	**(389,522)**	(617,012)	-	-	-	(617,012)
Incurred claims and other expenses	**-**	**-**	**370,841**	**2,907**	**373,748**	-	-	536,183	3,667	539,850
Losses/(loss reversals) on onerous contracts	**-**	**2,296**	**-**	**-**	**2,296**	-	(10,792)	-	-	(10,792)
Changes to liabilities for incurred claims	**-**	**-**	**3,795**	**(3,254)**	**541**	-	-	52,901	(5,474)	47,427
Insurance acquisition costs	**81,417**	**-**	**-**	**-**	**81,417**	107,691	-	-	-	107,691
Insurance service expenses	**81,417**	**2,296**	**374,636**	**(347)**	**458,002**	107,691	(10,792)	589,084	(1,807)	684,176
Insurance service results before reinsurance contracts held	**(308,105)**	**2,296**	**374,636**	**(347)**	**68,480**	(509,321)	(10,792)	589,084	(1,807)	67,164
Finance expenses from insurance contracts issued	**-**	**-**	**1,653**	**(1)**	**1,652**	-	-	2,994	2	2,996
Total changes in the consolidated statement of income	**(308,105)**	**2,296**	**376,289**	**(348)**	**70,132**	(509,321)	(10,792)	592,078	(1,805)	70,160
Premium received	**399,281**	**-**	**-**	**-**	**399,281**	561,827	-	-	-	561,827
Claims and directly attributable expenses paid	**-**	**-**	**(390,122)**	**-**	**(390,122)**	-	-	(633,415)	-	(633,415)
Insurance acquisition expenses paid	**(55,479)**	**-**	**-**	**-**	**(55,479)**	(105,371)	-	-	-	(105,371)
Net cash flows for insurance contracts	**343,802**	**-**	**(390,122)**	**-**	**(46,320)**	456,456	-	(633,415)	-	(176,959)
Net closing insurance contract liabilities	**98,163**	**9,805**	**110,686**	**5,212**	**223,866**	62,466	7,509	124,519	5,560	200,054
Closing insurance contract liabilities	**98,163**	**9,805**	**110,686**	**5,212**	**223,866**	62,466	7,509	124,519	5,560	200,054
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.1 Insurance contracts - PAA - Motor	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
	SAR "000"					SAR "000"				
Opening insurance contract liabilities	**315,993**	**26,829**	**190,396**	**7,517**	**540,735**	394,696	85	147,084	5,885	547,750
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**315,993**	**26,829**	**190,396**	**7,517**	**540,735**	394,696	85	147,084	5,885	547,750
Insurance revenue	**(666,452)**	**-**	**-**	**-**	**(666,452)**	(765,707)	-	-	-	(765,707)
Incurred claims and other expenses	**-**	**-**	**730,710**	**4,563**	**735,273**	-	-	673,210	5,998	679,208
Losses/(loss reversals) on onerous contracts	**-**	**(4,503)**	**-**	**-**	**(4,503)**	-	26,744	-	-	26,744
Changes to liabilities for incurred claims	**-**	**-**	**(13,991)**	**(5,639)**	**(19,630)**	-	-	(23,976)	(4,366)	(28,342)
Insurance acquisition costs	**114,570**	**-**	**-**	**-**	**114,570**	122,732	-	-	-	122,732
Insurance service expenses	**114,570**	**(4,503)**	**716,719**	**(1,076)**	**825,710**	122,732	26,744	649,234	1,632	800,342
Insurance service results before reinsurance contracts held	**(551,882)**	**(4,503)**	**716,719**	**(1,076)**	**159,258**	(642,975)	26,744	649,234	1,632	34,635
Finance expenses from insurance contracts issued	**-**	**-**	**3,149**	**-**	**3,149**	-	-	2,019	-	2,019
Total changes in the consolidated statement of income	**(551,882)**	**(4,503)**	**719,868**	**(1,076)**	**162,407**	(642,975)	26,744	651,253	1,632	36,654
Premium received	**487,467**	**-**	**-**	**-**	**487,467**	671,373	-	-	-	671,373
Claims and directly attributable expenses paid	**-**	**-**	**(737,524)**	**-**	**(737,524)**	-	-	(607,941)	-	(607,941)
Insurance acquisition expenses paid	**(93,040)**	**-**	**-**	**-**	**(93,040)**	(107,101)	-	-	-	(107,101)
Net cash flows for insurance contracts	**394,427**	**-**	**(737,524)**	**-**	**(343,097)**	564,272	-	(607,941)	-	(43,669)
Net closing insurance contract liabilities	**158,538**	**22,326**	**172,740**	**6,441**	**360,045**	315,993	26,829	190,396	7,517	540,735
Closing insurance contract liabilities	**158,538**	**22,326**	**172,740**	**6,441**	**360,045**	315,993	26,829	190,396	7,517	540,735
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.1 Insurance contracts - PAA - Property	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
	SAR "000"					SAR "000"				
Opening insurance contract liabilities	**97,486**	**-**	**207,155**	**5,572**	**310,213**	61,093	-	156,077	2,694	219,864
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**97,486**	**-**	**207,155**	**5,572**	**310,213**	61,093	-	156,077	2,694	219,864
Insurance revenue	**(641,823)**	**-**	**-**	**-**	**(641,823)**	(479,462)	-	-	-	(479,462)
Incurred claims and other expenses	**-**	**-**	**962,409**	**47,721**	**1,010,130**	-	-	173,204	4,396	177,600
Losses/(loss reversals) on onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to liabilities for incurred claims	**-**	**-**	**(41,951)**	**1,389**	**(40,562)**	-	-	(61,167)	(1,518)	(62,685)
Insurance acquisition costs	**30,368**	**-**	**-**	**-**	**30,368**	25,052	-	-	-	25,052
Insurance service expenses	**30,368**	**-**	**920,458**	**49,110**	**999,936**	25,052	-	112,037	2,878	139,967
Insurance service results before reinsurance contracts held	**(611,455)**	**-**	**920,458**	**49,110**	**358,113**	(454,410)	-	112,037	2,878	(339,495)
Finance expenses from insurance contracts issued	**-**	**-**	**6,099**	**-**	**6,099**	-	-	3,650	-	3,650
Total changes in the consolidated statement of income	**(611,455)**	**-**	**926,557**	**49,110**	**364,212**	(454,410)	-	115,687	2,878	(335,845)
Premium received	**702,133**	**-**	**-**	**-**	**702,133**	520,948	-	-	-	520,948
Claims and directly attributable expenses paid	**-**	**-**	**(38,225)**	**-**	**(38,225)**	-	-	(64,609)	-	(64,609)
Insurance acquisition expenses paid	**(32,567)**	**-**	**-**	**-**	**(32,567)**	(30,145)	-	-	-	(30,145)
Net cash flows for insurance contracts	**669,566**	**-**	**(38,225)**	**-**	**631,341**	490,803	-	(64,609)	-	426,194
Net closing insurance contract liabilities	**155,597**	**-**	**1,095,487**	**54,682**	**1,305,766**	97,486	-	207,155	5,572	310,213
Closing insurance contract liabilities	**155,597**	**-**	**1,095,487**	**54,682**	**1,305,766**	97,486	-	207,155	5,572	310,213
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.1 Insurance contracts - PAA - Energy	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
	SAR "000"					SAR "000"				
Opening insurance contract liabilities	**118,061**	**-**	**119,682**	**3,275**	**241,018**	143,539	-	91,289	4,560	239,388
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**118,061**	**-**	**119,682**	**3,275**	**241,018**	143,539	-	91,289	4,560	239,388
Insurance revenue	**(582,577)**	**-**	**-**	**-**	**(582,577)**	(589,366)	-	-	-	(589,366)
Incurred claims and other expenses	**-**	**-**	**126,870**	**6,445**	**133,315**	-	-	109,040	2,960	112,000
Losses/(loss reversals) on onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to liabilities for incurred claims	**-**	**-**	**(80,055)**	**(3,157)**	**(83,212)**	-	-	(66,998)	(4,245)	(71,243)
Insurance acquisition costs	**853**	**-**	**-**	**-**	**853**	5,273	-	-	-	5,273
Insurance service expenses	**853**	**-**	**46,815**	**3,288**	**50,956**	5,273	-	42,042	(1,285)	46,030
Insurance service results before reinsurance contracts held	**(581,724)**	**-**	**46,815**	**3,288**	**(531,621)**	(584,093)	-	42,042	(1,285)	(543,336)
Finance expenses from insurance contracts issued	**-**	**-**	**1,492**	**-**	**1,492**	-	-	1,123	-	1,123
Total changes in the consolidated statement of income	**(581,724)**	**-**	**48,307**	**3,288**	**(530,129)**	(584,093)	-	43,165	(1,285)	(542,213)
Premium received	**589,590**	**-**	**-**	**-**	**589,590**	560,881	-	-	-	560,881
Claims and directly attributable expenses paid	**-**	**-**	**(36,641)**	**-**	**(36,641)**	-	-	(14,772)	-	(14,772)
Insurance acquisition expenses paid	**(1,185)**	**-**	**-**	**-**	**(1,185)**	(2,266)	-	-	-	(2,266)
Net cash flows for insurance contracts	**588,405**	**-**	**(36,641)**	**-**	**551,764**	558,615	-	(14,772)	-	543,843
Net closing insurance contract liabilities	**124,742**	**-**	**131,348**	**6,563**	**262,653**	118,061	-	119,682	3,275	241,018
Closing insurance contract liabilities	**124,742**	**-**	**131,348**	**6,563**	**262,653**	118,061	-	119,682	3,275	241,018
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.1 Insurance contracts - PAA - Engineering	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening insurance contract liabilities	**215,952**	**-**	**89,067**	**3,666**	**308,685**	150,431	-	95,813	5,076	251,320
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**215,952**	**-**	**89,067**	**3,666**	**308,685**	150,431	-	95,813	5,076	251,320
Insurance revenue	**(208,103)**	**-**	**-**	**-**	**(208,103)**	(242,903)	-	-	-	(242,903)
Incurred claims and other expenses	**-**	**-**	**149,489**	**11,294**	**160,783**	-	-	60,294	2,159	62,453
Losses/(loss reversals) on onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to liabilities for incurred claims	**-**	**-**	**(32,757)**	**(196)**	**(32,953)**	-	-	(46,663)	(3,569)	(50,232)
Insurance acquisition costs	**24,627**	**-**	**-**	**-**	**24,627**	23,260	-	-	-	23,260
Insurance service expenses	**24,627**	**-**	**116,732**	**11,098**	**152,457**	23,260	-	13,631	(1,410)	35,481
Insurance service results before reinsurance contracts held	**(183,476)**	**-**	**116,732**	**11,098**	**(55,646)**	(219,643)	-	13,631	(1,410)	(207,422)
Finance expenses from insurance contracts issued	**-**	**-**	**2,656**	**-**	**2,656**	-	-	2,365	-	2,365
Total changes in the consolidated statement of income	**(183,476)**	**-**	**119,388**	**11,098**	**(52,990)**	(219,643)	-	15,996	(1,410)	(205,057)
Premium received	**169,391**	**-**	**-**	**-**	**169,391**	316,239	-	-	-	316,239
Claims and directly attributable expenses paid	**-**	**-**	**(21,125)**	**-**	**(21,125)**	-	-	(22,742)	-	(22,742)
Insurance acquisition expenses paid	**(26,067)**	**-**	**-**	**-**	**(26,067)**	(31,075)	-	-	-	(31,075)
Net cash flows for insurance contracts	**143,324**	**-**	**(21,125)**	**-**	**122,199**	285,164	-	(22,742)	-	262,422
Net closing insurance contract liabilities	**175,800**	**-**	**187,330**	**14,764**	**377,894**	215,952	-	89,067	3,666	308,685
Closing insurance contract liabilities	**175,800**	**-**	**187,330**	**14,764**	**377,894**	215,952	-	89,067	3,666	308,685
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.1 Insurance contracts - PAA - Protection and Savings (P&S) - non-linked	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening insurance contract liabilities	**(94,584)**	**-**	**189,452**	**7,108**	**101,976**	(54,464)	-	144,669	6,450	96,655
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**(94,584)**	**-**	**189,452**	**7,108**	**101,976**	(54,464)	-	144,669	6,450	96,655
Insurance revenue	**(146,930)**	**-**	**-**	**-**	**(146,930)**	(202,480)	-	-	-	(202,480)
Incurred claims and other expenses	**-**	**-**	**144,277**	**3,907**	**148,184**	-	-	189,925	5,340	195,265
Losses/(loss reversals) on onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to liabilities for incurred claims	**-**	**-**	**(29,233)**	**(5,166)**	**(34,399)**	-	-	(15,639)	(4,682)	(20,321)
Insurance acquisition costs	**11,729**	**-**	**-**	**-**	**11,729**	9,450	-	-	-	9,450
Insurance service expenses	**11,729**	**-**	**115,044**	**(1,259)**	**125,514**	9,450	-	174,286	658	184,394
Insurance service results before reinsurance contracts held	**(135,201)**	**-**	**115,044**	**(1,259)**	**(21,416)**	(193,030)	-	174,286	658	(18,086)
Finance expenses from insurance contracts issued	**-**	**-**	**3,893**	**-**	**3,893**	-	-	3,158	-	3,158
Total changes in the consolidated statement of income	**(135,201)**	**-**	**118,937**	**(1,259)**	**(17,523)**	(193,030)	-	177,444	658	(14,928)
Premium received	**174,640**	**-**	**-**	**-**	**174,640**	162,973	-	-	-	162,973
Claims and directly attributable expenses paid	**-**	**-**	**(146,387)**	**-**	**(146,387)**	-	-	(132,661)	-	(132,661)
Insurance acquisition expenses paid	**(14,032)**	**-**	**-**	**-**	**(14,032)**	(10,063)	-	-	-	(10,063)
Net cash flows for insurance contracts	**160,608**	**-**	**(146,387)**	**-**	**14,221**	152,910	-	(132,661)	-	20,249
Net closing insurance contract liabilities	**(69,177)**	**-**	**162,002**	**5,849**	**98,674**	(94,584)	-	189,452	7,108	101,976
Closing insurance contract liabilities	**(69,177)**	**-**	**162,002**	**5,849**	**98,674**	(94,584)	-	189,452	7,108	101,976
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.1 Insurance contracts - PAA - Property and Casualty (P&C) - others	**2025**					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening insurance contract liabilities	**170,608**	**-**	**193,817**	**7,070**	**371,495**	138,757	-	161,043	6,217	306,017
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**170,608**	**-**	**193,817**	**7,070**	**371,495**	138,757	-	161,043	6,217	306,017
Insurance revenue	**(455,675)**	**-**	**-**	**-**	**(455,675)**	(433,808)	-	-	-	(433,808)
Incurred claims and other expenses	**-**	**-**	**82,218**	**4,183**	**86,401**	-	-	106,944	3,004	109,948
Losses/(loss reversals) on onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to liabilities for incurred claims	**-**	**-**	**(25,419)**	**1,485**	**(23,934)**	-	-	(45,471)	(2,155)	(47,626)
Insurance acquisition costs	**36,935**	**-**	**-**	**-**	**36,935**	33,548	-	-	-	33,548
Insurance service expenses	**36,935**	**-**	**56,799**	**5,668**	**99,402**	33,548	-	61,473	849	95,870
Insurance service results before reinsurance contracts held	**(418,740)**	**-**	**56,799**	**5,668**	**(356,273)**	(400,260)	-	61,473	849	(337,938)
Finance expenses from insurance contracts issued	**-**	**-**	**3,098**	**(46)**	**3,052**	-	-	4,174	4	4,178
Total changes in the consolidated statement of income	**(418,740)**	**-**	**59,897**	**5,622**	**(353,221)**	(400,260)	-	65,647	853	(333,760)
Insurance pool portfolio transition impact	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Premium received	**401,234**	**-**	**-**	**-**	**401,234**	473,332	-	-	-	473,332
Claims and directly attributable expenses paid	**-**	**-**	**(42,674)**	**-**	**(42,674)**	-	-	(32,873)	-	(32,873)
Insurance acquisition expenses paid	**(34,324)**	**-**	**-**	**-**	**(34,324)**	(41,221)	-	-	-	(41,221)
Net cash flows for insurance contracts	**366,910**	**-**	**(42,674)**	**-**	**324,236**	432,111	-	(32,873)	-	399,238
Net closing insurance contract liabilities	**118,778**	**-**	**211,040**	**12,692**	**342,510**	170,608	-	193,817	7,070	371,495
Closing insurance contract liabilities	**118,778**	**-**	**211,040**	**12,692**	**342,510**	170,608	-	193,817	7,070	371,495
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.2 Insurance contracts - GMM/VFA - Total

	2025					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening insurance contract liabilities	**592,858**	**951**	**5,514**	**310**	**599,633**	579,549	2,898	4,137	240	586,824
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**592,858**	**951**	**5,514**	**310**	**599,633**	579,549	2,898	4,137	240	586,824
Expected claims expenses	**594**	**-**	**-**	**-**	**594**	(1,784)	-	-	-	(1,784)
Expected directly attributable expenses	**(1,741)**	**-**	**-**	**-**	**(1,741)**	(5,030)	-	-	-	(5,030)
Loss component run off	**(3,191)**	**-**	**-**	**-**	**(3,191)**	(3,351)	-	-	-	(3,351)
Expected other insurance service expenses	**(3,424)**	**-**	**-**	**-**	**(3,424)**	(131)	-	-	-	(131)
Change in risk adjustment for non-financial risk	**(81)**	**-**	**-**	**-**	**(81)**	(25)	-	-	-	(25)
CSM recognized during the year	**(4,194)**	**-**	**-**	**-**	**(4,194)**	(2,309)	-	-	-	(2,309)
Recovery of insurance acquisition cash flows	**(1,176)**	**-**	**-**	**-**	**(1,176)**	(1,212)	-	-	-	(1,212)
Insurance revenue	**(13,213)**	**-**	**-**	**-**	**(13,213)**	(13,842)	-	-	-	(13,842)
Incurred claims and other expenses	**-**	**-**	**4,208**	**248**	**4,456**	-	-	4,752	237	4,989
Losses/(loss reversals) on onerous contracts	**-**	**(239)**	**-**	**-**	**(239)**	-	(1,826)	-	-	(1,826)
Changes to liabilities for incurred claims	**-**	**-**	**(3,942)**	**(344)**	**(4,286)**	-	-	(1,638)	(192)	(1,830)
Insurance acquisition costs	**1,176**	**-**	**-**	**-**	**1,176**	1,211	-	-	-	1,211
Surrenders and maturities	**(121,553)**	**-**	**121,553**	**-**	**-**	(119,031)	-	119,031	-	-
Insurance service expenses	**(120,377)**	**(239)**	**121,819**	**(96)**	**1,107**	(117,820)	(1,826)	122,145	45	2,544
Insurance service results before reinsurance contracts held	**(133,590)**	**(239)**	**121,819**	**(96)**	**(12,106)**	(131,662)	(1,826)	122,145	45	(11,298)
Finance expenses from insurance contracts issued	**(59)**	**(3)**	**66**	**11**	**15**	2,555	(121)	(381)	25	2,078
Total changes in the consolidated statement of income	**(133,649)**	**(242)**	**121,885**	**(85)**	**(12,091)**	(129,107)	(1,947)	121,764	70	(9,220)
Changes in fair value of unit-linked investments	**47,194**	**-**	**-**	**-**	**47,194**	50,832	-	-	-	50,832
Insurance pool portfolio impact of participation ratio change	**(31,821)**	**-**	**(926)**	**(16)**	**(32,763)**	(106)	-	-	-	(106)
Premium received	**92,145**	**-**	**-**	**-**	**92,145**	92,294	-	-	-	92,294
Claims and directly attributable expenses paid	**-**	**-**	**(122,922)**	**-**	**(122,922)**	-	-	(120,387)	-	(120,387)
Insurance acquisition expenses paid	**(509)**	**-**	**-**	**-**	**(509)**	(604)	-	-	-	(604)
Net cash flows for insurance contracts	**91,636**	**-**	**(122,922)**	**-**	**(31,286)**	91,690	-	(120,387)	-	(28,697)
Net closing insurance contract liabilities	**566,218**	**709**	**3,551**	**209**	**570,687**	592,858	951	5,514	310	599,633
Closing insurance contract liabilities	**566,218**	**709**	**3,551**	**209**	**570,687**	592,858	951	5,514	310	599,633
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.2 Insurance contracts - GMM - Property and Casualty (P&C) - others

	2025					2024				
	LFRC		**LIC**			LFRC		LIC		
	excluding LC	**LC**	**excluding RA**	**RA**	**Total**	excluding LC	LC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening insurance contract liabilities	**52,924**	**-**	**2,066**	**34**	**55,024**	33,011	-	994	-	34,005
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**52,924**	**-**	**2,066**	**34**	**55,024**	33,011	-	994	-	34,005
Expected claims expenses	**683**	**-**	**-**	**-**	**683**	(1,700)	-	-	-	(1,700)
Expected directly attributable expenses	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Loss component run off	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Expected other insurance service expenses	**(3,673)**	**-**	**-**	**-**	**(3,673)**	(492)	-	-	-	(492)
Change in risk adjustment for non-financial risk	**(31)**	**-**	**-**	**-**	**(31)**	(11)	-	-	-	(11)
CSM recognized during the year	**(540)**	**-**	**-**	**-**	**(540)**	(210)	-	-	-	(210)
Recovery of insurance acquisition cash flows	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Insurance revenue	**(3,561)**	**-**	**-**	**-**	**(3,561)**	(2,413)	-	-	-	(2,413)
Incurred claims and other expenses	**-**	**-**	**1,293**	**20**	**1,313**	-	-	1,843	24	1,867
Losses/(loss reversals) on onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to liabilities for incurred claims	**-**	**-**	**(490)**	**(15)**	**(505)**	-	-	-	-	-
Insurance acquisition costs	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Surrenders and maturities	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Insurance service expenses	**-**	**-**	**803**	**5**	**808**	-	-	1,843	24	1,867
Insurance service results before reinsurance contracts held	**(3,561)**	**-**	**803**	**5**	**(2,753)**	(2,413)	-	1,843	24	(546)
Finance expenses from insurance contracts issued	**(74)**	**-**	**(43)**	**1**	**(116)**	2,549	-	(574)	10	1,985
Total changes in the consolidated statement of income	**(3,635)**	**-**	**760**	**6**	**(2,869)**	136	-	1,269	34	1,439
Insurance pool portfolio impact of participation ratio change	**(31,821)**	**-**	**(926)**	**(16)**	**(32,763)**	(106)	-	-	-	(106)
Premium received	**25,209**	**-**	**-**	**-**	**25,209**	19,883	-	-	-	19,883
Claims and directly attributable expenses paid	**-**	**-**	**(621)**	**-**	**(621)**	-	-	(197)	-	(197)
Insurance acquisition expenses paid	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net cash flows for insurance contracts	**25,209**	**-**	**(621)**	**-**	**24,588**	19,883	-	(197)	-	19,686
Net closing insurance contract liabilities	**42,677**	**-**	**1,279**	**24**	**43,980**	52,924	-	2,066	34	55,024
Closing insurance contract liabilities	**42,677**	**-**	**1,279**	**24**	**43,980**	52,924	-	2,066	34	55,024
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.2 Insurance contracts - GMM - Protection and Savings (P&S) - non-linked

	2025					2024				
	LFRC		LIC			LFRC		LIC		
	excluding LC	LC	excluding RA	RA	Total	excluding LC	LC	excluding RA	RA	Total
	SAR "000"					SAR "000"				
Opening insurance contract liabilities	**546**	**3**	**94**	**7**	**650**	495	3	69	5	572
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**546**	**3**	**94**	**7**	**650**	495	3	69	5	572
Expected claims expenses	**(89)**	**-**	**-**	**-**	**(89)**	(84)	-	-	-	(84)
Expected directly attributable expenses	**(12)**	**-**	**-**	**-**	**(12)**	(17)	-	-	-	(17)
Loss component run off	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Expected other insurance service expenses	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Change in risk adjustment for non-financial risk	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
CSM recognized during the year	**(88)**	**-**	**-**	**-**	**(88)**	(116)	-	-	-	(116)
Recovery of insurance acquisition cash flows	**(2)**	**-**	**-**	**-**	**(2)**	(1)	-	-	-	(1)
Insurance revenue	**(191)**	**-**	**-**	**-**	**(191)**	(218)	-	-	-	(218)
Incurred claims and other expenses	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Losses/(loss reversals) on onerous contracts	**-**	**1**	**-**	**-**	**1**	-	-	-	-	-
Changes to liabilities for incurred claims	**-**	**-**	**(27)**	**(1)**	**(28)**	-	-	20	2	22
Insurance acquisition costs	**2**	**-**	**-**	**-**	**2**	-	-	-	-	-
Surrenders and maturities	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Insurance service expenses	**2**	**1**	**(27)**	**(1)**	**(25)**	-	-	20	2	22
Insurance service results before reinsurance contracts held	**(189)**	**1**	**(27)**	**(1)**	**(216)**	(218)	-	20	2	(196)
Finance expenses from insurance contracts issued	**15**	**-**	**4**	**-**	**19**	6	-	5	-	11
Total changes in the consolidated statement of income	**(174)**	**1**	**(23)**	**(1)**	**(197)**	(212)	-	25	2	(185)
Premium received	**272**	**-**	**-**	**-**	**272**	264	-	-	-	264
Claims and directly attributable expenses paid	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Insurance acquisition expenses paid	**(1)**	**-**	**-**	**-**	**(1)**	(1)	-	-	-	(1)
Net cash flows for insurance contracts	**271**	**-**	**-**	**-**	**271**	263	-	-	-	263
Net closing insurance contract liabilities	**643**	**4**	**71**	**6**	**724**	546	3	94	7	650
Closing insurance contract liabilities	**643**	**4**	**71**	**6**	**724**	546	3	94	7	650
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.1.2 Insurance contracts - VFA - Protection and Savings (P&S) - linked

	2025					2024				
	LFRC		LIC			LFRC		LIC		
	excluding LC	LC	excluding RA	RA	Total	excluding LC	LC	excluding RA	RA	Total
	SAR "000"					SAR "000"				
Opening insurance contract liabilities	**539,388**	**948**	**3,354**	**269**	**543,959**	546,043	2,895	3,074	235	552,247
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening insurance contract liabilities	**539,388**	**948**	**3,354**	**269**	**543,959**	546,043	2,895	3,074	235	552,247
Expected claims expenses	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Expected directly attributable expenses	**(1,729)**	**-**	**-**	**-**	**(1,729)**	(5,013)	-	-	-	(5,013)
Loss component run off	**(3,191)**	**-**	**-**	**-**	**(3,191)**	(3,351)	-	-	-	(3,351)
Expected other insurance service expenses	**249**	**-**	**-**	**-**	**249**	361	-	-	-	361
Change in risk adjustment for non-financial risk	**(50)**	**-**	**-**	**-**	**(50)**	(14)	-	-	-	(14)
CSM recognized during the year	**(3,566)**	**-**	**-**	**-**	**(3,566)**	(1,983)	-	-	-	(1,983)
Recovery of insurance acquisition cash flows	**(1,174)**	**-**	**-**	**-**	**(1,174)**	(1,211)	-	-	-	(1,211)
Insurance revenue	**(9,461)**	**-**	**-**	**-**	**(9,461)**	(11,211)	-	-	-	(11,211)
Incurred claims and other expenses	**-**	**-**	**2,915**	**228**	**3,143**	-	-	2,909	213	3,122
Losses/(loss reversals) on onerous contracts	**-**	**(240)**	**-**	**-**	**(240)**	-	(1,826)	-	-	(1,826)
Changes to liabilities for incurred claims	**-**	**-**	**(3,425)**	**(328)**	**(3,753)**	-	-	(1,658)	(194)	(1,852)
Insurance acquisition costs	**1,174**	**-**	**-**	**-**	**1,174**	1,211	-	-	-	1,211
Surrenders and maturities	**(121,553)**	**-**	**121,553**	**-**	**-**	(119,031)	-	119,031	-	-
Insurance service expenses	**(120,379)**	**(240)**	**121,043**	**(100)**	**324**	(117,820)	(1,826)	120,282	19	655
Insurance service results before reinsurance contracts held	**(129,840)**	**(240)**	**121,043**	**(100)**	**(9,137)**	(129,031)	(1,826)	120,282	19	(10,556)
Finance expenses from insurance contracts issued	**-**	**(3)**	**105**	**10**	**112**	-	(121)	188	15	82
Total changes in the consolidated statement of income	**(129,840)**	**(243)**	**121,148**	**(90)**	**(9,025)**	(129,031)	(1,947)	120,470	34	(10,474)
Changes in fair value of unit-linked investments	**47,194**	**-**	**-**	**-**	**47,194**	50,832	-	-	-	50,832
Premium received	**66,664**	**-**	**-**	**-**	**66,664**	72,147	-	-	-	72,147
Claims and directly attributable expenses paid	**-**	**-**	**(122,301)**	**-**	**(122,301)**	-	-	(120,190)	-	(120,190)
Insurance acquisition expenses paid	**(508)**	**-**	**-**	**-**	**(508)**	(603)	-	-	-	(603)
Net cash flows for insurance contracts	**66,156**	**-**	**(122,301)**	**-**	**(56,145)**	71,544	-	(120,190)	-	(48,646)
Net closing insurance contract liabilities	**522,898**	**705**	**2,201**	**179**	**525,983**	539,388	948	3,354	269	543,959
Closing insurance contract liabilities	**522,898**	**705**	**2,201**	**179**	**525,983**	539,388	948	3,354	269	543,959
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

An analysis of reinsurance contracts assets / liabilities by 'Assets for Remaining Coverage' (AFRC) & 'Assets for Amounts Recoverable on Incurred Claims' (AIC) along with the breakup of 'Loss Recovery Component' (LRC) and 'Risk Adjustment' (RA) has been included in the tables below:

4.2.1 Reinsurance contracts - PAA - Total

	2025					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**(7,443)**	**-**	**688,294**	**21,358**	**702,209**	111,067	-	632,922	23,235	767,224
Opening reinsurance contract (liabilities)	**(10,892)**	**-**	**7,261**	**329**	**(3,302)**	-	-	-	-	-
Net opening reinsurance contract assets	**(18,335)**	**-**	**695,555**	**21,687**	**698,907**	111,067	-	632,922	23,235	767,224
Allocation of reinsurance premiums	**(1,698,539)**	**-**	**-**	**-**	**(1,698,539)**	(1,574,874)	-	-	-	(1,574,874)
Incurred claims and other expenses	**-**	**-**	**1,241,426**	**65,744**	**1,307,170**	-	-	408,278	12,291	420,569
Loss recovery component for onerous contracts	**-**	**140**	**-**	**-**	**140**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**(167,302)**	**2,039**	**(165,263)**	-	-	(227,491)	(13,840)	(241,331)
Change in profit commission/ sliding scale commission	**-**	**-**	**8,072**	**-**	**8,072**	-	-	2,664	-	2,664
Amounts recoverable from reinsurance for incurred claims	**-**	**140**	**1,082,196**	**67,783**	**1,150,119**	-	-	183,451	(1,549)	181,902
Net (expenses) / income from reinsurance contracts held	**(1,698,539)**	**140**	**1,082,196**	**67,783**	**(548,420)**	(1,574,874)	-	183,451	(1,549)	(1,392,972)
Finance income from reinsurance contracts held	**-**	**-**	**13,384**	**(3)**	**13,381**	-	-	11,470	1	11,471
Total changes in the consolidated statement of income	**(1,698,539)**	**140**	**1,095,580**	**67,780**	**(535,039)**	(1,574,874)	-	194,921	(1,548)	(1,381,501)
Premium paid	**1,904,174**	**-**	**-**	**-**	**1,904,174**	1,554,048	-	-	-	1,554,048
Claims recovered	**-**	**-**	**(109,813)**	**-**	**(109,813)**	-	-	(132,288)	-	(132,288)
Fixed commission received	**(58,548)**	**-**	**-**	**-**	**(58,548)**	(108,576)	-	-	-	(108,576)
Profit commission / sliding scale commission received	**-**	**-**	**(4,186)**	**-**	**(4,186)**	-	-	-	-	-
Net cash flows for reinsurance contracts	**1,845,626**	**-**	**(113,999)**	**-**	**1,731,627**	1,445,472	-	(132,288)	-	1,313,184
Net closing reinsurance contract assets	**128,752**	**140**	**1,677,136**	**89,467**	**1,895,495**	(18,335)	-	695,555	21,687	698,907
Closing reinsurance contract assets	**140,688**	**-**	**1,668,896**	**89,072**	**1,898,656**	(7,443)	-	688,294	21,358	702,209
Closing reinsurance contract (liabilities)	**(11,936)**	**140**	**8,240**	**395**	**(3,161)**	(10,892)	-	7,261	329	(3,302)

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.1 Reinsurance contracts - PAA - Medical

	2025					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	-	-	-	-	-	(8,472)	-	8,490	374	392
Opening reinsurance contract (liabilities)	**(10,892)**	-	**7,261**	**329**	**(3,302)**	-	-	-	-	-
Net opening reinsurance contract assets	**(10,892)**	-	**7,261**	**329**	**(3,302)**	(8,472)	-	8,490	374	392
Allocation of reinsurance premiums	**(2,424)**	-	-	-	**(2,424)**	(2,447)	-	-	-	(2,447)
Incurred claims and other expenses	-	-	**3,982**	**52**	**4,034**	-	-	3,732	176	3,908
Loss recovery component for onerous contracts	-	**140**	-	-	**140**	-	-	-	-	-
Changes to AIC for past services	-	-	**266**	**14**	**280**	-	-	(711)	(221)	(932)
Change in profit commission/ sliding scale commission	-	-	-	-	-	-	-	-	-	-
Amounts recoverable from reinsurance for incurred claims	-	**140**	**4,248**	**66**	**4,454**	-	-	3,021	(45)	2,976
Net (expenses) / income from reinsurance contracts held	**(2,424)**	**140**	**4,248**	**66**	**2,030**	(2,447)	-	3,021	(45)	529
Finance income from reinsurance contracts held	-	-	**51**	-	**51**	-	-	67	-	67
Total changes in the consolidated statement of income	**(2,424)**	**140**	**4,299**	**66**	**2,081**	(2,447)	-	3,088	(45)	596
Premium paid	**1,881**	-	-	-	**1,881**	40	-	-	-	40
Claims recovered	-	-	**(3,320)**	-	**(3,320)**	-	-	(4,317)	-	(4,317)
Fixed commission received	**(501)**	-	-	-	**(501)**	(13)	-	-	-	(13)
Profit commission / sliding scale commission received	-	-	-	-	-	-	-	-	-	-
Net cash flows for reinsurance contracts	**1,380**	-	**(3,320)**	-	**(1,940)**	27	-	(4,317)	-	(4,290)
Net closing reinsurance contract assets	**(11,936)**	**140**	**8,240**	**395**	**(3,161)**	(10,892)	-	7,261	329	(3,302)
Closing reinsurance contract assets	-	-	-	-	-	-	-	-	-	-
Closing reinsurance contract (liabilities)	**(11,936)**	**140**	**8,240**	**395**	**(3,161)**	(10,892)	-	7,261	329	(3,302)

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.1 Reinsurance contracts - PAA - Motor	**2025**					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**(1,272)**	**-**	**4,328**	**197**	**3,253**	(107)	-	7,910	308	8,111
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**(1,272)**	**-**	**4,328**	**197**	**3,253**	(107)	-	7,910	308	8,111
Allocation of reinsurance premiums	**(1,078)**	**-**	**-**	**-**	**(1,078)**	(1,237)	-	-	-	(1,237)
Incurred claims and other expenses	**-**	**-**	**-**	**-**	**-**	-	-	1,925	21	1,946
Loss recovery component for onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**1,146**	**20**	**1,166**	-	-	(4,031)	(132)	(4,163)
Change in profit commission/ sliding scale commission	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Amounts recoverable from reinsurance for incurred claims	**-**	**-**	**1,146**	**20**	**1,166**	-	-	(2,106)	(111)	(2,217)
Net (expenses) / income from reinsurance contracts held	**(1,078)**	**-**	**1,146**	**20**	**88**	(1,237)	-	(2,106)	(111)	(3,454)
Finance income from reinsurance contracts held	**-**	**-**	**30**	**-**	**30**	-	-	62	-	62
Total changes in the consolidated statement of income	**(1,078)**	**-**	**1,176**	**20**	**118**	(1,237)	-	(2,044)	(111)	(3,392)
Premium paid	**1,317**	**-**	**-**	**-**	**1,317**	87	-	-	-	87
Claims recovered	**-**	**-**	**(1,079)**	**-**	**(1,079)**	-	-	(1,538)	-	(1,538)
Fixed commission received	**(222)**	**-**	**-**	**-**	**(222)**	(15)	-	-	-	(15)
Profit commission / sliding scale commission received	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net cash flows for reinsurance contracts	**1,095**	**-**	**(1,079)**	**-**	**16**	72	-	(1,538)	-	(1,466)
Net closing reinsurance contract assets	**(1,255)**	**-**	**4,425**	**217**	**3,387**	(1,272)	-	4,328	197	3,253
Closing reinsurance contract assets	**(1,255)**	**-**	**4,425**	**217**	**3,387**	(1,272)	-	4,328	197	3,253
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.1 Reinsurance contracts - PAA - Property

	2025					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**(172,432)**	**-**	**236,343**	**6,111**	**70,022**	(33,805)	-	172,701	2,826	141,722
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**(172,432)**	**-**	**236,343**	**6,111**	**70,022**	(33,805)	-	172,701	2,826	141,722
Allocation of reinsurance premiums	**(590,867)**	**-**	**-**	**-**	**(590,867)**	(430,632)	-	-	-	(430,632)
Incurred claims and other expenses	**-**	**-**	**933,216**	**46,519**	**979,735**	-	-	156,157	4,296	160,453
Loss recovery component for onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**(35,033)**	**2,422**	**(32,611)**	-	-	(56,670)	(1,011)	(57,681)
Change in profit commission/ sliding scale commission	**-**	**-**	**2,905**	**-**	**2,905**	-	-	1,946	-	1,946
Amounts recoverable from reinsurance for incurred claims	**-**	**-**	**901,088**	**48,941**	**950,029**	-	-	101,433	3,285	104,718
Net (expenses) / income from reinsurance contracts held	**(590,867)**	**-**	**901,088**	**48,941**	**359,162**	(430,632)	-	101,433	3,285	(325,914)
Finance income from reinsurance contracts held	**-**	**-**	**6,076**	**-**	**6,076**	-	-	3,473	-	3,473
Total changes in the consolidated statement of income	**(590,867)**	**-**	**907,164**	**48,941**	**365,238**	(430,632)	-	104,906	3,285	(322,441)
Premium paid	**829,219**	**-**	**-**	**-**	**829,219**	333,957	-	-	-	333,957
Claims recovered	**-**	**-**	**(26,383)**	**-**	**(26,383)**	-	-	(41,264)	-	(41,264)
Fixed commission received	**(22,690)**	**-**	**-**	**-**	**(22,690)**	(41,952)	-	-	-	(41,952)
Profit commission / sliding scale commission received	**-**	**-**	**(2,384)**	**-**	**(2,384)**	-	-	-	-	-
Net cash flows for reinsurance contracts	**806,529**	**-**	**(28,767)**	**-**	**777,762**	292,005	-	(41,264)	-	250,741
Net closing reinsurance contract assets	**43,230**	**-**	**1,114,740**	**55,052**	**1,213,022**	(172,432)	-	236,343	6,111	70,022
Closing reinsurance contract assets	**43,230**	**-**	**1,114,740**	**55,052**	**1,213,022**	(172,432)	-	236,343	6,111	70,022
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.1 Reinsurance contracts - PAA - Energy	**2025**					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**105,529**	**-**	**119,994**	**3,286**	**228,809**	131,648	-	92,206	4,610	228,464
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**105,529**	**-**	**119,994**	**3,286**	**228,809**	131,648	-	92,206	4,610	228,464
Allocation of reinsurance premiums	**(565,851)**	**-**	**-**	**-**	**(565,851)**	(582,568)	-	-	-	(582,568)
Incurred claims and other expenses	**-**	**-**	**114,952**	**5,731**	**120,683**	-	-	107,986	2,973	110,959
Loss recovery component for onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**(77,928)**	**(2,970)**	**(80,898)**	-	-	(67,688)	(4,297)	(71,985)
Change in profit commission/ sliding scale commission	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Amounts recoverable from reinsurance for incurred claims	**-**	**-**	**37,024**	**2,761**	**39,785**	-	-	40,298	(1,324)	38,974
Net (expenses) / income from reinsurance contracts held	**(565,851)**	**-**	**37,024**	**2,761**	**(526,066)**	(582,568)	-	40,298	(1,324)	(543,594)
Finance income from reinsurance contracts held	**-**	**-**	**1,479**	**-**	**1,479**	-	-	1,124	-	1,124
Total changes in the consolidated statement of income	**(565,851)**	**-**	**38,503**	**2,761**	**(524,587)**	(582,568)	-	41,422	(1,324)	(542,470)
Premium paid	**517,664**	**-**	**-**	**-**	**517,664**	558,968	-	-	-	558,968
Claims recovered	**-**	**-**	**(37,559)**	**-**	**(37,559)**	-	-	(13,634)	-	(13,634)
Fixed commission received	**(2,062)**	**-**	**-**	**-**	**(2,062)**	(2,519)	-	-	-	(2,519)
Profit commission / sliding scale commission received	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net cash flows for reinsurance contracts	**515,602**	**-**	**(37,559)**	**-**	**478,043**	556,449	-	(13,634)	-	542,815
Net closing reinsurance contract assets	**55,280**	**-**	**120,938**	**6,047**	**182,265**	105,529	-	119,994	3,286	228,809
Closing reinsurance contract assets	**55,280**	**-**	**120,938**	**6,047**	**182,265**	105,529	-	119,994	3,286	228,809
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.1 Reinsurance contracts - PAA - Engineering

	2025					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**133,844**	**-**	**101,064**	**3,662**	**238,570**	58,149	-	104,336	4,911	167,396
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**133,844**	**-**	**101,064**	**3,662**	**238,570**	58,149	-	104,336	4,911	167,396
Allocation of reinsurance premiums	**(172,039)**	**-**	**-**	**-**	**(172,039)**	(205,588)	-	-	-	(205,588)
Incurred claims and other expenses	**-**	**-**	**129,826**	**10,316**	**140,142**	-	-	48,759	2,054	50,813
Loss recovery component for onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**(25,704)**	**822**	**(24,882)**	-	-	(44,754)	(3,303)	(48,057)
Change in profit commission/ sliding scale commission	**-**	**-**	**5,167**	**-**	**5,167**	-	-	718	-	718
Amounts recoverable from reinsurance for incurred claims	**-**	**-**	**109,289**	**11,138**	**120,427**	-	-	4,723	(1,249)	3,474
Net (expenses) / income from reinsurance contracts held	**(172,039)**	**-**	**109,289**	**11,138**	**(51,612)**	(205,588)	-	4,723	(1,249)	(202,114)
Finance income from reinsurance contracts held	**-**	**-**	**2,455**	**-**	**2,455**	-	-	2,144	-	2,144
Total changes in the consolidated statement of income	**(172,039)**	**-**	**111,744**	**11,138**	**(49,157)**	(205,588)	-	6,867	(1,249)	(199,970)
Premium paid	**160,414**	**-**	**-**	**-**	**160,414**	324,803	-	-	-	324,803
Claims recovered	**-**	**-**	**(8,868)**	**-**	**(8,868)**	-	-	(10,139)	-	(10,139)
Fixed commission received	**(17,433)**	**-**	**-**	**-**	**(17,433)**	(43,520)	-	-	-	(43,520)
Profit commission / sliding scale commission received	**-**	**-**	**(1,802)**	**-**	**(1,802)**	-	-	-	-	-
Net cash flows for reinsurance contracts	**142,981**	**-**	**(10,670)**	**-**	**132,311**	281,283	-	(10,139)	-	271,144
Net closing reinsurance contract assets	**104,786**	**-**	**202,138**	**14,800**	**321,724**	133,844	-	101,064	3,662	238,570
Closing reinsurance contract assets	**104,786**	**-**	**202,138**	**14,800**	**321,724**	133,844	-	101,064	3,662	238,570
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.1 Reinsurance contracts - PAA - Protection and Savings (P&S) - non-linked	**2025**					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**(32,666)**	**-**	**59,237**	**2,078**	**28,649**	(49,820)	-	108,391	5,025	63,596
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**(32,666)**	**-**	**59,237**	**2,078**	**28,649**	(49,820)	-	108,391	5,025	63,596
Allocation of reinsurance premiums	**(24,191)**	**-**	**-**	**-**	**(24,191)**	(26,719)	-	-	-	(26,719)
Incurred claims and other expenses	**-**	**-**	**14,781**	**629**	**15,410**	-	-	23,349	699	24,048
Loss recovery component for onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**(18,832)**	**(480)**	**(19,312)**	-	-	(17,927)	(3,646)	(21,573)
Change in profit commission/ sliding scale commission	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Amounts recoverable from reinsurance for incurred claims	**-**	**-**	**(4,051)**	**149**	**(3,902)**	-	-	5,422	(2,947)	2,475
Net (expenses) / income from reinsurance contracts held	**(24,191)**	**-**	**(4,051)**	**149**	**(28,093)**	(26,719)	-	5,422	(2,947)	(24,244)
Finance income from reinsurance contracts held	**-**	**-**	**1,104**	**-**	**1,104**	-	-	1,449	-	1,449
Total changes in the consolidated statement of income	**(24,191)**	**-**	**(2,947)**	**149**	**(26,989)**	(26,719)	-	6,871	(2,947)	(22,795)
Premium paid	**24,212**	**-**	**-**	**-**	**24,212**	44,558	-	-	-	44,558
Claims recovered	**-**	**-**	**(11,447)**	**-**	**(11,447)**	-	-	(56,025)	-	(56,025)
Fixed commission received	**(634)**	**-**	**-**	**-**	**(634)**	(685)	-	-	-	(685)
Profit commission / sliding scale commission received	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net cash flows for reinsurance contracts	**23,578**	**-**	**(11,447)**	**-**	**12,131**	43,873	-	(56,025)	-	(12,152)
Net closing reinsurance contract assets	**(33,279)**	**-**	**44,843**	**2,227**	**13,791**	(32,666)	-	59,237	2,078	28,649
Closing reinsurance contract assets	**(33,279)**	**-**	**44,843**	**2,227**	**13,791**	(32,666)	-	59,237	2,078	28,649
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.1 Reinsurance contracts - PAA - Property and Casualty (P&C) - others

	2025					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**(40,446)**	**-**	**167,328**	**6,024**	**132,906**	13,474	-	138,888	5,181	157,543
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**(40,446)**	**-**	**167,328**	**6,024**	**132,906**	13,474	-	138,888	5,181	157,543
Allocation of reinsurance premiums	**(342,089)**	**-**	**-**	**-**	**(342,089)**	(325,683)	-	-	-	(325,683)
Incurred claims and other expenses	**-**	**-**	**44,669**	**2,497**	**47,166**	-	-	66,370	2,072	68,442
Loss recovery component for onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**(11,217)**	**2,211**	**(9,006)**	-	-	(35,710)	(1,230)	(36,940)
Change in profit commission/ sliding scale commission	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Amounts recoverable from reinsurance for incurred claims	**-**	**-**	**33,452**	**4,708**	**38,160**	-	-	30,660	842	31,502
Net (expenses) / income from reinsurance contracts held	**(342,089)**	**-**	**33,452**	**4,708**	**(303,929)**	(325,683)	-	30,660	842	(294,181)
Finance income from reinsurance contracts held	**-**	**-**	**2,189**	**(3)**	**2,186**	-	-	3,151	1	3,152
Total changes in the consolidated statement of income	**(342,089)**	**-**	**35,641**	**4,705**	**(301,743)**	(325,683)	-	33,811	843	(291,029)
Premium paid	**369,467**	**-**	**-**	**-**	**369,467**	291,635	-	-	-	291,635
Claims recovered	**-**	**-**	**(21,157)**	**-**	**(21,157)**	-	-	(5,371)	-	(5,371)
Fixed commission received	**(15,006)**	**-**	**-**	**-**	**(15,006)**	(19,872)	-	-	-	(19,872)
Profit commission / sliding scale commission received	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net cash flows for reinsurance contracts	**354,461**	**-**	**(21,157)**	**-**	**333,304**	271,763	-	(5,371)	-	266,392
Net closing reinsurance contract assets	**(28,074)**	**-**	**181,812**	**10,729**	**164,467**	(40,446)	-	167,328	6,024	132,906
Closing reinsurance contract assets	**(28,074)**	**-**	**181,812**	**10,729**	**164,467**	(40,446)	-	167,328	6,024	132,906
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.2 Reinsurance contracts - GMM - Total

	2025					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**37,131**	**2**	**1,905**	**46**	**39,084**	21,259	392	961	42	22,654
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**37,131**	**2**	**1,905**	**46**	**39,084**	21,259	392	961	42	22,654
Expected claims recoverable	**(1,199)**	**-**	**-**	**-**	**(1,199)**	(485)	-	-	-	(485)
Change in risk adjustment for non-financial risk	**(13)**	**-**	**-**	**-**	**(13)**	(2)	-	-	-	(2)
Experience adjustments	**(1,942)**	**-**	**-**	**-**	**(1,942)**	1,109	-	-	-	1,109
CSM recognized during the year	**(195)**	**-**	**-**	**-**	**(195)**	(17)	-	-	-	(17)
Allocation of reinsurance premiums	**(3,349)**	**-**	**-**	**-**	**(3,349)**	605	-	-	-	605
Incurred claims and other expenses	**-**	**-**	**1,223**	**41**	**1,264**	-	-	815	-	815
Loss recovery component for onerous contracts	**-**	**(1)**	**-**	**-**	**(1)**	-	(402)	-	-	(402)
Changes to AIC for past services	**-**	**-**	**(1,018)**	**(53)**	**(1,071)**	-	-	96	1	97
Amounts recoverable from reinsurance for incurred claims	**-**	**(1)**	**205**	**(12)**	**192**	-	(402)	911	1	510
Net (expenses) / income from reinsurance contracts held	**(3,349)**	**(1)**	**205**	**(12)**	**(3,157)**	605	(402)	911	1	1,115
Finance income from reinsurance contracts held	**52**	**-**	**(42)**	**3**	**13**	1,387	12	121	3	1,523
Total changes in the consolidated statement of income	**(3,297)**	**(1)**	**163**	**(9)**	**(3,144)**	1,992	(390)	1,032	4	2,638
Insurance pool portfolio impact of participation ratio change	**(20,575)**	**-**	**(628)**	**-**	**(21,203)**	-	-	-	-	-
Premium paid	**10,804**	**-**	**-**	**-**	**10,804**	16,368	-	-	-	16,368
Claims recovered	**-**	**-**	**(140)**	**-**	**(140)**	-	-	(88)	-	(88)
Fixed commission received	**(2,644)**	**-**	**-**	**-**	**(2,644)**	(2,488)	-	-	-	(2,488)
Net cash flows for reinsurance contracts	**8,160**	**-**	**(140)**	**-**	**8,020**	13,880	-	(88)	-	13,792
Net closing reinsurance contract assets	**21,419**	**1**	**1,300**	**37**	**22,757**	37,131	2	1,905	46	39,084
Closing reinsurance contract assets	**22,318**	**-**	**832**	**-**	**23,150**	37,131	2	1,905	46	39,084
Closing reinsurance contract (liabilities)	**(899)**	**1**	**468**	**37**	**(393)**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.2 Reinsurance contracts - GMM - Property and Casualty (P&C) - others	**2025**					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
			SAR "000"					SAR "000"		
Opening reinsurance contract assets	**37,606**	**-**	**1,314**	**-**	**38,920**	22,117	-	426	-	22,543
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**37,606**	**-**	**1,314**	**-**	**38,920**	22,117	-	426	-	22,543
Expected claims recoverable	**(630)**	**-**	**-**	**-**	**(630)**	61	-	-	-	61
Change in risk adjustment for non-financial risk	**(13)**	**-**	**-**	**-**	**(13)**	(2)	-	-	-	(2)
Experience adjustments	**(1,942)**	**-**	**-**	**-**	**(1,942)**	1,109	-	-	-	1,109
CSM recognized during the year	**(366)**	**-**	**-**	**-**	**(366)**	(106)	-	-	-	(106)
Allocation of reinsurance premiums	**(2,951)**	**-**	**-**	**-**	**(2,951)**	1,062	-	-	-	1,062
Incurred claims and other expenses	**-**	**-**	**693**	**-**	**693**	-	-	815	-	815
Loss recovery component for onerous contracts	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Changes to AIC for past services	**-**	**-**	**(443)**	**-**	**(443)**	-	-	-	-	-
Amounts recoverable from reinsurance for incurred claims	**-**	**-**	**250**	**-**	**250**	-	-	815	-	815
Net (expenses) / income from reinsurance contracts held	**(2,951)**	**-**	**250**	**-**	**(2,701)**	1,062	-	815	-	1,877
Finance income from reinsurance contracts held	**78**	**-**	**(64)**	**-**	**14**	1,413	-	86	-	1,499
Total changes in the consolidated statement of income	**(2,873)**	**-**	**186**	**-**	**(2,687)**	2,475	-	901	-	3,376
Insurance pool portfolio impact of participation ratio change	**(20,575)**	**-**	**(628)**	**-**	**(21,203)**	-	-	-	-	-
Premium paid	**10,804**	**-**	**-**	**-**	**10,804**	15,502	-	-	-	15,502
Claims recovered	**-**	**-**	**(40)**	**-**	**(40)**	-	-	(13)	-	(13)
Fixed commission received	**(2,644)**	**-**	**-**	**-**	**(2,644)**	(2,488)	-	-	-	(2,488)
Net cash flows for reinsurance contracts	**8,160**	**-**	**(40)**	**-**	**8,120**	13,014	-	(13)	-	13,001
Net closing reinsurance contract assets	**22,318**	**-**	**832**	**-**	**23,150**	37,606	-	1,314	-	38,920
Closing reinsurance contract assets	**22,318**	**-**	**832**	**-**	**23,150**	37,606	-	1,314	-	38,920
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.2.2 Reinsurance contracts - GMM - Protection and Savings (P&S) - linked

	2025					2024				
	AFRC		**AIC**			AFRC		AIC		
	excluding LRC	**LRC**	**excluding RA**	**RA**	**Total**	excluding LRC	LRC	excluding RA	RA	Total
	SAR "000"					SAR "000"				
Opening reinsurance contract assets	**(475)**	**2**	**591**	**46**	**164**	(858)	392	535	42	111
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net opening reinsurance contract assets	**(475)**	**2**	**591**	**46**	**164**	(858)	392	535	42	111
Expected claims recoverable	**(569)**	**-**	**-**	**-**	**(569)**	(546)	-	-	-	(546)
Change in risk adjustment for non-financial risk	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Experience adjustments	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
CSM recognized during the year	**171**	**-**	**-**	**-**	**171**	89	-	-	-	89
Allocation of reinsurance premiums	**(398)**	**-**	**-**	**-**	**(398)**	(457)	-	-	-	(457)
Incurred claims and other expenses	**-**	**-**	**530**	**41**	**571**	-	-	-	-	-
Loss recovery component for onerous contracts	**-**	**(1)**	**-**	**-**	**(1)**	-	(402)	-	-	(402)
Changes to AIC for past services	**-**	**-**	**(575)**	**(53)**	**(628)**	-	-	96	1	97
Amounts recoverable from reinsurance for incurred claims	**-**	**(1)**	**(45)**	**(12)**	**(58)**	-	(402)	96	1	(305)
Net (expenses) / income from reinsurance contracts held	**(398)**	**(1)**	**(45)**	**(12)**	**(456)**	(457)	(402)	96	1	(762)
Finance income from reinsurance contracts held	**(26)**	**-**	**22**	**3**	**(1)**	(26)	12	35	3	24
Total changes in the consolidated statement of income	**(424)**	**(1)**	**(23)**	**(9)**	**(457)**	(483)	(390)	131	4	(738)
Premium paid	**-**	**-**	**-**	**-**	**-**	866	-	-	-	866
Claims recovered	**-**	**-**	**(100)**	**-**	**(100)**	-	-	(75)	-	(75)
Fixed commission received	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Net cash flows for reinsurance contracts	-	-	**(100)**	-	**(100)**	866	-	(75)	-	791
Net closing reinsurance contract assets	**(899)**	**1**	**468**	**37**	**(393)**	(475)	2	591	46	164
Closing reinsurance contract assets	**-**	**-**	**-**	**-**	**-**	(475)	2	591	46	164
Closing reinsurance contract (liabilities)	**(899)**	**1**	**468**	**37**	**(393)**	-	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.3 An analysis of measurement components of insurance and reinsurance contract assets and liabilities i.e. 'Estimates of Present Value of Future Cash Flows' (PVFCF), 'Risk Adjustment' (RA) and 'Contractual Service Margin' (CSM) for the contracts measured under the GMM - VFA has been included in the below tables:

4.3.1 Insurance contracts - GMM/VFA	**2025**				2024			
Total	**Estimates of PVFCF**	**Risk Adjustment (RA)**	**Contractual Service Margin (CSM)**	**Total**	Estimates of PVFCF	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
	SAR "000"				SAR "000"			
Opening insurance contract liabilities	**499,136**	**3,091**	**97,406**	**599,633**	532,510	1,664	52,650	586,824
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-
Net opening insurance contract liabilities	**499,136**	**3,091**	**97,406**	**599,633**	532,510	1,664	52,650	586,824
Changes that relate to current services	**56,797**	**157**	**(4,158)**	**52,796**	(4,149)	211	(1,760)	(5,698)
Changes that relate to future services	**(74,727)**	**1,412**	**12,206**	**(61,109)**	(49,016)	1,237	43,986	(3,793)
Changes that relate to past services	**(3,468)**	**(325)**	**-**	**(3,793)**	(1,639)	(168)	-	(1,807)
Insurance service results before reinsurance contracts held	**(21,398)**	**1,244**	**8,048**	**(12,106)**	(54,804)	1,280	42,226	(11,298)
Finance expenses from insurance contracts	**(3,895)**	**96**	**3,814**	**15**	(599)	147	2,530	2,078
Total changes in the consolidated statement of income	**(25,293)**	**1,340**	**11,862**	**(12,091)**	(55,403)	1,427	44,756	(9,220)
Changes in fair value of unit-linked investments	**47,194**	**-**	**-**	**47,194**	50,832	-	-	50,832
Insurance pool portfolio impact of participation ratio change	**3,119**	**(1,652)**	**(34,230)**	**(32,763)**	(106)	-	-	(106)
Premium received	**92,145**	**-**	**-**	**92,145**	92,294	-	-	92,294
Claims and directly attributable expenses paid	**(122,922)**	**-**	**-**	**(122,922)**	(120,387)	-	-	(120,387)
Insurance acquisition expenses paid	**(509)**	**-**	**-**	**(509)**	(604)	-	-	(604)
Net cash flows for insurance contracts	**(31,286)**	**-**	**-**	**(31,286)**	(28,697)	-	-	(28,697)
Net closing insurance contract liabilities	**492,870**	**2,779**	**75,038**	**570,687**	499,136	3,091	97,406	599,633
Closing insurance contract liabilities	**492,870**	**2,779**	**75,038**	**570,687**	499,136	3,091	97,406	599,633
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.3.1 Insurance contracts - GMM - P&C - others

	2025				2024			
	Estimates of PVFCF	**Risk Adjustment (RA)**	**Contractual Service Margin (CSM)**	**Total**	Estimates of PVFCF	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
	SAR "000"				SAR "000"			
Opening insurance contract liabilities	**(2,669)**	**2,442**	**55,251**	**55,024**	(2,735)	1,332	35,408	34,005
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-
Net opening insurance contract liabilities	**(2,669)**	**2,442**	**55,251**	**55,024**	(2,735)	1,332	35,408	34,005
Changes that relate to current services	**58,905**	**(22)**	**(504)**	**58,379**	1,409	12	339	1,760
Changes that relate to future services	**(82,671)**	**1,485**	**20,067**	**(61,119)**	(20,608)	946	17,332	(2,330)
Changes that relate to past services	**(18)**	**5**	**-**	**(13)**	-	24	-	24
Insurance service result before reinsurance contracts held	**(23,784)**	**1,468**	**19,563**	**(2,753)**	(19,199)	982	17,671	(546)
Finance expenses from insurance contracts	**(2,564)**	**70**	**2,378**	**(116)**	(315)	128	2,172	1,985
Total changes in the consolidated statement of income	**(26,348)**	**1,538**	**21,941**	**(2,869)**	(19,514)	1,110	19,843	1,439
Insurance pool portfolio impact of participation ratio change	**3,119**	**(1,652)**	**(34,230)**	**(32,763)**	(106)	-	-	(106)
Premium received	**25,209**	**-**	**-**	**25,209**	19,883	-	-	19,883
Claims and directly attributable expenses paid	**(621)**	**-**	**-**	**(621)**	(197)	-	-	(197)
Insurance acquisition expenses paid	**-**	**-**	**-**	**-**	-	-	-	-
Net cash flows for insurance contracts	**24,588**	**-**	**-**	**24,588**	19,686	-	-	19,686
Net closing insurance contract liabilities	**(1,310)**	**2,328**	**42,962**	**43,980**	(2,669)	2,442	55,251	55,024
Closing insurance contract liabilities	**(1,310)**	**2,328**	**42,962**	**43,980**	(2,669)	2,442	55,251	55,024
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.3.1 Insurance contracts - GMM - P&S - non-linked	2025				2024			
	Estimates of PVFCF	**Risk Adjustment (RA)**	**Contractual Service Margin (CSM)**	**Total**	Estimates of PVFCF	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
	SAR "000"				SAR "000"			
Opening insurance contract liabilities	**23**	**9**	**618**	**650**	86	5	481	572
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-
Net opening insurance contract liabilities	**23**	**9**	**618**	**650**	86	5	481	572
Changes that relate to current services	**(102)**	**-**	**(88)**	**(190)**	(102)	-	(116)	(218)
Changes that relate to future services	**(120)**	**-**	**121**	**1**	(242)	2	241	1
Changes that relate to past services	**(25)**	**(2)**	**-**	**(27)**	19	2	-	21
Insurance service result before reinsurance contracts held	**(247)**	**(2)**	**33**	**(216)**	(325)	4	125	(196)
Finance expenses from insurance contracts	**1**	**-**	**18**	**19**	(1)	-	12	11
Total changes in the consolidated statement of income	**(246)**	**(2)**	**51**	**(197)**	(326)	4	137	(185)
Premium received	**272**	**-**	**-**	**272**	264	-	-	264
Claims and directly attributable expenses paid	**-**	**-**	**-**	**-**	-	-	-	-
Insurance acquisition expenses paid	**(1)**	**-**	**-**	**(1)**	(1)	-	-	(1)
Net cash flows for insurance contracts	**271**	**-**	**-**	**271**	263	-	-	263
Net closing insurance contract liabilities	**48**	**7**	**669**	**724**	23	9	618	650
Closing insurance contract liabilities	**48**	**7**	**669**	**724**	23	9	618	650
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.3.1 Insurance contracts - VFA - P&S - linked	**2025**				2024			
	Estimates of PVFCF	**Risk Adjustment (RA)**	**Contractual Service Margin (CSM)**	**Total**	Estimates of PVFCF	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
	SAR "000"				SAR "000"			
Opening insurance contract liabilities	**501,782**	**640**	**41,537**	**543,959**	535,159	327	16,761	552,247
Opening insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-
Net opening insurance contract liabilities	**501,782**	**640**	**41,537**	**543,959**	535,159	327	16,761	552,247
Changes that relate to current services	**(2,006)**	**179**	**(3,566)**	**(5,393)**	(5,456)	199	(1,983)	(7,240)
Changes that relate to future services	**8,064**	**(73)**	**(7,982)**	**9**	(28,166)	289	26,413	(1,464)
Changes that relate to past services	**(3,425)**	**(328)**	**-**	**(3,753)**	(1,658)	(194)	-	(1,852)
Insurance service result before reinsurance contracts held	**2,633**	**(222)**	**(11,548)**	**(9,137)**	(35,280)	294	24,430	(10,556)
Finance expenses from insurance contracts	**(1,332)**	**26**	**1,418**	**112**	(283)	19	346	82
Total changes in the consolidated statement of income	**1,301**	**(196)**	**(10,130)**	**(9,025)**	(35,563)	313	24,776	(10,474)
Changes in fair value of unit-linked investments	**47,194**	**-**	**-**	**47,194**	50,832	-	-	50,832
Premium received	**66,664**	**-**	**-**	**66,664**	72,147	-	-	72,147
Claims and directly attributable expenses paid	**(122,301)**	**-**	**-**	**(122,301)**	(120,190)	-	-	(120,190)
Insurance acquisition expenses paid	**(508)**	**-**	**-**	**(508)**	(603)	-	-	(603)
Net cash flows for insurance contracts	**(56,145)**	**-**	**-**	**(56,145)**	(48,646)	-	-	(48,646)
Net closing insurance contract liabilities	**494,132**	**444**	**31,407**	**525,983**	501,782	640	41,537	543,959
Closing insurance contract liabilities	**494,132**	**444**	**31,407**	**525,983**	501,782	640	41,537	543,959
Closing insurance contract (assets)	**-**	**-**	**-**	**-**	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.3.2 Reinsurance contracts - GMM - Total	2025				2024			
	Estimates of PVFCF	**Risk Adjustment (RA)**	**Contractual Service Margin (CSM)**	**Total**	Estimates of PVFCF	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
	SAR "000"				SAR "000"			
Opening reinsurance contract assets	**7,594**	**1,962**	**29,528**	**39,084**	(4,072)	(1,169)	27,895	22,654
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	-	-	-	-
Net opening reinsurance contract assets	**7,594**	**1,962**	**29,528**	**39,084**	(4,072)	(1,169)	27,895	22,654
Changes that relate to current services	**34,421**	**50**	**(195)**	**34,276**	37,393	1,814	(2,687)	36,520
Changes that relate to future services	**(43,578)**	**1,408**	**5,801**	**(36,369)**	(39,485)	1,252	2,731	(35,502)
Changes that relate to past services	**(1,011)**	**(53)**	**-**	**(1,064)**	96	1	-	97
Net (expenses) / income from reinsurance contracts held	**(10,168)**	**1,405**	**5,606**	**(3,157)**	(1,996)	3,067	44	1,115
Finance income from reinsurance contracts held	**(1,516)**	**68**	**1,461**	**13**	(130)	64	1,589	1,523
Total changes in the consolidated statement of income	**(11,684)**	**1,473**	**7,067**	**(3,144)**	(2,126)	3,131	1,633	2,638
Insurance pool portfolio impact of participation ratio change	**(558)**	**(1,453)**	**(19,192)**	**(21,203)**	-	-	-	-
Premium paid	**10,804**	**-**	**-**	**10,804**	16,368	-	-	16,368
Claims recovered	**(140)**	**-**	**-**	**(140)**	(88)	-	-	(88)
Fixed commission received	**(2,644)**	**-**	**-**	**(2,644)**	(2,488)	-	-	(2,488)
Net cash flows for reinsurance contracts	**8,020**	**-**	**-**	**8,020**	13,792	-	-	13,792
Net closing reinsurance contract assets	**3,372**	**1,982**	**17,403**	**22,757**	7,594	1,962	29,528	39,084
Closing reinsurance contract assets	**2,903**	**1,946**	**18,301**	**23,150**	7,594	1,962	29,528	39,084
Closing reinsurance contract (liabilities)	**469**	**36**	**(898)**	**(393)**	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.3.2 Reinsurance contracts - GMM - P&C - others	**2025**				2024			
	Estimates of PVFCF	**Risk Adjustment (RA)**	**Contractual Service Margin (CSM)**	**Total**	Estimates of PVFCF	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
	SAR "000"				SAR "000"			
Opening reinsurance contract assets	**7,002**	**1,916**	**30,002**	**38,920**	(4,608)	(1,211)	28,362	22,543
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	-	-	-	-
Net opening reinsurance contract assets	**7,002**	**1,916**	**30,002**	**38,920**	(4,608)	(1,211)	28,362	22,543
Changes that relate to current services	**34,460**	**9**	**(366)**	**34,103**	37,939	1,814	(2,776)	36,977
Changes that relate to future services	**(44,147)**	**1,408**	**6,371**	**(36,368)**	(39,165)	1,252	2,813	(35,100)
Changes that relate to past services	**(436)**	**-**	**-**	**(436)**	-	-	-	-
Net (expenses) / income from reinsurance contracts held	**(10,123)**	**1,417**	**6,005**	**(2,701)**	(1,226)	3,066	37	1,877
Finance income from reinsurance contracts held	**(1,538)**	**66**	**1,486**	**14**	(165)	61	1,603	1,499
Total changes in the consolidated statement of income	**(11,661)**	**1,483**	**7,491**	**(2,687)**	(1,391)	3,127	1,640	3,376
Insurance pool portfolio impact of participation ratio change	**(558)**	**(1,453)**	**(19,192)**	**(21,203)**	-	-	-	-
Premium paid	**10,804**	**-**	**-**	**10,804**	15,502	-	-	15,502
Claims recovered	**(40)**	**-**	**-**	**(40)**	(13)	-	-	(13)
Fixed commission received	**(2,644)**	**-**	**-**	**(2,644)**	(2,488)	-	-	(2,488)
Net cash flows for reinsurance contracts	**8,120**	**-**	**-**	**8,120**	13,001	-	-	13,001
Net closing reinsurance contract assets	**2,903**	**1,946**	**18,301**	**23,150**	7,002	1,916	30,002	38,920
Closing reinsurance contract assets	**2,903**	**1,946**	**18,301**	**23,150**	7,002	1,916	30,002	38,920
Closing reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.3.2 Reinsurance contracts - GMM - P&S - linked	**2025**				2024			
	Estimates of PVFCF	**Risk Adjustment (RA)**	**Contractual Service Margin (CSM)**	**Total**	Estimates of PVFCF	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
	SAR "000"				SAR "000"			
Opening reinsurance contract assets	**592**	**46**	**(474)**	**164**	536	42	(467)	111
Opening reinsurance contract (liabilities)	**-**	**-**	**-**	**-**	-	-	-	-
Net opening reinsurance contract assets	**592**	**46**	**(474)**	**164**	536	42	(467)	111
Changes that relate to current services	**(39)**	**41**	**171**	**173**	(546)	-	89	(457)
Changes that relate to future services	**569**	**-**	**(570)**	**(1)**	(320)	-	(82)	(402)
Changes that relate to past services	**(575)**	**(53)**	**-**	**(628)**	96	1	-	97
Net (expenses) / income from reinsurance contracts held	**(45)**	**(12)**	**(399)**	**(456)**	(770)	1	7	(762)
Finance income from reinsurance contracts held	**22**	**2**	**(25)**	**(1)**	35	3	(14)	24
Total changes in the consolidated statement of income	**(23)**	**(10)**	**(424)**	**(457)**	(735)	4	(7)	(738)
Premium paid	**-**	**-**	**-**	**-**	866	-	-	866
Claims recovered	**(100)**	**-**	**-**	**(100)**	(75)	-	-	(75)
Fixed commission received	**-**	**-**	**-**	**-**	-	-	-	-
Net cash flows for reinsurance contracts	**(100)**	**-**	**-**	**(100)**	791	-	-	791
Net closing reinsurance contract assets	**469**	**36**	**(898)**	**(393)**	592	46	(474)	164
Closing reinsurance contract assets	**-**	**-**	**-**	**-**	592	46	(474)	164
Closing reinsurance contract (liabilities)	**469**	**36**	**(898)**	**(393)**	-	-	-	-

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.4 Impact of new contracts issued during the year for the contracts measured under the GMM/VFA valuation approaches:

	2025			2024		
	Non-onerous contracts	**Onerous contracts**	**Total**	Non-onerous contracts	Onerous contracts	Total
	SAR "000"			SAR "000"		
Insurance acquisition cash flows	**3,808**	**473**	**4,281**	69,654	157	69,811
Claims and other directly attributable expenses	**1,434**	**57**	**1,491**	9,073	113	9,186
Estimates of the present value of future cash outflows	**5,242**	**530**	**5,772**	78,727	270	78,997
Estimates of the present value of future cash inflows	**(12,378)**	**-**	**(12,378)**	(97,448)	(31)	(97,479)
Risk adjustment for non-financial risk	**367**	**3**	**370**	895	1	896
Contractual service margin (CSM)	**6,769**	**(394)**	**6,375**	17,826	(195)	17,631
Increase in insurance contract liabilities from the new contracts issued	**-**	**139**	**139**	-	45	45

4.5 For contracts measured under the GMM/VFA valuation approaches, insurance revenue and the 'Contractual Service Margin' (CSM) movement by transition methods is as below:

a) New contracts issued and contracts measured under the full retrospective approach at transition (Full retrospective)
b) Contracts measured under the modified retrospective approach at transition (Modified retrospective)
c) Contracts measured under the fair value approach at transition (Fair value)

	2025				2024			
	Full retrospective	**Modified retrospective**	**Fair value**	**Total**	Full retrospective	Modified retrospective	Fair value	Total
	SAR "000"				SAR "000"			
Insurance revenue	**9,318**	**2,926**	**969**	**13,213**	9,453	1,141	3,248	13,842
CSM at the beginning of the year	**82,576**	**9,425**	**5,405**	**97,406**	51,213	1,131	306	52,650
CSM recognized during the year for services provided	**(2,706)**	**(921)**	**(531)**	**(4,158)**	(1,236)	(234)	(290)	(1,760)
Changes in estimates that adjust the CSM	**11,063**	**(3,711)**	**(1,521)**	**5,831**	12,509	4,504	9,342	26,355
Contracts initially recognized during the year	**6,375**	**-**	**-**	**6,375**	17,631	-	-	17,631
Finance expenses from insurance contracts	**3,137**	**631**	**46**	**3,814**	2,459	4	67	2,530
Amount recognized in the statement of income	**17,869**	**(4,001)**	**(2,006)**	**11,862**	31,363	4,274	9,119	44,756
Insurance pool portfolio impact of participation ratio change	**(34,230)**	**-**	**-**	**(34,230)**	-	-	-	-
CSM at the end of the year	**66,215**	**5,424**	**3,399**	**75,038**	82,576	5,405	9,425	97,406

4. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

4.6 Expected recognition of the CSM for the contracts measured under GMM/VFA is as below:

2025	Insurance contracts issued				Reinsurance contracts held		
Number of years until CSM is expected to be recognized:	P&C - others	P&S - non unit-linked	P&S - unit-linked	Total	P&C - others	P&S - unit-linked	Total
	SAR "000"				SAR "000"		
1 year	**413**	**103**	**2,950**	**3,466**	**319**	**(100)**	**219**
2 years	**3,089**	**108**	**2,854**	**6,051**	**1,692**	**(94)**	**1,598**
3 years	**12,186**	**100**	**2,746**	**15,032**	**5,731**	**(90)**	**5,641**
4 years	**16,017**	**100**	**2,628**	**18,745**	**6,930**	**(85)**	**6,845**
5 years	**5,403**	**99**	**2,489**	**7,991**	**1,579**	**(75)**	**1,504**
6 to 10 years	**5,768**	**103**	**9,689**	**15,560**	**2,034**	**(261)**	**1,773**
More than 10 years	**86**	**56**	**8,051**	**8,193**	**16**	**(193)**	**(177)**
Total	**42,962**	**669**	**31,407**	**75,038**	**18,301**	**(898)**	**17,403**

2024	Insurance contracts issued				Reinsurance contracts held		
Number of years until CSM is expected to be recognized:	P&C - others	P&S - non unit-linked	P&S - unit-linked	Total	P&C - others	P&S - unit-linked	Total
	SAR "000"				SAR "000"		
1 year	(1,228)	63	3,555	2,390	(655)	(49)	(704)
2 years	3,827	69	3,518	7,414	2,055	(48)	2,007
3 years	15,493	65	3,388	18,946	8,385	(44)	8,341
4 years	23,803	59	3,290	27,152	12,943	(43)	12,900
5 years	6,080	59	3,184	9,323	3,331	(40)	3,291
6 to 10 years	7,191	203	12,849	20,243	3,896	(138)	3,758
More than 10 years	85	100	11,753	11,938	47	(112)	(65)
Total	55,251	618	41,537	97,406	30,002	(474)	29,528

5. INSURANCE SERVICE RESULT	2025	2024
	SAR "000"	
5.1 Insurance revenue		
Contracts measured under GMM/VFA:		
Expected claims expenses	**(594)**	1,784
Expected directly attributable expenses	**1,741**	5,030
Loss component run off	**3,191**	3,351
Expected other insurance service expenses	**3,424**	131
Change in risk adjustment for non-financial risk	**81**	25
CSM recognized during the year	**4,194**	2,309
Recovery of insurance acquisition cash flows	**1,176**	1,212
Insurance revenue from contracts measured under GMM/VFA	**13,213**	13,842
Contracts measured under PAA:		
Premiums earned	**3,110,485**	3,337,738
Change in expected credit losses	**(19,403)**	(7,000)
Insurance revenue from contracts measured under PAA	**3,091,082**	3,330,738
Total insurance revenue	**3,104,295**	3,344,580
5.2 Insurance service expenses		
Incurred claims and other expenses	**(2,652,290)**	(1,881,313)
(Losses) / Loss reversals on onerous contracts	**2,446**	(14,126)
Changes to liabilities for incurred claims for past services	**238,435**	234,852
Insurance acquisition costs	**(301,675)**	(328,217)
Surplus distribution expense	**-**	-
Total Insurance Service Expenses	**(2,713,084)**	(1,988,804)
Insurance service results before reinsurance contracts held	**391,211**	1,355,776
5.3 Allocation of reinsurance (RI) premiums		
Contracts measured under GMM:		
Expected claims recoverable	**(1,199)**	(485)
Change in risk adjustment for non-financial risk	**(13)**	(2)
Experience adjustments	**(1,942)**	1,109
CSM recognized during the year	**(195)**	(17)
Allocation of RI premiums from contracts measured under GMM	**(3,349)**	605
Contracts measured under PAA:		
Reinsurance premiums expense	**(1,768,439)**	(1,652,226)
Reinsurance commissions earned	**69,900**	77,352
Allocation of RI premiums from contracts measured under PAA	**(1,698,539)**	(1,574,874)
Total allocation of reinsurance premiums	**(1,701,888)**	(1,574,269)
5.4 Amounts recoverable from reinsurers for incurred claims		
Incurred claims and other expenses	**1,308,434**	421,384
Losses recovered on onerous contracts	**139**	(402)
Change in amounts recoverable for incurred claims for past services	**(166,334)**	(241,234)
Change in profit commission/ sliding scale commission	**8,072**	2,664
Total amounts recoverable from reinsurers for incurred claims	**1,150,311**	182,412
Net expenses from reinsurance contracts held	**(551,577)**	(1,391,857)
Insurance service results	**(160,366)**	(36,081)

6. NET INSURANCE FINANCE EXPENSES

An analysis of finance income / (expenses) from insurance contracts issued and reinsurance contracts held along with the corresponding investment income recognized in consolidated statement of income and consolidated statement of other comprehensive income is presented below:

	2025	2024
	SAR "000"	
Investment income pertaining to insurance operations		
Recognized in consolidated statement of income	**43,680**	51,332
Recognized in consolidated statement of other comprehensive income	**-**	-
Total investment income	**43,680**	51,332

6.1 Finance expense from insurance contracts issued

Interest accreted using locked in interest rates	**(24,552)**	(19,037)
Effects of changes in interest rates and other financial assumptions	**2,544**	(2,530)
Finance expense offset for Investment component	**(47,194)**	(50,832)
Fair value gain on investment for unit-linked contracts*	**47,194**	50,832
Finance expense from insurance contracts issued	**(22,008)**	(21,567)

6.2 Finance income from reinsurance contracts held

Interest accreted using locked in interest rates	**14,868**	11,405
Effects of changes in interest rates and other financial assumptions	**(1,474)**	1,589
Finance income from reinsurance contracts held	**13,394**	12,994

Net insurance finance expense

Recognized in consolidated statement of income	**(8,614)**	(8,573)
Recognized in consolidated statement of other comprehensive income	**-**	-
Net insurance finance expense	**(8,614)**	(8,573)

*Since there is an obligation to pass on the entire fair value gain / (loss) on the unit-linked investment funds to the policyholders, the Group has presented the fair value gain on financial assets for unit-linked contracts as insurance finance income / (expenses) instead of net investment income.

7. GROSS WRITTEN PREMIUM

Analysis of gross written premium (GWP) for the year is as follows:

	2025					
	Corporate				Retail	
	Micro	Small	Medium	Large	Individual	Total
	SAR "000"					
Medical	**49,390**	**37,210**	**81,386**	**214,925**	**27,755**	**410,666**
Motor	**3,281**	**16,064**	**70,635**	**57,862**	**312,175**	**460,017**
Property	**10,117**	**55,605**	**70,792**	**423,752**	**37**	**560,303**
Energy	**-**	**2,573**	**881**	**570,750**	**-**	**574,204**
Engineering	**2,019**	**16,343**	**53,318**	**228,179**	**-**	**299,859**
P&S - non-linked	**268**	**3,490**	**108,040**	**33,123**	**162**	**145,083**
P&S - linked	**-**	**-**	**-**	**-**	**66,665**	**66,665**
P&C - others	**5,243**	**29,775**	**135,184**	**248,768**	**31,903**	**450,873**
Total	**70,318**	**161,060**	**520,236**	**1,777,359**	**438,697**	**2,967,670**

	2024					
	Corporate				Retail	
	Micro	Small	Medium	Large	Individual	Total
	SAR "000"					
Medical	67,726	32,966	88,471	235,556	90,636	515,355
Motor	6,665	18,035	49,226	83,625	526,866	684,417
Property	7,641	47,942	69,538	530,386	8	655,515
Energy	-	2,729	10,452	578,624	-	591,805
Engineering	7,666	17,211	69,248	220,187	-	314,312
P&S - non-linked	9,394	2,573	31,413	161,638	156	205,174
P&S - linked	-	-	-	-	72,119	72,119
P&C - others	5,856	32,886	77,396	329,746	19,931	465,815
Total	104,948	154,342	395,744	2,139,762	709,716	3,504,512

8. EXPENSE ALLOCATION ANALYSIS

(a) Following is the breakdown of expenses incurred during the year by category:

	2025	2024
Common general and administrative expenses	**SAR "000"**	
Salaries and Staff Cost	**143,358**	137,202
Depreciation and amortization	**27,748**	33,255
Information Technology Cost	**20,303**	14,980
Communication	**15,557**	14,307
Occupancy Cost (Rent, Lease Of Office Space)	**6,166**	4,786
Travel expenses	**2,685**	2,440
Marketing, Advertising And Promotion	**5,160**	2,188
Other Expenses	**28,087**	48,246
Total	**249,064**	257,404
Allocation of common general and administrative expenses is as below:		
Reported as a part of insurance service expenses as other directly attributable expenses allocated to insurance operations	**198,802**	222,126
Other operating expenses	**50,262**	35,278
Total	**249,064**	257,404

(b) Breakdown of the other attributable expenses allocated to insurance operations as reported as a part of insurance service expenses by major product line of business is presented below:

	2025			2024		
	Insurance acquisition costs	**Attributable non-acquisition expenses**	**Total**	Insurance acquisition costs	Attributable non-acquisition expenses	Total
	SAR "000"			SAR "000"		
Medical	**22,708**	**36,472**	**59,180**	13,863	41,950	55,813
Motor	**17,134**	**41,327**	**58,461**	18,522	58,142	76,664
Property	**8,779**	**10,300**	**19,079**	13,323	9,517	22,840
Energy	**455**	**843**	**1,298**	677	859	1,536
Engineering	**6,854**	**6,495**	**13,349**	10,325	6,999	17,324
Protection and savings - non-linked	**8,173**	**13,054**	**21,227**	3,772	13,883	17,655
Others	**12,238**	**13,970**	**26,208**	15,848	14,446	30,294
Total	**76,341**	**122,461**	**198,802**	76,330	145,796	222,126

*The amount includes auditors' remuneration for statutory audit of Group's financial statements for 2025 amounting to SAR 0.94 million (2024: SAR 0.94 million). Auditor's remuneration for review of Group's financial information during the year 2025 amounts to SAR 0.51 million (2024: SAR 0.51 million). Fees for other statutory and related services provided by Auditors amounts to SAR 0.07 million (2024: SAR 0.17 million)

9. CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

9.1 Cash and cash equivalents:

Cash and cash equivalents comprise the following:

	Insurance operations		Shareholders' operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	SAR "000"					
Cash and bank balances	**249,030**	568,216	**53,049**	309,179	**302,079**	877,395
Money market deposits	**104,996**	84,885	**-**	-	**104,996**	84,885
ECL on cash and cash equivalents	**(5)**	(10)	**-**	(2)	**(5)**	(12)
Total	**354,021**	653,091	**53,049**	309,177	**407,070**	962,268

9.2 Short term deposits:

Short term deposits are placed with counterparties that have credit ratings equivalent to A+ to A- as accredited by renowned credit rating agencies. Short term deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia for a period greater than three months and less than or equal to 1 year from the date of original acquisition. The Commission Income is earned at competitive rates prevailing in the market. The carrying amounts of these short-term deposits are reasonably approximate to the fair value at the consolidated statement of financial position date.

10. INVESTMENTS

Investments are classified as follows:

		Insurance operations		Shareholders' operations		Total	
	Note	**2025**	2024	**2025**	2024	**2025**	2024
		SAR "000"					
Investments measured at FVTPL	10.1	**-**	-	**540,578**	538,563	**540,578**	538,563
Investments measured at FVOCI	10.2	**-**	-	**156,692**	127,872	**156,692**	127,872
Investments measured at amortized cost	10.3	**132,064**	141,564	**635,228**	568,123	**767,292**	709,687
Investment in joint venture	10.4	**-**	-	**25,200**	12,600	**25,200**	12,600
Total		**132,064**	141,564	**1,357,698**	1,247,158	**1,489,762**	1,388,722

10. INVESTMENTS (CONTINUED)

10.1 Investments measured at fair value through statement of income (FVTPL)

(a) The breakdown of financial assets measured at FVTPL is as follows:

	Domestic		International		Total	
	2025	2024	**2025**	2024	**2025**	2024
	SAR "000"					
Investment in listed equities	**303,964**	294,827	**2,912**	4,858	**306,876**	299,685
Investment in listed funds	**107,938**	-	**29,645**	37,470	**137,583**	37,470
Investment in unlisted funds	**81,832**	190,158	**14,287**	11,250	**96,119**	201,408
Total	**493,734**	484,985	**46,844**	53,578	**540,578**	538,563

(b) The movement in investments measured at FVTPL is as follows:

	Insurance operations		Shareholders' operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	SAR "000"					
Opening balance	**-**	-	**538,563**	484,537	**538,563**	484,537
Purchases	**-**	-	**291,561**	245,558	**291,561**	245,558
Disposals	**-**	-	**(235,676)**	(240,076)	**(235,676)**	(240,076)
Realized (loss) / gain on disposals	**-**	-	**4,765**	43,892	**4,765**	43,892
Unrealized (loss) / gain due to changes in fair value	**-**	-	**(58,635)**	4,652	**(58,635)**	4,652
Closing balance	**-**	-	**540,578**	538,563	**540,578**	538,563

10. INVESTMENTS (CONTINUED)

10.2 Investments measured at fair value through statement of comprehensive income (FVOCI)

(a) The breakdown of financial assets measured at FVOCI is as follows:

	Domestic		International		Total	
	2025	2024	**2025**	2024	**2025**	2024
	SAR "000"					
Non-listed equities:						
- Najm	**145,444**	122,247	**-**	-	**145,444**	122,247
- Others	**-**	-	**11,248**	5,625	**11,248**	5,625
Total	**145,444**	122,247	**11,248**	5,625	**156,692**	127,872

(b) The movement in investments measured at FVOCI is as follows:

	Insurance operations		Shareholders' operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
	SAR "000"					
Opening balance	**-**	-	**127,872**	86,925	**127,872**	86,925
Purchases	**-**	-	**5,624**	5,625	**5,624**	5,625
Changes in fair value of investments	**-**	-	**23,196**	35,322	**23,196**	35,322
Closing balance	**-**	-	**156,692**	127,872	**156,692**	127,872

10. INVESTMENTS (CONTINUED)

10.3 Investments measured at amortized cost

(a) The breakdown of investments measured at amortized cost after considering accrued commission income and ECL adjustments is as follows:

	Domestic		International		Total	
	2025	2024	**2025**	2024	**2025**	2024
			SAR "000"			
Sukuks	**767,292**	709,687	**-**	-	**767,292**	709,687
Total	**767,292**	709,687	**-**	-	**767,292**	709,687

(b) The movement in investments measured at amortized cost is as follows:

	Insurance operations		Shareholders' operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
			SAR "000"			
Opening balance	**141,564**	141,378	**568,123**	403,662	**709,687**	545,040
Purchases	**-**	-	**218,751**	170,738	**218,751**	170,738
Maturity / Disposals	**(9,867)**	-	**(155,000)**	(10,032)	**(164,867)**	(10,032)
Commission income	**4,559**	4,881	**27,905**	18,091	**32,464**	22,972
Commissions collected	**(4,743)**	(5,258)	**(25,125)**	(14,707)	**(29,868)**	(19,965)
Amortization of discount / (premium), net	**552**	561	**589**	370	**1,141**	931
Expected credit loss adjustments	**(1)**	2	**(15)**	1	**(16)**	3
Closing balance	**132,064**	141,564	**635,228**	568,123	**767,292**	709,687

10.4 Investment in Joint Venture

The Group has invested SAR 25.2 million for a 42% interest in a joint venture to support its business operations. The joint venture has started its operations at a limited scale as of the current reporting date. The impact of operations on the Group is immaterial.

	Insurance operations		Shareholders' operations		Total	
	2025	2024	**2025**	2024	**2025**	2024
			SAR "000"			
Opening balance	**-**	-	**12,600**	-	**12,600**	-
Purchases	**-**	-	**12,600**	12,600	**12,600**	12,600
Closing balance	**-**	-	**25,200**	12,600	**25,200**	12,600

11. PREPAID EXPENSES AND OTHER ASSETS

	2025	2024
	SAR "000"	
Prepaid Rent	**723**	1,310
Prepaid expenses, subscription and fees	**38,697**	51,376
Prepaid staff expenses	**18,936**	9,108
Other receivables	**27,914**	26,657
Expected credit losses (ECL) on other receivables	**(38)**	(51)
Total	**86,232**	88,400

12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for buildings used in its operations. Leases of these buildings generally have lease terms between 1 and 5 years. The Group is restricted from assigning and subleasing the leased assets.

Following are the details of right-of-use assets recognized and the movements during the year:

	2025	2024
Cost:	**SAR "000"**	
Opening balance	**30,919**	14,549
Acquired through business combination	**1,834**	-
Additions	**218**	26,449
Disposals	**(2,897)**	(10,079)
Closing balance	**30,074**	30,919
Accumulated depreciation		
Opening balance	**7,736**	10,319
Acquired through business combination	**1,180**	-
Charge for the year	**7,970**	7,496
Disposals	**(2,897)**	(10,079)
Closing balance	**13,989**	7,736
Net book value of right of use assets		
Closing	**16,085**	23,183

Following is the breakup of lease liabilities as at the end of the year based on the expected cash outflows:

	2025	2024
	SAR "000"	
Lease liabilities due within 1 year	**5,213**	6,709
Lease liabilities due after 1 year	**9,877**	14,825
Total Lease liabilities	**15,090**	21,534

The Group had total cash outflows for leases of SAR 8.15 million in 2025 (SAR 8.58 million in 2024).

13. PROPERTY AND EQUIPMENT, NET

Breakdown of costs, accumulated depreciation and net book value of property and equipment is as follows:

	Land	Furniture and fixtures	Computer equipment	Vehicles	Total 2025	Total 2024
			SAR "000"			
Cost:						
January 1	**35,463**	**25,394**	**33,354**	**633**	**94,844**	73,453
Acquired through business combination	**-**	**18**	**99**	**75**	**192**	-
Additions	**-**	**9,713**	**3,224**	**-**	**12,937**	41,709
Cost price of disposals*	**-**	**-**	**-**	**(397)**	**(397)**	(20,318)
December 31	**35,463**	**35,125**	**36,677**	**311**	**107,576**	94,844
Accumulated depreciation						
January 1	**-**	**18,240**	**25,043**	**601**	**43,884**	42,199
Acquired through business combination	**-**	**15**	**92**	**75**	**182**	-
Depreciation	**-**	**3,620**	**3,810**	**22**	**7,452**	5,603
Disposals	**-**	**-**	**-**	**(397)**	**(397)**	(3,918)
December 31	**-**	**21,875**	**28,945**	**301**	**51,121**	43,884
Net book value						
2025	**35,463**	**13,250**	**7,732**	**10**	**56,455**	**-**
2024	35,463	7,154	8,311	32	-	50,960

*During the year, the Group realized a gain amounting to SAR 161 thousands (In 2024: SAR 20.308 million) on disposal of property and quiptments which is classified under 'Other Income' in the consolidated statement of income.

14. INTANGIBLES

Breakdown of costs, accumulated amortization and net book value of intangibles is as follows:

	Software	Customer Contract (Metlife ALICO)	Customer Relations (ANB)	Product Licenses	Individual life	General Takaful	Total 2025	Total 2024
				SAR "000"				
Cost:								
January 1	**90,016**	**5,454**	**2,832**	**24,847**	**52,670**	**4,831**	**180,650**	165,600
Additions	**3,318**	**-**	**-**	**-**	**-**	**-**	**3,318**	15,050
December 31	**93,334**	**5,454**	**2,832**	**24,847**	**52,670**	**4,831**	**183,968**	180,650
Accumulated amortization								
January 1	**50,534**	**265**	**1,890**	**-**	**10,534**	**967**	**64,190**	44,034
Charge for the year	**6,038**	**66**	**472**	**-**	**5,267**	**483**	**12,326**	20,156
December 31	**56,572**	**331**	**2,362**	**-**	**15,801**	**1,450**	**76,516**	64,190
Net book value								
2025	**36,762**	**5,123**	**470**	**24,847**	**36,869**	**3,381**	**107,452**	-
2024	39,482	5,189	942	24,847	42,136	3,864	-	116,460

14. INTANGIBLES

Intangibles assets comprise of the following:

	2025	2024
	SAR "000"	
Intangible assets recognized after the merger with MAA		
(1) Customer Contract ('ALICO')	**5,454**	5,454
(2) Customer Relationship	**2,832**	2,832
(3) Product Licenses (Protection & Savings)	**24,847**	24,847
Intangibles assets recognized after the merger with SABB Takaful		
(4) Individual Life	**52,670**	52,670
(5) General Takaful	**4,831**	4,831
Total intangible assets acquired through mergers	**90,634**	90,634
Other intangible assets (IT software, etc.)	**93,334**	90,016
Total intangible assets	**183,968**	180,650
Accumulated amortization on intangible assets	**(76,516)**	(64,190)
Net intangible assets	**107,452**	116,460

(1) Customer Contract ('ALICO')

The Company exercised purchase price allocation to identify intangibles after the acquisition of MetLife AIG ANB (MAA) and resultant to that exercise, Customer contract (ALICO) was identified as an intangible. As a result of acquisition of MAA, the Company acquired Saudi run-off portfolio of American Life Insurance Company "ALICO" which was transferred initially to MAA on April 1st, 2015 as per the portfolio transfer agreement entered between MetLife ALICO and MAA and was 100% reinsured back to MetLife under a quota-share reinsurance agreement. This portfolio includes long term life protection, savings insurance products and personal accident policies. As per the terms of the portfolio transfer agreement and the quota-share reinsurance agreement, the Company is entitled to a reinsurance commission at an agreed rate and reimbursement of all expenses related to administration of the portfolio. The management has employed "Multi Period Excess Earning Method" for valuing the contractual customer relationship and is considered to have a useful life of 83 years based on the run-off of the customer portfolio.

(2) Customer Relationship

IAS 38 specifies that if an entity can evidence that it can control economic benefits from non-contractual relationships, those customer relationships are identified as separable and can be recognized as an intangible asset. Arab National Bank ("has a relationship and was also 30% stakeholder of MAA) has historically contributed a consistent revenue stream for MAA with various insurance agreements. Hence, the relationship has been regarded to represent a Customer Relationship intangible based on the purchase price allocation exercised after the acquisition of MetLife AIG ANB (MAA). The management has employed "Multi Period Excess Earning Method" for valuing the non-contractual customer relationship and is considered to have a useful life of 6 years.

14. INTANGIBLES (CONTINUED)

(3) Product Licenses (Protection & Savings)

As a result of the acquisition of MetLife AIG ANB "MAA", Walaa acquired the Protection & Savings Insurance License. This license has been identified as an intangible asset. This life insurance intangible was valued using the "Multi Period Excess Earning Method" from the Protection & savings Line of Business for valuing product licenses. This is considered to be an intangible asset with an indefinite life and will therefore be subject to the annual impairment assessments.

Impairment assessment of product licenses

The product license with indefinite life acquired through business combinations as mentioned above is reviewed annually, and assessed the recoverable amount of the cash generating unit (or a group of cash generating units) to which the intangible asset with indefinite life is related.

As per IAS 36, an impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

IAS 36 defines an asset's cash generating unit as the smallest group of assets that generate cash inflows largely independent of the cash inflows from other assets or groups of assets. As such for the purpose of impairment assessment performed, life business of the Company is considered as a single CGU.

The recoverable amount of the cash-generating units has been determined based on a value in use calculation, using cash flow projections covering a five-year period and by applying a terminal growth rate thereafter. The calculation of value in use in the cash-generating units is most sensitive to the following assumptions:

- Future cash flows available from operations;
- Weighted average cost of capital at 17.40% (2024: 17.40%)
- Terminal growth rate at 2.50% (2024: 1.55%)

Based on the current impairment assessment, product license is not impaired as at 31 December 2025.

For life product license intangible, the recoverable value is amounting to SAR 241 million (2024: SAR 463 million) which is greater than carrying value of product license amounting to SAR 24.8 million (2024: SAR 24.8 million).

(4) Individual Life

Individual life intangible was recognized based on the purchase price allocation exercise after the acquisition of SABB Takaful Insurance Company. As a result of acquisition of SABB Takaful, the Company acquired the Individual Life insurance segment which comprises of Unit Linked Insurance Policies "ULIP" (Regular Saving, Simple Saving, Education, Retirement and Single Premium). SABB Bank in the past has consistently generated revenues for SABB Takaful. The relationship has been spanning for more than 10 years, hence considered as a customer relationship with an estimated useful life of 10 years.

Historically, SABB Takaful was able to achieve 76% of its budgeted revenue. Hence, considered the same for FY23 and FY24 and 5% y-o-y growth from FY25 onwards. The Individual life insurance policies have been valued using the "Multi-Period Excess Earning Method". Contributory asset charges "CAC", which include working capital "WC" charge and Assembled Workforce have been adjusted with the underwriting income to arrive at the Excess Earnings. Since the working capital and capex are minimal, the CAC do not have material impact on the cash-flows. An EBIT margin of 5.7% has been considered based on the historical EBIT margin of individual life insurance contracts. A discount factor of 16.6% (WACC + 1%) has been used to discount the excess earnings to arrive at the value of the intangible.

14. INTANGIBLES (CONTINUED)

(5) General Takaful

General Takaful Customer Relationship intangible was also recognized based on the purchase price allocation exercise after the acquisition of SABB Takaful Insurance Company. General Takaful insurance policies consist of policies relating to marine, property, accident and liability, which have a life of one year. Average tenure of the customer relationship with SABB Takaful, for General Takaful insurance policies is between 10 and 12 years, hence it can be assumed that the estimated useful life of the customer relationship is 10 years. A 0.7% y-o-y growth rate has been assumed based on the historical growth of General Takaful contracts.

An EBIT margin of 9.7% has been considered based on the historical EBIT margins on these policies.

Customer relationship intangible is valued using the "Multi-Period Excess Earning Method". Contributory Asset charges which include Working Capital charge and Assembled Workforce have been adjusted with the underwriting income to arrive at the Excess Earnings. Since the working capital and capex are minimal, the CAC do not have a material impact on the cash flows. A discount factor of 16.6% (WACC+1%) has been used to discount the Excess Earnings to arrive at the value of the customer relationship intangible.

15. GOODWILL	**2025**	2024
Goodwill recognized on acquisition of :	**SAR "000"**	
(a) MetLife AIG ANB Cooperative Insurance Company (MAA)	**24,415**	24,415
(b) Aspire Underwriting Agency Ltd (ASPIRE)	**52,314**	-
Closing balance	**76,729**	24,415

(a) Acquisition of MAA

The Company has recognized goodwill amounting to SAR 24.415 million after the merger with MetLife AIG ANB Cooperative Insurance Company (MAA). During the year ended December 31, 2020, the shareholders in the EGM held on January 27, 2020 corresponding to 2 Jumada II 1441H approved the proposed merger of the Company and MAA to be effected by way of a merger pursuant to Articles 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G), through the issuance of 0.657761444444444 new shares in the Company for each share in MAA subject to the terms and conditions of the Merger Agreement. The purchase consideration was determined to be SAR 191.566 million which consisted of the issuance of 11,839,706 new shares to the shareholders of MAA.

Impairment assessment and key assumptions used in impairment assessment

The Company undertook a comprehensive purchase price allocation after the acquisition as required and has recognized the goodwill as a result thereof. The goodwill with indefinite life is reviewed annually and assessed the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related.

The goodwill and intangible assets with indefinite life acquired through business combinations as mentioned above will be reviewed annually, and assessed the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill and intangible assets with indefinite life are related. Intangible assets with indefinite life acquired through business combinations includes "Product Licenses" referred to above.

As per IAS 36, an impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

IAS 36 defines an asset's cash generating unit as the smallest group of assets that generate cash inflows largely independent of the cash inflows from other assets or groups of assets. As such for the purpose of impairment assessment performed, MAA combined with entity of the Company is considered as a single CGU.

The recoverable amount of the cash-generating units has been determined based on a value in use calculation, using cash flow projections covering a five-year period and by applying a terminal growth rate thereafter. The calculation of value in use in the cash-generating units is most sensitive to the following assumptions:

- Future cash flows available from operations;
- Weighted average cost of capital at 17.40% (2024: 17.40%)
- Terminal growth rate at 2.50% (2024: 1.49%)

Based on the current impairment assessment, goodwill and intangible assets are not impaired as at December 31, 2025.

This assessment was carried out by an independent consultant appointed by the Company. This includes a forecast of cash flows discounted using the WACC (Weighted Average Cost of Capital) in the jurisdiction where the Company operates. The recoverable value of the CGUs for Goodwill is SAR 1,776 million (2024: SAR 2,315 million) which is higher than carrying value amounting to SAR 1,673 million (2024: SAR 1,824 million).

15. GOODWILL (CONTINUED)

(b) Acquisition of ASPIRE

During the year, the Company acquired 88% ownership of Aspire Underwriting Agency Ltd (ASPIRE), a Managing General Agent (MGA) based in Dubai International Financial Center (DIFC), UAE. The acquisition is in line with Walaa's interest to expand and diversify its inward reinsurance business.

The Company signed a binding offer letter on April 10, 2025 to acquire 8,800 shares representing 88% stake of Aspire for a value of SAR 68.21 million, payable in cash.

The Company and ASPIRE received required approvals from Insurance Authority (IA) and Dubai Financial Services Authority (DFSA) respectively before the acquisition date i.e. May 15, 2025.

Identifiable assets acquired and liabilities assumed

The following table summarizes the provisional fair values of assets acquired, and liabilities assumed at the date of acquisition:

	May 15, 2025 SAR "000"
ASSETS	
Cash and cash equivalents	**31,325**
Security deposits	**96**
Receivables, net	**52,395**
Prepaid expenses and other assets	**4,571**
Fixed assets	**10**
Right of use assets	**654**
TOTAL	**89,051**
LIABILITIES	
Current liabilities	**70,538**
Non-current liabilities	**450**
TOTAL LIABILITIES	**70,988**
ASPIRE's NET ASSETS AS AT ACQUISITION DATE	**18,063**
-Share of minority interest (12%)	**2,168**
-Share of the Company (Walaa) (88%)	**15,895**

The minority interest in the acquiree has been measured at the proportionate share of the acquiree's identifiable net assets, resulting in the recognition of goodwill based on the partial goodwill method. Accordingly, only the parent company's share of goodwill has been recognized in these consolidated financial statements.

	May 15, 2025 SAR "000"
Purchase Consideration	**68,209**
Walaa's share of net assets as at acquisition date (88%)	**(15,895)**
Provisional goodwill arising from the acquisition	**52,314**

The purchase consideration was determined to be SAR 68.209 million which was settled in cash. This resulted in a provisional goodwill amounting to SAR 52.314 million. Due diligence and expenses incidental to the acquisition transaction, amounting to SAR 0.13 million, are included in 'Other opertaing expenses' in these consolidated statement of income.

15. GOODWILL (CONTINUED)

This acquisition has been accounted for using the acquisition method in accordance with IFRS 3 – Business Combinations, with the Company identified as the acquirer and ASPIRE as the acquiree. The Company has initially recognized the acquired assets and assumed liabilities at their provisional fair values as of the acquisition date. These provisional values are subject to adjustment, if necessary, within the measurement period of up to twelve months from the acquisition date, as permitted by the Standard.

In line with IFRS 3 requirements, these consolidated financial statements include the full financial results of the acquiree from the acquisition date onward. The consolidated statement of income reflects a net income attributable to shareholders of SAR 5.37 million generated by the acquiree during the post-acquisition period.

16. ACCRUED EXPENSES AND OTHER LIABILITIES

	2025	2024
	SAR "000"	
Accrued expenses	**27,755**	25,719
Uncleared cheques	**258**	11,370
VAT payable to ZATCA, net	**18,750**	20,412
Contributions payable to GOSI	**746**	944
Payables to suppliers and service providers	**40,780**	72,983
Other liabilities	**25,103**	30,825
Total	**113,392**	162,253

17. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

	2025	2024
	SAR "000"	
Letters of Guarantee	**15,882**	18,214

(a) The Group has submitted these bank guarantees to various parties which are fully covered by margin deposits amounting to SAR 15.88 million (2024: SAR 18.21 million).

(b) The Group, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Group's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Group's income or financial condition.

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The management assessed that cash and short-term deposits, premium and reinsurance receivables, receivables from related parties, trade and other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Determination of fair value and fair value hierarchy

The Group 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.

Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value. The Group used 'Discounted Cash Flow' method to identify fair value of level 3 unquoted investments, which implies some judgement related to the future income and the applicable discount rates.

	Carrying	**Fair value**			
December 31, 2025	**value**	**Level 1**	**Level 2**	**Level 3**	**Total**
			SAR "000"		
Financial assets measured at fair value					
Investments measured at FVTPL	**540,578**	**444,458**	**-**	**96,120**	**540,578**
Investment measured at FVOCI	**156,692**	**-**	**-**	**156,692**	**156,692**
Total	**697,270**	**444,458**	**-**	**252,812**	**697,270**

	Carrying	Fair value			
December 31, 2024	value	Level 1	Level 2	Level 3	Total
			SAR "000"		
Financial assets measured at fair value					
Investments measured at FVTPL	538,563	337,155	54,268	147,140	538,563
Investment measured at FVOCI	127,872	-	-	127,872	127,872
Total	666,435	337,155	54,268	275,012	666,435

Transfer between the levels

During the year, there were no transfers into or out of each level.

19. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Chief Executive Officer in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

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

Segment assets do not include cash and cash equivalents, short term deposits, prepaid expenses and other assets, due from shareholders' operations, investments, long term deposits, property and equipment, right of use assets and intangible assets. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued expenses and other liabilities, lease liabilities, due to shareholders' operations and provision for end-of-service benefits (EOSB). Accordingly, these are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to Chief Operating Officer under related segments and are monitored on a centralized basis.

Segments do not include shareholders' assets and liabilities and equity. Hence, these are presented under unallocated assets / liabilities accordingly.

The segment information provided to the Group's Chief Executive Officer for the reportable segments for the Group's total assets and liabilities as at December 31, 2025 and December 31, 2024, its total revenues, expenses, and net income for the year ended December 31, 2025 and December 31, 2024 are as follows:

19. OPERATING SEGMENTS (CONTINUED)

Segmental statement of financial position

	Medical	Motor	Property	Energy	Engineering	Protection and Savings (P&S) - Non-Linked	P&S - Linked	Property and Casualty (P&C) - Others	Total insurance operations	Shareholders' operations	Total
As at December 31, 2025						**SAR "000"**					
Assets											
Reinsurance contract assets for non unit-linked business	-	**3,387**	**1,213,022**	**182,265**	**321,724**	**13,791**	-	**187,617**	**1,921,806**	-	**1,921,806**
Financial assets for unit-linked insurance contracts	-	-	-	-	-	-	**516,571**	-	**516,571**	-	**516,571**
Unallocated assets	-	-	-	-	-	-	-	-	**1,227,851**	**1,790,555**	**3,018,406**
Total assets	-	**3,387**	**1,213,022**	**182,265**	**321,724**	**13,791**	**516,571**	**187,617**	**3,666,228**	**1,790,555**	**5,456,783**
Liabilities and equity											
Insurance contract liabilities for non unit-linked business	**223,866**	**360,045**	**1,305,766**	**262,653**	**377,894**	**99,398**	-	**386,490**	**3,016,112**	-	**3,016,112**
Insurance contract liabilities for unit-linked business	-	-	-	-	-	-	**525,983**	-	**525,983**	-	**525,983**
Reinsurance contract liabilities for non unit-linked business	**3,161**	-	-	-	-	-	-	-	**3,161**	-	**3,161**
Reinsurance contract liabilities for unit-linked business	-	-	-	-	-	-	**393**	-	**393**	-	**393**
Unallocated liabilities and shareholders' equity	-	-	-	-	-	-	-	-	**120,579**	**1,790,555**	**1,911,134**
Total liabilities and shareholders' equity	**227,027**	**360,045**	**1,305,766**	**262,653**	**377,894**	**99,398**	**526,376**	**386,490**	**3,666,228**	**1,790,555**	**5,456,783**

19. OPERATING SEGMENTS (CONTINUED)

Segmental statement of financial position (Continued)

	Medical	Motor	Property	Energy	Engineering	Protection and Savings (P&S) - Non-Linked	P&S - Linked	Property and Casualty (P&C) - Others	Total insurance operations	Shareholders' operations	Total
As at December 31, 2024						**SAR "000"**					
Assets											
Reinsurance contract assets for non unit-linked business	-	3,253	70,022	228,809	238,570	28,649	-	171,826	741,129	-	741,129
Reinsurance contract assets for unit-linked business	-	-	-	-	-	-	164	-	164	-	164
Financial assets for unit-linked insurance contracts	-	-	-	-	-	-	536,185	-	536,185	-	536,185
Unallocated assets	-	-	-	-	-	-	-	-	1,611,187	1,877,248	3,488,435
Total assets	-	3,253	70,022	228,809	238,570	28,649	536,349	171,826	2,888,665	1,877,248	4,765,913
Liabilities and equity											
Insurance contract liabilities for non unit-linked business	200,054	540,735	310,213	241,018	308,685	102,626	-	426,519	2,129,850	-	2,129,850
Insurance contract liabilities for unit-linked business	-	-	-	-	-	-	543,959	-	543,959	-	543,959
Reinsurance contract liabilities for non unit-linked business	3,302	-	-	-	-	-	-	-	3,302	-	3,302
Unallocated liabilities and shareholders' equity	-	-	-	-	-	-	-	-	211,554	1,877,248	2,088,802
Total liabilities and shareholders' equity	203,356	540,735	310,213	241,018	308,685	102,626	543,959	426,519	2,888,665	1,877,248	4,765,913

19. OPERATING SEGMENTS (CONTINUED)

Segmental statement of income

For the year ended December 31, 2025	Medical	Motor	Property	Energy	Engineering	P&S - Non-Linked	P&S - Linked	P&C- Others	Unallocated	Total
					SAR "000"					
Insurance revenue	389,522	666,452	641,823	582,577	208,103	147,121	9,461	459,236	-	3,104,295
Insurance service expenses	(458,002)	(825,710)	(999,936)	(50,956)	(152,457)	(125,489)	(324)	(100,210)	-	(2,713,084)
Insurance service results before reinsurance contracts held	(68,480)	(159,258)	(358,113)	531,621	55,646	21,632	9,137	359,026	-	391,211
Allocation of reinsurance premiums	(2,424)	(1,078)	(590,867)	(565,851)	(172,039)	(24,191)	(398)	(345,040)	-	(1,701,888)
Amounts recoverable from reinsurers for incurred claims	4,454	1,166	950,029	39,785	120,427	(3,902)	(58)	38,410	-	1,150,311
Net expenses from reinsurance contracts held	2,030	88	359,162	(526,066)	(51,612)	(28,093)	(456)	(306,630)	-	(551,577)
Insurance service results	(66,450)	(159,170)	1,049	5,555	4,034	(6,461)	8,681	52,396	-	(160,366)
Commission income on investments and deposits	-	-	-	-	-	-	-	-	87,382	87,382
Dividends on investments	-	-	-	-	-	-	-	-	14,151	14,151
Realized gain on investments measured at fair value	-	-	-	-	-	-	-	-	4,765	4,765
Unrealized loss on investments measured at fair value	-	-	-	-	-	-	-	-	(58,635)	(58,635)
Change in expected credit losses on financial assets	-	-	-	-	-	-	-	-	(21)	(21)
Net investment income	-	-	-	-	-	-	-	-	47,642	47,642
Finance expense from insurance contracts issued	(1,652)	(3,149)	(6,099)	(1,492)	(2,656)	(3,912)	(112)	(2,936)	-	(22,008)
Finance income from reinsurance contracts held	51	30	6,076	1,479	2,455	1,104	(1)	2,200	-	13,394
Net insurance finance (expenses)/ income	(1,601)	(3,119)	(23)	(13)	(201)	(2,808)	(113)	(736)	-	(8,614)
Net insurance and investment results	(68,051)	(162,289)	1,026	5,542	3,833	(9,269)	8,568	51,660	47,642	(121,338)
Other operating income										13,689
Other income										2,827
Other operating expenses										(50,262)
Net loss for the year before zakat & tax										(155,084)
Zakat charge for the year										(20,000)
Income tax charge for the year										-
Net loss for the year after zakat & tax										(175,084)
- Attributable to minority interest										732
- Attributable to shareholders										(175,816)

19. OPERATING SEGMENTS (CONTINUED)

Segmental statement of income (Continued)

For the year ended December 31, 2024	Medical	Motor	Property	Energy	Engineering	P&S - Non-Linked	P&S - Linked	P&C- Others	Unallocated	Total
					SAR "000"					
Insurance revenue	617,012	765,707	479,462	589,366	242,903	202,698	11,211	436,221	-	3,344,580
Insurance service expenses	(684,176)	(800,342)	(139,967)	(46,030)	(35,481)	(184,416)	(655)	(97,737)	-	(1,988,804)
Insurance service results before reinsurance contracts held	(67,164)	(34,635)	339,495	543,336	207,422	18,282	10,556	338,484	-	1,355,776
Allocation of reinsurance premiums	(2,447)	(1,237)	(430,632)	(582,568)	(205,588)	(26,719)	(457)	(324,621)	-	(1,574,269)
Amounts recoverable from reinsurers for incurred claims	2,976	(2,217)	104,718	38,974	3,474	2,475	(305)	32,317	-	182,412
Net expenses from reinsurance contracts held	529	(3,454)	(325,914)	(543,594)	(202,114)	(24,244)	(762)	(292,304)	-	(1,391,857)
Insurance service results	(66,635)	(38,089)	13,581	(258)	5,308	(5,962)	9,794	46,180	-	(36,081)
Commission income on investments and deposits	-	-	-	-	-	-	-	-	74,216	74,216
Dividends on investments	-	-	-	-	-	-	-	-	16,983	16,983
Realized gain on investments measured at fair value	-	-	-	-	-	-	-	-	43,892	43,892
Unrealized gain on investments measured at fair value	-	-	-	-	-	-	-	-	4,652	4,652
Change in expected credit losses on financial assets	-	-	-	-	-	-	-	-	(18)	(18)
Net investment income	-	-	-	-	-	-	-	-	139,725	139,725
Finance expense from insurance contracts issued	(2,996)	(2,019)	(3,650)	(1,123)	(2,365)	(3,169)	(82)	(6,163)	-	(21,567)
Finance income from reinsurance contracts held	67	62	3,473	1,124	2,144	1,449	24	4,651	-	12,994
Net insurance finance expenses	(2,929)	(1,957)	(177)	1	(221)	(1,720)	(58)	(1,512)	-	(8,573)
Net insurance and investment results	(69,564)	(40,046)	13,404	(257)	5,087	(7,682)	9,736	44,668	139,725	95,071
Other operating income										-
Other income										23,260
Other operating expenses										(35,278)
Net income for the year before zakat & tax										83,053
Zakat charge for the year										(16,350)
Income tax charge for the year										(2,400)
Net income for the year after zakat & tax										64,303
- Attributable to minority interest										-
- Attributable to shareholders										64,303

20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them.

Pricing policies and terms of these transactions are approved by the Group's management and Board of Directors.

The following are the details of the major related party transactions during the year and the related balances:

	Transactions for the year ended December 31,		**Net balance receivable / (payable) as at December 31,**	
	2025	2024	**2025**	2024
	SAR "000"		**SAR "000"**	
Insurance premium written / receivable from:				
-Board of directors and related parties	**1,336**	41,733	**44**	8,533
-Key management personnel	**12**	29	**-**	-
-Major shareholders and related parties	**2,303**	7,766	**1,197**	715
Claims paid and payable to:				
-Board of directors and related parties	**5,264**	10,420	**(423)**	(10,577)
-Key management personnel	**-**	5	**-**	-
-Major shareholders and related parties	**2,159**	7,013	**(12,740)**	(25,042)
Other business with board of directors and related parties	**-**	1,412	**-**	(396)
Policy acquisition costs with major shareholders and related parties	**811**	3,452	**(2,058)**	(5,708)
Rebate income from major shareholders and related parties	**1,685**	1,863	**978**	1,374

Remuneration and compensation of BOD Members and Top Executives

The following table shows the annual salaries, remuneration and allowances obtained by the Board members and 5 top executives for the period:

	2025		2024	
	BOD members (non-executive)	**Top Executives including the CEO and CFO**	BOD members (non-executive)	Top Executives including the CEO and CFO
	SAR "000"		SAR "000"	
Salaries, allowances and other benefits	**-**	**9,110**	-	9,814
Annual remuneration and other charges	**3,853**	**-**	3,953	-
End of service provision for the year	**-**	**1,275**	-	1,060
Total	**3,853**	**10,385**	3,953	10,874

21. ZAKAT, INCOME TAX AND VAT

Zakat

Zakat calculations for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	SAR "000"	
Share capital	**1,275,583**	1,275,583
Share premium	**228,280**	228,280
Reserves, provisions and other adjustments	**481,388**	673,563
Book value of long-term assets	**(1,129,753)**	(1,469,237)
Zakat base	**855,498**	708,189
Saudi shareholder's share of Zakat base @ 90.71% (2024: 89.32%)	**776,022**	632,554
Zakat due at 2.5776% (2024: 2.5847%)	**20,000**	16,350

The movement in the zakat provision for the year was as follows:

	2025	2024
	SAR "000"	
Balance, January 1	**40,318**	43,358
Zakat provision created for the year	**20,000**	16,350
Payments during the year	**(2,685)**	(17,641)
Other adjustment	**-**	(1,749)
Balance, December 31	**57,633**	40,318

Income tax:

Income tax calculations for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	SAR "000"	
Net profit for the year before zakat and income tax	**(155,084)**	83,053
Provisions charged during the year for end of service benefits	**8,690**	10,312
Provision charged during the year for expected credit losses	**1,065**	6,429
	(145,329)	99,794
(a) Foreign shareholders' share of tax base @ 9.29% (2024:10.68%)	**(13,501)**	10,658
Payment of end of service benefits	**(4,013)**	(5,619)
Others	**-**	18,185
	(4,013)	12,566
(b) Foreign shareholders' share of tax payments @ 9.29% (2024: 10.68%)	**(373)**	1,342
Total foreign shareholder's share	**(13,874)**	12,000
Tax base	**(13,874)**	12,000
Income tax charge at 20%	**-**	2,400

The movement in the tax provision for the year was as follows:

	2025	2024
	SAR "000"	
Balance, January 1	**2,645**	2,925
Provided during the year	**-**	2,400
Payments during the year	**-**	(2,680)
Balance, December 31	**2,645**	2,645

21. ZAKAT, INCOME TAX AND VAT (CONTINUED)

The balance split between current and non-current classification for insurance and shareholders' operations for zakat purposes is as follows:

December 31, 2025	**Insurance operations**		**Shareholders' operations**		
SAR "000"		**Non-**		**Non-**	
Assets	**Current**	**Current**	**Current**	**Current**	**Total**
Cash and cash equivalents	**354,021**	**-**	**53,049**	**-**	**407,070**
Short term deposits	**229,722**	**-**	**3,692**	**-**	**233,414**
Prepaid expenses and other assets	**78,647**	**-**	**7,585**	**-**	**86,232**
Reinsurance contract assets for non unit-linked business	**1,921,806**	**-**	**-**	**-**	**1,921,806**
Financial assets for unit-linked insurance contracts	**-**	**516,571**	**-**	**-**	**516,571**
Statutory deposit	**-**	**-**	**-**	**127,558**	**127,558**
Accrued income on statutory deposit	**-**	**-**	**7,048**	**-**	**7,048**
Investments	**63,905**	**68,159**	**95,416**	**1,262,282**	**1,489,762**
Long term deposits	**49,250**	**310,954**	**409**	**49,988**	**410,601**
Property and equipment, net	**-**	**20,965**	**-**	**35,490**	**56,455**
Right of use assets, net	**-**	**15,466**	**-**	**619**	**16,085**
Intangible assets	**-**	**36,762**	**-**	**70,690**	**107,452**
Goodwill	**-**	**-**	**-**	**76,729**	**76,729**
Total assets	**2,697,351**	**968,877**	**167,199**	**1,623,356**	**5,456,783**
Liabilities					
Insurance contract liabilities for non unit-linked business	**3,016,112**	**-**	**-**	**-**	**3,016,112**
Insurance contract liabilities for unit-linked business	**-**	**525,983**	**-**	**-**	**525,983**
Reinsurance contract liabilities for non unit-linked business	**3,161**	**-**	**-**	**-**	**3,161**
Reinsurance contract liabilities for unit-linked business	**-**	**393**	**-**	**-**	**393**
Accrued expenses and other liabilities	**81,605**	**1,605**	**30,182**	**-**	**113,392**
Lease liabilities	**5,213**	**9,448**	**-**	**429**	**15,090**
Accrued income payable to IA	**-**	**-**	**7,048**	**-**	**7,048**
(Due from) / due to shareholder's / insurance	**(10,254)**	**-**	**10,254**	**-**	**-**
Provision for zakat and income tax	**-**	**-**	**-**	**60,278**	**60,278**
Provision for end-of-service benefits	**-**	**42,189**	**-**	**503**	**42,692**
Total liabilities	**3,095,837**	**579,618**	**47,484**	**61,210**	**3,784,149**
Equity					
Share capital	**-**	**-**	**-**	**-**	**1,275,583**
Share premium	**-**	**-**	**-**	**-**	**228,280**
Statutory reserve	**-**	**-**	**-**	**-**	**92,775**
Fair value reserve for investments	**-**	**-**	**-**	**-**	**140,345**
(Accumulated losses) / Retained earnings	**-**	**-**	**-**	**-**	**(58,022)**
Remeasurement of EOSB obligations	**-**	**-**	**-**	**-**	**(9,227)**
Minority interest	**-**	**-**	**-**	**-**	**2,900**
Total equity	**-**	**-**	**-**	**-**	**1,672,634**

21. ZAKAT, INCOME TAX AND VAT (CONTINUED)

December 31, 2024	**Insurance operations**		**Shareholders' operations**		
SAR "000"		**Non-**		**Non-**	
Assets	**Current**	**Current**	**Current**	**Current**	**Total**
Cash and cash equivalents	653,091	-	309,177	-	962,268
Short term deposits	246,710	-	49,999	-	296,709
Prepaid expenses and other assets	81,919	-	6,481	-	88,400
Reinsurance contract assets for non unit-linked business	741,129	-	-	-	741,129
Reinsurance contract assets for unit-linked business	-	164	-	-	164
Financial assets for unit-linked insurance contracts	-	536,185	-	-	536,185
Due from shareholders' operations	-	-	-	-	-
Statutory deposit	-	-	-	127,558	127,558
Accrued income on statutory deposit	-	-	19	-	19
Investments	10,079	131,485	320,027	927,131	1,388,722
Long term deposits	53,512	356,229	-	-	409,741
Property and equipment, net	-	15,497	-	35,463	50,960
Right of use assets, net	-	23,183	-	-	23,183
Intangible assets	-	39,482	-	76,978	116,460
Goodwill	-	-	-	24,415	24,415
Total assets	1,786,440	1,102,225	685,703	1,191,545	4,765,913
Liabilities					
Insurance contract liabilities for non unit-linked business	2,129,850	-	-	-	2,129,850
Insurance contract liabilities for unit-linked business	-	543,959	-	-	543,959
Reinsurance contract liabilities for non unit-linked business	3,302	-	-	-	3,302
Accrued expenses and other liabilities	160,071	-	2,182	-	162,253
Lease liabilities	6,709	14,825	-	-	21,534
Accrued income payable to IA	-	-	19	-	19
(Due from) / due to shareholder's / insurance	-	-	-	-	-
Provision for zakat and income tax	-	-	42,963	-	42,963
Provision for end-of-service benefits	-	37,512	-	503	38,015
Total liabilities	2,299,932	596,296	45,164	503	2,941,895
Equity					
Share capital	-	-	-	-	1,275,583
Share premium	-	-	-	-	228,280
Statutory reserve	-	-	-	-	92,775
Fair value reserve for investments	-	-	-	-	117,149
Retained earnings	-	-	-	-	117,794
Remeasurement of EOSB obligations	-	-	-	-	(7,563)
Total equity	-	-	-	-	1,824,018

21. ZAKAT, INCOME TAX AND VAT (CONTINUED)

The Company has filed its zakat and income tax return with Zakat, Tax, and Customs Authority (ZATCA) up to the year ended December 31, 2024, and obtained the required certificate from ZATCA that is valid up to April 30, 2026.

(a) Status of assessments

Zakat and income tax:

In 2020, the Company received zakat and tax assessments for the year 2014 and for the years 2015, 2017 and 2018 claiming an additional zakat and tax liability amounting to SAR 5.9 million and SAR 9.3 million respectively. The Company appealed against these assessments to General Secretariat of Tax Committees (GSTC). However, during 2023, the internal settlement committee offered an amount of SAR 9.2 million for the years 2014, 2017 and 2018 to close the appeal. The Company accepted the offer and paid the settlement amount in 2024 as a full and final settlement.

For 2015 appeal, the GSTC issued a decision rejecting the Company's appeal in full and requested the Company to pay the initial assessment amount of SAR 2.59 million. The Company submitted a reconsideration request which got rejected, thus, the Company paid the amount of SAR 2.59 million in 2024, and the case was closed.

During the year 2023, the Company submitted documents required by ZATCA for the years 2021 and 2022 and is awaiting ZATCA's response.

During June 2024, the Company received zakat and income tax audit request from ZATCA for year 2023 for which the Company submitted the documents required and is awaiting ZATCA's response.
Also, during June 2024, the Company received withholding tax audit request from ZATCA for tax period of December 2023. The Company submitted the documents required and is awaiting ZATCA's response.

During July 2025, the Company received zakat and income tax audit request from ZATCA for year 2024 for which the Company submitted the documents required and is awaiting ZATCA's response.
Also, during July 2025, the Company received withholding tax audit request from ZATCA for tax period of December 2024. The Company submitted the documents required and is awaiting ZATCA's response.

Indirect tax (VAT):

During the year 2023, the Company submitted documents required by ZATCA for the years 2021 and 2022. In September 2024, the Company received the assessment order claiming an additional liability of SAR 24.3. The total amount, including the disputed amount, was paid to benefit from the penalty waiver initiative, and all penalties associated with the assessment results were successfully cancelled. In November 2024, the Company accepted an amount of SAR 8.3 million and filed an objection for SAR 16 million, which was related to reinsurance commissions for non-residents. In January 2025, ZATCA accepted the appeal to re-audit for which the Company submitted all the requirements and the results came in May 2025 by reducing the amounts to SAR 14.7 million. The Company submitted an appeal on the re-audit results in June 2025. During August 2025, the Company received ZATCA's response rejecting the appeal submitted by the Company amounting to SAR 14.7 million. The Company has escalated the appeal to General Secretariat of Tax Committees (GSTC). In October 2025, the Company submitted a settlement request to the Internal Settlement Committee and recieved the response in November 2025 with rejection for the settlement request. The Company has raised escalation to General Secretariat of TAX Committees and it's under process.

During September 2024, the Company received VAT audit request from ZATCA for year 2023 for which the Company submitted the required documents. In June 2025, the Company received audit results claiming an additional liability of SAR 0.88 million. The Company has accepted the differences and settled the amount in September 2025, and the case is closed.

In July 2025, the Company received VAT audit request from ZATCA for year 2024. The Company submitted the documents required and is awaiting ZATCA's response.

21. ZAKAT, INCOME TAX AND VAT (CONTINUED) (CONTINUED)

(a) Status of assessments (Continued)

Status of assessments for SABB Takaful:
(merged in 2022, refer note 22)

Zakat and income tax:
During the year 2018, ZATCA issued zakat and tax assessments for years from 2011 to 2014. The Company filed an objection against the ZATCA assessments. Since ZATCA rejected the objection, the Company filed an appeal to GSTC. During the year 2023, the case reached to the final level of appeal, and the decision was in the Company's favor and the Company paid SAR 0.77 million. In March 2024, ZATCA re-studied the GSTC ruling which resulted in a credit balance in favor of the Company amounting to SAR 1.39 million, and the case was closed.

During the year 2024, the ZATCA finalized zakat and tax assessments for the years 2021 and 2022 (short period till the date of merger) with no differences on the Company, and the case was closed.

Indirect tax (VAT):
During the year 2024, the Company submitted documents required by ZATCA for the years 2021 and 2022, for which the results came during June 2024 claiming additional differences amounting to SAR 0.01 million which is settled against the credit balance of the Company.

Status of assessments for MetLife:
(merged in 2020, refer note 22)

Zakat and income tax:
The Company submitted documents required by ZATCA for the years 2018 and 2019 for which results came with no differences for year 2018 and minor differences for year 2019 amounted to SAR 0.02 million which was settled in August 2024, and the case was closed.

(b) Provision for zakat and income tax

Provision for zakat has been made at 2.5776% of the higher of approximate zakat base or adjusted net income and 2.5% on adjusted net income attributable to the Saudi shareholders of the Group. Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Group.

21. ZAKAT, INCOME TAX AND VAT (CONTINUED) (CONTINUED)

(c) Shareholding subject to zakat and income tax

The following is the shareholding percentage for computation as at the end of the year. Actual percentage might vary at the time of computation and submission of zakat and tax return.

	2025	2024
Shareholding subject to zakat	**90.71 %**	89.32 %
Shareholding subject to income tax	**9.29 %**	10.68 %

22. SHARE CAPITAL

The authorized, issued and paid-up capital of the Group as at December 31, 2025 amounted to SAR 1,275.6 million comprising 127.56 million shares of SAR 10 each (December 31, 2024: SAR 1,275.6 million comprising 127.56 million shares of SAR 10 each).

In the year 2015, the Group increased its share capital from SAR 200 million to SAR 400 million, by issuing 20 million right shares to its existing shareholders, which were offered at an exercise price of SAR 12 per share. This resulted in a share premium less issuance cost amounting to SAR 30.1 million.

The Group's Board of Directors in their meeting held on October 29, 2017 corresponding to 9 Safar 1439H recommended to Extraordinary General Assembly Meeting to increase share capital of the Group by issuing 4 million bonus shares which was approved by Extraordinary General Assembly on May 29, 2018 corresponding to 14 Ramadan 1439H. This resulted in an increase in share capital from SAR 400 million to SAR 440 million.

The Group's Board of Directors in their meeting held on April 8, 2019 (corresponding to 3 Sha'ban 1440H) recommended to the Extraordinary General Assembly to increase share capital of the Group. The Extraordinary General Assembly approved to increase share capital of the Group from SAR 440 million to SAR 528 million by issuing one bonus share for every five existing shares owned by the shareholder. The increase in share capital was through capitalization of retained earnings of SAR 88 million. The increase in share capital was approved by the shareholders in their meeting held on May 21, 2019 (Corresponding to 16 Ramadan 1440H).

The Board of Directors in their meeting held on September 29, 2019 (corresponding to 30 Muharram 1441H) resolved to increase the share capital from SAR 528 million to SAR 646.40 million by issuing 11,839,706 ordinary shares to merge MetLife AIG ANB Cooperative Insurance Company (MAA) into the Group and transferring all of MAA's assets and liabilities to the Group through a securities exchange offer. The merger was successfully completed and shares issued accordingly during 2020. The fair value of 11,839,706 shares of the Group was determined on the basis of closing market price of the Group's ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium amounting to SAR 118.40 million and SAR 73.17 million, respectively.

The shareholders in the EGM held on September 15, 2022 (corresponding to 19 Safar 1444H) approved the merger of SABB Takaful Group into the Group in accordance with the provisions of Articles 191, 192 and 193 of the Companies Law by issuing 0.6005476176470590 new shares in the Group against each share in SABB Takaful Company (SABB Takaful) ("Merger Transaction"), in accordance with the terms and conditions of the merger agreement.

22. SHARE CAPITAL (CONTINUED)

The purchase consideration was determined to be SAR 294.028 million which was settled by issuing 20,418,619 new shares of the Group to the shareholders of SABB Takaful at the Group's market price of SAR 14.4 per share at the effective date of merger.

The Board of Directors in their meeting held on September 17, 2023 (corresponding to 03 Rabi Al Awwal 1445H) recommended to increase share capital by offering right issue with an additional amount of SAR 425 million to support growth plan of the Group and maintain its solvency margin.

During the year 2024, the Board of Directors after discussing the Rights Issue with the financial advisor, decided on February 25, 2024 (corresponding to 15/8/1445H) to amend its recommendation to the Extraordinary General Assembly regarding the increase of the Group's capital by offering of Rights Issue and change the offering amount to SAR 467.5 million instead of SAR 425 million, through offering a total of 42.5 million ordinary shares of a nominal value of SAR 10 per share, with an offer price of SAR 11 per share. Capital Market Authority (CMA) approved the application of the proposed Rights Issue on August 5, 2024 (corresponding 1 Safar 1446H).

The Extra Ordinary General Assembly of the shareholders approved the right issue in the meeting held on November 26, 2024 (corresponding to 24 Jumada Al Awwal 1446H). After receiving all the required approvals, the right issue was successfully completed in December 25, 2024.

Shareholding structure :

	December 31, 2025		
	Authorized and issued		**Paid up**
	No. of Shares	**SAR "000"**	
Saudi British Bank	**19,903,597**	**199,036**	**199,036**
Khalifa Abdulatif Abdullah Al Molhem	**7,582,641**	**75,826**	**75,826**
Others	**100,072,087**	**1,000,721**	**1,000,721**
Total	**127,558,325**	**1,275,583**	**1,275,583**

	December 31, 2024		
	Authorized and issued		Paid up
	No. of Shares	SAR "000"	
Saudi British Bank	19,903,597	199,036	199,036
Others	107,654,728	1,076,547	1,076,547
Total	127,558,325	1,275,583	1,275,583

23. EMPLOYEES' END OF SERVICE BENEFITS

The Group operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due.

(a) The amounts recognized in the consolidated statement of financial position and movement in the obligation during the year based on its present value are as follows:

	2025	2024
	SAR "000"	
Present value of defined benefit obligation	**42,692**	38,015

(b) Movement of defined benefit obligation

	2025	2024
	SAR "000"	
Opening balance	**38,015**	33,322
Charge to consolidated statement of income	**7,026**	6,089
Charge to consolidated statement of other comprehensive income	**1,664**	4,223
Payment of benefits during the year	**(4,013)**	(5,619)
Closing balance	**42,692**	38,015

(c) Reconciliation of present value of defined benefit obligation

	2025	2024
	SAR "000"	
Present value of defined benefit obligation as of January 1	**38,015**	33,322
Current service costs	**5,505**	4,587
Financial costs	**1,521**	1,502
Actuarial gain from experience adjustments	**1,664**	4,223
Benefits paid during the year	**(4,013)**	(5,619)
Present value of defined benefit obligation as of December 31	**42,692**	38,015

(d) Principal actuarial assumptions

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

	2025	2024
Valuation discount rate	**4.00%**	4.50%
Expected long term rate of increase in salary level across different age bands	**3.50%**	3.50%

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

	2025	**2024**
	SAR "000"	
Valuation discount rate		
- Increase by 100bps	**3,073**	2,412
- Decrease by 100bps	**(3,612)**	(2,811)
Expected long term rate of increase in salary level across different age bands		
- Increase by 100bps	**(1,784)**	(1,387)
- Decrease by 100bps	**4,629**	3,620

The average duration of the defined benefits plan obligation at the end of reporting year is 7.8 years (2024: 6.9 years).

24. STATUTORY RESERVE

In accordance with By-laws of the Group and Article 70(2)(g) of the Insurance Implementing Regulations issued by Insurance Authority, the Group is required to transfer not less than 20% of its annual profits to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Group. This reserve is not available for distribution to the shareholders until the liquidation of the Group. In 2025, no transfer was made to the statutory reserve due to the net loss incurred during the year (For 2024: SAR 12.86 million was transferred to the reserve).

25. STATUTORY DEPOSIT

In accordance with Article 58 of the Insurance Implementing Regulations of Insurance Authority (IA), the Group is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of IA. Accrued income on this deposit is payable to IA and is amounting to SAR 7.05 million (December 31, 2024: SAR 19 thousand). As requested by IA, the Group has released the accrued income on statutory deposit to IA up to December 29, 2024 amounting to SAR 9.4 million. During the year 2025, no payment has been made to IA on account of accrued income on this deposit.

26. CAPITAL MANAGEMENT

Objectives are set by the Group to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Group 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 Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue shares.

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

As per guidelines laid out by Insurance Authority (IA) previously known as "SAMA" in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Group shall maintain solvency margin equivalent to the highest of the following three methods as per the Implementing Regulations:

- Minimum Capital Requirement of SAR 300 million
- Premium Solvency Margin
- Claims Solvency Margin

The Group's net admissible assets as at December 31, 2025 are 194% (2024: 209%) of the required minimum margin for solvency. Further, the Group is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Group as at December 31, 2025 consists of paid-up share capital of SAR 1,275.58 million, share premium of SAR 228.28 million, statutory reserves of SAR 92.78 million and accumulated losses of SAR 58.02 million (December 31, 2024: paid-up share capital of SAR 1,275.58 million, share premium of SAR 228.28 million, statutory reserves of SAR 92.78 million and retained earnings of SAR 117.79 million) in the statement of financial position.

In the opinion of the Board of Directors, the Group has fully complied with the externally imposed capital requirements during the reported financial year.

27. RISK MANAGEMENT

Risk management covers mainly (a) Insurance and reinsurance risks and (b) Financial risks.

(a) Insurance and reinsurance risk

Insurance risk

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

For life insurance contracts, the main risks that the Group is exposed to are mortality risk, morbidity risk, expense risk, lapse and surrender risk. For the life insurance and life reinsurance contracts, for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group-wide net retention on any single life insured is amounting to SAR 3.2 million as of december 31, 2025.

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

Reinsurance risk

The Group purchases reinsurance as part of its risk mitigation program. Reinsurance held (outward reinsurance) is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Retention limits for non-proportional excess–of–loss reinsurance vary by product line.

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

Reinsurers are selected using the following parameters and guidelines set by the Group's Board of Directors and Reinsurance Committee. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies (not lower than BBB or equivalent)
- Reputation of particular reinsurance companies
- Existing or past business relationship with the reinsurer

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

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Group and agreed to pre-set requirements of the Group's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business.

There is no single counterparty exposure that exceeds 30.76% of total premiums ceded to the reinsurers for the year.

27. RISK MANAGEMENT (CONTINUED)

(a) Insurance and reinsurance risk (continued)

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

	December 31, 2025			December 31, 2024		
	Insurance Contract Liabilities	**Reinsurance Contract Assets**	**Net**	Insurance Contract Liabilities	Reinsurance Contract Assets	Net
	SAR "000"					
Medical	**223,866**	**(3,161)**	**227,027**	200,054	(3,302)	203,356
Motor	**360,045**	**3,387**	**356,658**	540,735	3,253	537,482
Property	**1,305,766**	**1,213,022**	**92,744**	310,213	70,022	240,191
Energy	**262,653**	**182,265**	**80,388**	241,018	228,809	12,209
Engineering	**377,894**	**321,724**	**56,170**	308,685	238,570	70,115
P&S - Non-Linked	**99,398**	**13,791**	**85,607**	102,626	28,649	73,977
P&S - Linked	**525,983**	**(393)**	**526,376**	543,959	164	543,795
Others	**386,490**	**187,617**	**198,873**	426,519	171,826	254,693
	3,542,095	**1,918,252**	**1,623,843**	2,673,809	737,991	1,935,818

Sensitivities on major assumptions considered while applying IFRS 17

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

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

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

(i) Sensitivities before risk mitigation by reinsurance contracts held:

	2025	2024
	SAR "000"	
Total insurance contract liabilities	**3,542,095**	2,673,809
Expenses increase by 10%	**(20,416)**	(21,612)
Expenses decrease by 10%	**18,564**	19,649
Yield curve shift up by 1%	**11,055**	5,154
Yield curve shift down by 1%	**(9,119)**	(5,280)
Loss reserve increase by 3%	**(60,077)**	(33,565)
Loss reserve decrease by 3%	**60,077**	33,565
Lapse/surrenders increase by 5%	**92**	169
Lapse/surrenders decrease by 5%	**(118)**	(234)
Mortality increase by 10%	**(17)**	(39)
Mortality decrease by 10%	**21**	45

27. RISK MANAGEMENT (CONTINUED)

(a) Insurance and reinsurance risks (continued)

(ii) Sensitivities after risk mitigation by reinsurance contracts held:

	2025	2024
	SAR "000"	
Total insurance contract liabilities	**3,542,095**	2,673,809
Total reinsurance contract assets	**(1,918,252)**	(737,991)
Net insurance contract liabilities	**1,623,843**	1,935,818
Expenses increase by 10%	**(20,416)**	(21,612)
Expenses decrease by 10%	**18,564**	19,649
Yield curve shift up by 1%	**2,106**	2,394
Yield curve shift down by 1%	**(2,037)**	(2,463)
Loss reserve increase by 3%	**(12,242)**	(12,834)
Loss reserve decrease by 3%	**12,242**	12,834
Lapse/surrenders increase by 5%	**92**	169
Lapse/surrenders decrease by 5%	**(118)**	(234)
Mortality increase by 10%	**142**	208
Mortality decrease by 10%	**(139)**	(205)

Claim development table

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

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Group aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years, spanning a number of financial years.

27. RISK MANAGEMENT (CONTINUED)

(a) Insurance and reinsurance risk (continued)

(i) Claim development table for values gross of reinsurance:

2025 Accident year	2020 & earlier	2021	2022	2023	2024	2025	Total
				SAR "000"			
Undiscounted liabilities for incurred claims:							
At end of accident year	**3,962,598**	**1,482,160**	**1,297,235**	**1,129,781**	**1,480,500**	**951,808**	**10,304,082**
1 year later	**622,003**	**204,601**	**167,763**	**154,477**	**206,024**	**-**	**1,354,868**
2 years later	**96,178**	**13,693**	**80,035**	**23,161**	**-**	**-**	**213,067**
3 years later	**23,671**	**2,612**	**13,438**	**-**	**-**	**-**	**39,721**
4 years later	**43,052**	**2,070**	**-**	**-**	**-**	**-**	**45,122**
5 years later	**17,115**	**-**	**-**	**-**	**-**	**-**	**17,115**
Gross estimates of the undiscounted amount of claims	**4,764,617**	**1,705,136**	**1,558,471**	**1,307,419**	**1,686,524**	**951,808**	**11,973,975**
Cumulative gross claims and other directly attributable expenses paid	**(4,178,936)**	**(1,072,742)**	**(1,319,655)**	**(1,132,331)**	**(1,227,254)**	**(920,213)**	**(9,851,131)**
Gross undiscounted liabilities for incurred claims	**585,681**	**632,394**	**238,816**	**175,088**	**459,270**	**31,595**	**2,122,844**
Effect of discounting							**(48,660)**
Gross discounted liabilities for incurred claims before risk adjustment							**2,074,184**
Effect of the risk adjustment margin for non-financial risk							**106,412**
Gross liabilities for incurred claims							**2,180,596**

27. RISK MANAGEMENT (CONTINUED)

(a) Insurance and reinsurance risk (continued)

2024 Accident year	2019 & earlier	2020	2021	2022	2023	2024	Total
				SAR "000"			
Undiscounted liabilities for incurred claims:							
At end of accident year	2,785,479	581,246	1,170,882	1,121,671	1,041,156	1,874,263	8,574,697
1 year later	386,543	96,584	160,872	151,231	172,232	-	967,462
2 years later	51,255	22,196	13,403	95,349	-	-	182,203
3 years later	17,555	3,416	7,517	-	-	-	28,488
4 years later	26,377	2,341	-	-	-	-	28,718
5 years later	11,152	-	-	-	-	-	11,152
Gross estimates of the undiscounted amount of claims	3,278,361	705,783	1,352,674	1,368,251	1,213,388	1,874,263	9,792,720
Cumulative gross claims and other directly attributable expenses paid	(3,218,014)	(701,878)	(1,324,082)	(1,292,563)	(1,095,994)	(1,009,265)	(8,641,796)
Gross undiscounted liabilities for incurred claims	60,347	3,905	28,592	75,688	117,394	864,998	1,150,924
Effect of discounting							(31,322)
Gross discounted liabilities for incurred claims before risk adjustment							1,119,602
Effect of the risk adjustment margin for non-financial risk							40,078
Gross liabilities for incurred claims							1,159,680

27. RISK MANAGEMENT (CONTINUED)

(a) Insurance and reinsurance risk (continued)

(ii) Claim development table for values net of reinsurance:

2025 Accident year	2020 & earlier	2021	2022	2023	2024	2025	Total
				SAR "000"			
Undiscounted liabilities for incurred claims, net:							
At end of accident year	**3,962,598**	**1,482,160**	**1,297,235**	**1,129,781**	**1,480,500**	**(2,161,489)**	**7,190,785**
1 year later	**622,003**	**204,601**	**167,763**	**154,477**	**204,532**	**-**	**1,353,376**
2 years later	**96,178**	**13,693**	**80,035**	**22,949**	**-**	**-**	**212,855**
3 years later	**23,671**	**2,612**	**13,393**	**-**	**-**	**-**	**39,676**
4 years later	**43,052**	**2,070**	**-**	**-**	**-**	**-**	**45,122**
5 years later	**17,115**	**-**	**-**	**-**	**-**	**-**	**17,115**
Net estimates of the undiscounted amount of claims	**4,764,617**	**1,705,136**	**1,558,426**	**1,307,207**	**1,685,032**	**(2,161,489)**	**8,858,929**
Cumulative net claims and other attributable expenses paid	**(3,455,957)**	**(745,543)**	**(1,148,991)**	**(1,015,854)**	**(1,184,167)**	**(902,598)**	**(8,453,110)**
Net undiscounted liabilities for incurred claims	**1,308,660**	**959,593**	**409,435**	**291,353**	**500,865**	**(3,064,087)**	**405,819**
Effect of discounting							**(9,603)**
Net discounted liabilities for incurred claims before risk							**396,216**
Effect of the risk adjustment margin for non-financial risk							**16,945**
Net liabilities for incurred claims							**413,161**

27. RISK MANAGEMENT (CONTINUED)

(a) Insurance and reinsurance risk (continued)

2024 Accident year	2019 & earlier	2020	2021	2022	2023	2024	Total
				SAR "000"			
Undiscounted liabilities for incurred claims, net:							
At end of accident year	2,254,866	519,585	857,102	943,602	893,550	1,328,134	6,796,839
1 year later	277,949	66,875	137,412	134,391	162,164	-	778,791
2 years later	39,732	8,374	9,354	90,157	-	-	147,617
3 years later	12,271	3,032	6,862	-	-	-	22,165
4 years later	10,676	1,870	-	-	-	-	12,546
5 years later	9,589	-	-	-	-	-	9,589
Net estimates of the undiscounted amount of claims	2,605,083	599,736	1,010,730	1,168,150	1,055,714	1,328,134	7,767,547
Cumulative net claims and other attributable expenses paid	(2,600,716)	(597,687)	(997,765)	(1,137,041)	(1,000,088)	(997,471)	(7,330,768)
Net undiscounted liabilities for incurred claims	4,367	2,049	12,965	31,109	55,626	330,663	436,779
Effect of discounting							(14,637)
Net discounted liabilities for incurred claims before risk							422,142
Effect of the risk adjustment margin for non-financial risk							18,345
Net liabilities for incurred claims							440,487

27. RISK MANAGEMENT (CONTINUED)

(b) Finance risk

Finance risk comprises of the following: (i) Liquidity Risk; (ii) Market Risk; (iii) Operational Risk and (iv) Credit Risk

(i) Liquidity Risk

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

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

- The Group's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk
- The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

Maturity profiles

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Group based on remaining contractual obligations. For insurance and reinsurance contracts maturity profiles are determined based on the estimated timing of net cash outflows from the recognized insurance and reinsurance liabilities and assets respectively at reporting segment level.

Financial assets and (liabilities):	**2025**	2024	**2025**	2024	**2025**	2024
SAR "000"	**Less than 12 months**		**More than 12 months**		**Total**	
Insurance Operations						
Cash and cash equivalents	**354,021**	653,091	**-**	-	**354,021**	653,091
Short term deposits	**229,722**	246,710	**-**	-	**229,722**	246,710
Prepaid expenses and other assets	**78,647**	81,919	**-**	-	**78,647**	81,919
Reinsurance contract assets, net	**1,918,645**	737,827	**(393)**	164	**1,918,252**	737,991
Financial assets for unit-linked insurance contracts	**-**	-	**516,571**	536,185	**516,571**	536,185
Due from shareholders' operations	**(10,254)**	-	**-**	-	**(10,254)**	-
Investments	**63,905**	10,079	**68,159**	131,485	**132,064**	141,564
Long term deposits	**49,250**	53,512	**310,954**	356,229	**360,204**	409,741
Insurance contract liabilities, net	**(3,016,112)**	(2,129,850)	**(525,983)**	(543,959)	**(3,542,095)**	(2,673,809)
Accrued expenses and other liabilities	**(81,605)**	(160,071)	**(1,605)**	-	**(83,210)**	(160,071)
Lease liabilities	**(5,213)**	(6,709)	**(9,448)**	(14,825)	**(14,661)**	(21,534)
Due from shareholder's operations	**10,254**	-	**-**	-	**10,254**	-
Provision for end-of-service benefits	**-**	-	**(42,189)**	(37,512)	**(42,189)**	(37,512)
	(408,740)	(513,492)	**316,066**	427,767	**(92,674)**	(85,725)
Shareholders' Operations						
Cash and cash equivalents	**53,049**	309,177	**-**	-	**53,049**	309,177
Short term deposits	**3,692**	49,999	**-**	-	**3,692**	49,999
Prepaid expenses and other assets	**7,585**	6,481	**-**	-	**7,585**	6,481
Statutory deposit	**-**	-	**127,558**	127,558	**127,558**	127,558
Accrued income on statutory deposit	**7,048**	19	**-**	-	**7,048**	19
Investments	**95,416**	320,027	**1,262,282**	927,131	**1,357,698**	1,247,158
Long term deposits	**409**	-	**49,988**	-	**50,397**	-
Accrued expenses and other liabilities	**(30,182)**	(2,182)	**-**	-	**(30,182)**	(2,182)
Lease liabilities	**-**	-	**(429)**	-	**(429)**	-
Accrued income payable to IA	**(7,048)**	(19)	**-**	-	**(7,048)**	(19)
Due to insurance operations	**(10,254)**	-	**-**	-	**(10,254)**	-
Provision for zakat and income tax	**-**	(42,963)	**(60,278)**	-	**(60,278)**	(42,963)
Provision for end-of-service benefits	**-**	-	**(503)**	(503)	**(503)**	(503)
	119,715	640,539	**1,378,618**	1,054,186	**1,498,333**	1,694,725
Total	**(289,025)**	127,047	**1,694,684**	1,481,953	**1,405,659**	1,609,000

27. RISK MANAGEMENT (CONTINUED)

(b) Finance risk (Continued)

(ii) Market Risk

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

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

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

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.

The Group stipulates diversification benchmarks by type of instrument and geographical area.

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

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

Currency risk

The Group's exposure to foreign currency risk is mainly limited to United States Dollars which is pegged against Saudi Riyals. Management believes that the currency risk to the Group is not significant.

Commission rate risk (Interest rate risk)

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

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

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

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

27. RISK MANAGEMENT (CONTINUED)

(b) Finance risk (Continued)

The Group's exposure to interest rate risk sensitive deposits and debt instruments are as follows:

	2025	2024
	SAR "000"	
Cash and cash equivalents	**131,756**	236,160
Short term deposits	**233,414**	296,709
Investments	**77,537**	115,965
Long term deposits	**410,601**	409,741
	853,308	1,058,575

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on net profit before tax and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

	2025	2024
	SAR "000"	
Impact on commission income, net profit and equity is as below:		
- Interest rate increase by 1 %	**5,429**	3,693
- Interest rate decrease by 1 %	**(3,507)**	(4,000)

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market. The Group's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

For insurance contract liability, only the portfolio for unit linked contracts with participating feature is exposed to price risk. However, this risk is offset by the underlying financial assets for unit linked contracts.

The Group has an unquoted equity investment carried at FVOCI and certain investments carried at FVTPL under level 3 fair valuation approach which are not susceptible to market price risk.

The Group's FVTPL level 1 investments are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Group limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets. The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on individual and total equity instruments.

The Group has no significant concentration of price risk.

The impact of a hypothetical change of a 10% increase and 10% decrease in the market prices of investments on the Group's profits and equity would be as follows:

	2025	2024
	SAR "000"	
Carrying value of investments exposed to price risk	**337,419**	337,155
Impact on carrying value of investment, net profit and equity is as below:		
- Market price increase by 10 %	**33,742**	33,716
- Market price decrease by 10 %	**(33,742)**	(33,716)

27. RISK MANAGEMENT (CONTINUED)

(b) Finance risk (Continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's operations either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all the Group's activities.

The operations of the Group are subject to regulatory requirements in Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. In management's opinion, the Group has substantially complied with such regulatory requirements.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors.

This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation policies and procedures

Credit risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The Group only enters into insurance and reinsurance contracts with recognized and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an on-going basis in order to reduce the Group's exposure to bad debts. The Group limits its credit risk with regard to time deposits by dealing with reputable banks only.

The Group seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables. Maximum credit exposure to top five customers is 33.78%.

The Group maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investment grade credit ratings are all the investments with credit rating of BBB or higher. All investments of the Group are made in instruments with investment grade credit rating.

27. RISK MANAGEMENT (CONTINUED)

(b) Finance risk (Continued)

Credit exposure

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties:

	2025			2024		
	Investment grade	**Unrated/ Non-Investment grade**	**Total**	Investment grade	Unrated/ Non-Investment grade	Total
	SAR "000"			SAR "000"		
Insurance operations						
Cash and cash equivalents	**354,021**	**-**	**354,021**	653,091	-	653,091
Short term deposits	**229,722**	**-**	**229,722**	246,710	-	246,710
Prepaid expenses and other assets	**-**	**78,647**	**78,647**	-	81,919	81,919
Financial assets for unit-linked insurance contracts	**516,571**	**-**	**516,571**	536,185	-	536,185
Investments measured at amortized costs	**132,064**	**-**	**132,064**	141,564	-	141,564
Long term deposits	**360,204**	**-**	**360,204**	409,741	-	409,741
	1,592,582	**78,647**	**1,671,229**	1,987,291	81,919	2,069,210
Shareholders' operations						
Cash and cash equivalents	**53,049**	**-**	**53,049**	309,177	-	309,177
Short term deposits	**3,692**	**-**	**3,692**	49,999	-	49,999
Prepaid expenses and other assets	**-**	**7,585**	**7,585**	-	6,481	6,481
Statutory deposit	**127,558**	**-**	**127,558**	127,558	-	127,558
Investments measured at amortized costs	**635,228**	**-**	**635,228**	568,123	-	568,123
Long term deposits	**50,397**	**-**	**50,397**	-	-	-
	869,924	**7,585**	**877,509**	1,054,857	6,481	1,061,338
Total	**2,462,506**	**86,232**	**2,548,738**	3,042,148	88,400	3,130,548

Concentration of credit risk

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

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

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

Impairment assessment

The Group's Expected Credit Loss (ECL) assessment and measurement method is set out below:

Significant increase in credit risk, default, and cure

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

27. RISK MANAGEMENT (CONTINUED)

(b) Finance risk (Continued)

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

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

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

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

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

Expected credit loss (ECL)

The Group assesses the possible default events within 12 months for the calculation of the 12 month ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 60%.

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

Impairment losses on financial investments subject to impairment assessment

Following are the financial assets measured at amortized cost along with the ECL (12-month ECL) impact:

	2025			2024		
	Investment Value	**ECL**	**Carrying Value**	Investment Value	ECL	Carrying Value
	SAR "000"			SAR "000"		
Insurance operations						
Cash and cash equivalents	**354,026**	**(5)**	**354,021**	653,101	(10)	653,091
Short term deposits	**229,730**	**(8)**	**229,722**	246,719	(9)	246,710
Prepaid expenses and other assets	**78,683**	**(36)**	**78,647**	81,958	(39)	81,919
Investments measured at amortized costs	**132,067**	**(3)**	**132,064**	141,567	(3)	141,564
Long term deposits	**360,304**	**(100)**	**360,204**	409,829	(88)	409,741
	1,154,810	**(152)**	**1,154,658**	1,533,174	(149)	1,533,025
Shareholders' operations						
Cash and cash equivalents	**53,049**	**-**	**53,049**	309,178	(1)	309,177
Short term deposits	**3,697**	**(5)**	**3,692**	50,000	(1)	49,999
Prepaid expenses and other assets	**7,587**	**(2)**	**7,585**	6,494	(13)	6,481
Investments measured at amortized costs	**635,253**	**(25)**	**635,228**	568,134	(11)	568,123
Long term deposits	**50,408**	**(11)**	**50,397**	(1)	1	-
	749,994	**(43)**	**749,951**	933,805	(25)	933,780
Total	**1,904,804**	**(195)**	**1,904,609**	2,466,979	(174)	2,466,805

28. SUPPLEMENTARY INFORMATION

Consolidated statement of financial position	2025			2024		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
Assets	**SAR "000"**			SAR "000"		
Cash and cash equivalents	**354,021**	**53,049**	**407,070**	653,091	309,177	962,268
Short term deposits	**229,722**	**3,692**	**233,414**	246,710	49,999	296,709
Prepaid expenses and other assets	**78,647**	**7,585**	**86,232**	81,919	6,481	88,400
Reinsurance contract assets for non unit-linked business	**1,921,806**	**-**	**1,921,806**	741,129	-	741,129
Reinsurance contract assets for unit-linked business	**-**	**-**	**-**	164	-	164
Financial assets for unit-linked insurance contracts	**516,571**	**-**	**516,571**	536,185	-	536,185
Statutory deposit	**-**	**127,558**	**127,558**	-	127,558	127,558
Accrued income on statutory deposit	**-**	**7,048**	**7,048**	-	19	19
Investments	**132,064**	**1,357,698**	**1,489,762**	141,564	1,247,158	1,388,722
Long term deposits	**360,204**	**50,397**	**410,601**	409,741	-	409,741
Property and equipment, net	**20,965**	**35,490**	**56,455**	15,497	35,463	50,960
Right of use assets, net	**15,466**	**619**	**16,085**	23,183	-	23,183
Intangible assets	**36,762**	**70,690**	**107,452**	39,482	76,978	116,460
Goodwill	**-**	**76,729**	**76,729**	-	24,415	24,415
Total assets	**3,666,228**	**1,790,555**	**5,456,783**	2,888,665	1,877,248	4,765,913
Liabilities and equity						
Liabilities						
Insurance contract liabilities for non unit-linked business	**3,016,112**	**-**	**3,016,112**	2,129,850	-	2,129,850
Insurance contract liabilities for unit-linked business	**525,983**	**-**	**525,983**	543,959	-	543,959
Reinsurance contract liabilities for non unit-linked business	**3,161**	**-**	**3,161**	3,302	-	3,302
Reinsurance contract liabilities for unit-linked business	**393**	**-**	**393**	-	-	-
Accrued expenses and other liabilities	**83,210**	**30,182**	**113,392**	160,071	2,182	162,253
Lease liabilities	**14,661**	**429**	**15,090**	21,534	-	21,534
Accrued income payable to IA	**-**	**7,048**	**7,048**	-	19	19
(Due from) / due to shareholder's / insurance operations	**(10,254)**	**10,254**	**-**	-	-	-
Provision for zakat and income tax	**-**	**60,278**	**60,278**	-	42,963	42,963
Provision for end-of-service benefits	**42,189**	**503**	**42,692**	37,512	503	38,015
Total liabilities	**3,675,455**	**108,694**	**3,784,149**	2,896,228	45,667	2,941,895
Equity						
Share capital	**-**	**1,275,583**	**1,275,583**	-	1,275,583	1,275,583
Share premium	**-**	**228,280**	**228,280**	-	228,280	228,280
Statutory reserve	**-**	**92,775**	**92,775**	-	92,775	92,775
Fair value reserve for investments	**-**	**140,345**	**140,345**	-	117,149	117,149
(Accumulated losses) / Retained earnings	**-**	**(58,022)**	**(58,022)**	-	117,794	117,794
Total shareholders' equity	**-**	**1,678,961**	**1,678,961**	-	1,831,581	1,831,581
Remeasurement of EOSB obligations	**(9,227)**	**-**	**(9,227)**	(7,563)	-	(7,563)
Minority interest	**-**	**2,900**	**2,900**	-	-	-
Total equity	**(9,227)**	**1,681,861**	**1,672,634**	(7,563)	1,831,581	1,824,018
Total liabilities and equity	**3,666,228**	**1,790,555**	**5,456,783**	2,888,665	1,877,248	4,765,913

28. SUPPLEMENTARY INFORMATION (CONTINUED)

Consolidated statement of income for the year	**2025**			2024		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
	SAR "000"			SAR "000"		
Insurance revenue	**3,104,295**	**-**	**3,104,295**	3,344,580	-	3,344,580
Insurance service expenses	**(2,713,084)**	**-**	**(2,713,084)**	(1,988,804)	-	(1,988,804)
Insurance service results before reinsurance contracts held	**391,211**	**-**	**391,211**	1,355,776	-	1,355,776
Allocation of reinsurance premiums	**(1,701,888)**	**-**	**(1,701,888)**	(1,574,269)	-	(1,574,269)
Amounts recoverable from reinsurers for incurred claims	**1,150,311**	**-**	**1,150,311**	182,412	-	182,412
Net expenses from reinsurance contracts held	**(551,577)**	**-**	**(551,577)**	(1,391,857)	-	(1,391,857)
Insurance service results	**(160,366)**	**-**	**(160,366)**	(36,081)	-	(36,081)
Commission income on investments and deposits	**43,683**	**43,699**	**87,382**	51,356	22,860	74,216
Dividends on investments	**-**	**14,151**	**14,151**	-	16,983	16,983
Realized gain on investments measured at fair value	**-**	**4,765**	**4,765**	-	43,892	43,892
Unrealized (loss) / gain on investments measured at fair value	**-**	**(58,635)**	**(58,635)**	-	4,652	4,652
Change in expected credit losses on financial assets	**(3)**	**(18)**	**(21)**	(24)	6	(18)
Net investment income	**43,680**	**3,962**	**47,642**	51,332	88,393	139,725
Finance expense from insurance contracts issued	**(22,008)**	**-**	**(22,008)**	(21,567)	-	(21,567)
Finance income from reinsurance contracts held	**13,394**	**-**	**13,394**	12,994	-	12,994
Net insurance finance expenses	**(8,614)**	**-**	**(8,614)**	(8,573)	-	(8,573)
Net insurance and investment results	**(125,300)**	**3,962**	**(121,338)**	6,678	88,393	95,071
Other operating income	**-**	**13,689**	**13,689**	-	-	-
Other income	**2,827**	**-**	**2,827**	2,952	20,308	23,260
Other operating expenses	**(27,347)**	**(22,915)**	**(50,262)**	(20,318)	(14,960)	(35,278)
Net (loss) / Income before zakat & tax	**(149,820)**	**(5,264)**	**(155,084)**	(10,688)	93,741	83,053
Deficit / (surplus) transferred to shareholders' operations	**149,820**	**(149,820)**	**-**	10,688	(10,688)	-
Net (loss) / income after transfer of surplus to the shareholders operations	**-**	**(155,084)**	**(155,084)**	-	83,053	83,053
Zakat charge for the year	**-**	**(20,000)**	**(20,000)**	-	(16,350)	(16,350)
Zakat and income tax charge	**-**	**-**	**-**	-	(2,400)	(2,400)
Net (loss) / income after zakat & tax	**-**	**(175,084)**	**(175,084)**	-	64,303	64,303
- Attributable to minority interest	**-**	**732**	**732**	-	-	-
- Attributable to shareholders	**-**	**(175,816)**	**(175,816)**	-	64,303	64,303
(Loss) / earning per share (expressed in SAR per share)						
Basic and diluted (loss) / earning per share			**(1.38)**			0.62
Weighted average number of ordinary outstanding shares (in thousand shares)			**127,558**			103,064

28. SUPPLEMENTARY INFORMATION (CONTINUED)

Consolidated statement of comprehensive income for year

	2025			2024		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
	SAR "000"			SAR "000"		
Net (loss) / income for the year	**-**	**(175,084)**	**(175,084)**	-	64,303	64,303
Other comprehensive income:						
Items that will not be reclassified to the statement of income in subsequent periods						
Re-measurement loss on end of service benefits (EOSB)	**(1,664)**	**-**	**(1,664)**	(4,223)	-	(4,223)
Net changes in fair value of investments measured at FVOCI	**-**	**23,196**	**23,196**	-	35,322	35,322
Total comprehensive (loss) / income for the year	**(1,664)**	**(151,888)**	**(153,552)**	(4,223)	99,625	95,402
- Attributable to minority interest	**-**	**732**	**732**	-	-	-
- Attributable to shareholders	**(1,664)**	**(152,620)**	**(154,284)**	(4,223)	99,625	95,402

28. SUPPLEMENTARY INFORMATION (CONTINUED)

Consolidated statement of cash flows for the year

	2025			2024		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
	SAR "000"			SAR "000"		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss) / income for the year before zakat and income tax	**-**	**(155,084)**	**(155,084)**	-	83,053	83,053
Adjustments for non-cash and non-operating items:						
Depreciation of property and equipment	**7,442**	**10**	**7,452**	5,603	-	5,603
Depreciation of right of use assets	**7,717**	**253**	**7,970**	7,496	-	7,496
Amortization of intangible assets	**6,038**	**6,288**	**12,326**	13,867	6,289	20,156
Commission income on investments and deposits	**(43,683)**	**(43,699)**	**(87,382)**	(51,356)	(22,860)	(74,216)
Dividends on investments	**-**	**(14,151)**	**(14,151)**	-	(16,983)	(16,983)
Realized gain on investments measured at fair value	**-**	**(4,765)**	**(4,765)**	-	(43,892)	(43,892)
Unrealized loss / (gain) on investments measured at fair value	**-**	**58,635**	**58,635**	-	(4,652)	(4,652)
Change in expected credit losses on financial assets	**8**	**20**	**28**	14	(9)	5
Gains on disposal of property and equipment	**(161)**	**-**	**(161)**	(70)	(20,308)	(20,378)
Finance cost on lease assets	**820**	**31**	**851**	912	-	912
Provision for end-of-service benefits (EOSB)	**6,934**	**92**	**7,026**	6,089	-	6,089
Changes in operating assets and liabilities:						
Insurance contract liabilities for non unit-linked business	**886,262**	**-**	**886,262**	127,426	-	127,426
Insurance contract liabilities for unit-linked business	**(17,976)**	**-**	**(17,976)**	(8,288)	-	(8,288)
Reinsurance contract assets for non unit-linked business	**(1,180,677)**	**-**	**(1,180,677)**	48,638	-	48,638
Reinsurance contract assets for unit-linked business	**164**	**-**	**164**	(53)	-	(53)
Reinsurance contract liabilities for non unit-linked business	**(141)**	**-**	**(141)**	3,302	-	3,302
Reinsurance contract liabilities for unit-linked business	**393**	**-**	**393**	-	-	-
Prepaid expenses and other assets	**3,274**	**3,474**	**6,748**	(27,241)	(6,485)	(33,726)
Accrued expenses and other liabilities	**(76,861)**	**10,144**	**(66,717)**	(5,568)	(3,409)	(8,977)
	(400,447)	**(138,752)**	**(539,199)**	120,771	(29,256)	91,515
End-of-service benefits paid	**(3,921)**	**(92)**	**(4,013)**	(5,619)	-	(5,619)
Zakat and income tax paid	**-**	**(2,685)**	**(2,685)**	-	(20,321)	(20,321)
Net cash used in operating activities	**(404,368)**	**(141,529)**	**(545,897)**	115,152	(49,577)	65,575

28. SUPPLEMENTARY INFORMATION (CONTINUED)

Consolidated statement of cash flows for the year (Continued)

	2025			2024		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
	SAR "000"			SAR "000"		
CASH FLOWS FROM INVESTING ACTIVITIES						
Financial assets for unit linked insurance contracts, net	**19,614**	**-**	**19,614**	7,050	-	7,050
Purchase of investments - FVTPL	**-**	**(291,561)**	**(291,561)**	-	(245,558)	(245,558)
Disposals of investments - FVTPL	**-**	**235,676**	**235,676**	-	240,076	240,076
Purchase of investments - FVOCI	**-**	**(5,624)**	**(5,624)**	-	(5,625)	(5,625)
Purchase of investments - amortized cost	**-**	**(218,751)**	**(218,751)**	-	(170,738)	(170,738)
Disposals of investments - amortized cost	**9,867**	**155,000**	**164,867**	-	10,032	10,032
Investment in joint venture	**-**	**(12,600)**	**(12,600)**	-	(12,600)	(12,600)
Commission income received on investments and deposits	**43,315**	**40,330**	**83,645**	51,172	19,106	70,278
Dividends received on investments	**-**	**14,151**	**14,151**	-	16,983	16,983
Disposals / (additions) to short term deposits	**16,991**	**46,302**	**63,293**	125,063	11,648	136,711
Disposals / (additions) to long term deposits	**49,525**	**(50,408)**	**(883)**	(147,380)	95,954	(51,426)
Additions to intangible assets, net	**(3,318)**	**-**	**(3,318)**	(15,050)	-	(15,050)
Additions to right of use assets, net	**-**	**-**	**-**	-	-	-
Additions to property and equipment	**(12,910)**	**(27)**	**(12,937)**	(6,246)	(35,463)	(41,709)
Disposals of property and equipment	**161**	**-**	**161**	70	36,708	36,778
Cash and cash equivalents acquired through business combination	**-**	**31,325**	**31,325**	-	-	-
Purchase consideration paid	**-**	**(68,209)**	**(68,209)**	-	-	-
Net cash generated from / (used in) investing activities	**123,245**	**(124,396)**	**(1,151)**	14,679	(39,477)	(24,798)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due from / (due to) shareholders' operations / insurance operations	**(10,254)**	**10,254**	**-**	27,936	(27,936)	-
Increase in share capital	**-**	**-**	**-**	-	425,000	425,000
Increase in share premium, net	**-**	**-**	**-**	-	35,161	35,161
Net changes in statutory deposits	-	-	-	-	(42,500)	(42,500)
Lease liabilities paid	**(7,693)**	**(457)**	**(8,150)**	(8,581)	-	(8,581)
Net cash (used in) / generated from financing activities	**(17,947)**	**9,797**	**(8,150)**	19,355	389,725	409,080
Net change in cash and cash equivalents	**(299,070)**	**(256,128)**	**(555,198)**	149,186	300,671	449,857
Cash and cash equivalents, beginning of the year	**653,091**	**309,177**	**962,268**	503,905	8,506	512,411
Cash and cash equivalents, end of the year	**354,021**	**53,049**	**407,070**	653,091	309,177	962,268

29. DIVIDEND

No dividend has been proposed or paid by the Group during the current reporting year or the comparative year as presented in these consolidated financial statements.

30. (LOSS) / EARNING PER SHARE (EPS)

Basic and diluted (loss) / earning per share from shareholders' income are calculated by dividing the net (loss) / income for the year after zakat and taxes attributable to the shareholders (excluding the amount attributable to minority interest) by the weighted average number of ordinary shares outstanding during the year.

During the year 2024, the Group undertook rights issue and increased the capital (Refer note 22). Computation of EPS and Diluted EPS is as below:

	2025	2024
	In "000" shares / SAR	
Issued ordinary shares before rights issue	**85,058**	85,058
Rights issue adjustment	**42,500**	18,006
Weighted average number of ordinary shares after rights issue	**127,558**	103,064
Net (loss) / income for the year	**(175,816)**	64,303
Weighted average number of outstanding ordinary shares	**127,558**	103,064
Basic and diluted (loss) / earning per share	**(1.38)**	0.62

31. SURETY BOND INSURANCE POOL ARRANGEMENT

On December 11, 2024, the Group signed Surety Bond (SB) shared agreement with 16 other participating insurance companies relating to surety bond insurance that guarantees contractors' performance in completing projects or fulfilling contractual obligations in favor of the Public Investment Fund, whereby the insurance companies undertake to compensate the Fund for projects in the event of contractors' failure to perform the project.

The Group is acting as a pool leader to manage the SB pool portfolio on behalf of the participating insurance companies, and is exclusively be entitled to management fees for managing the portfolio to be earned over the period of validity of the SB agreement that ends on December 10, 2029. The participating insurance companies will report in their financials the SB portfolio assets, liabilities, revenues and expenses relating to their share in the portfolio in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses. Walaa reports its own share from the SB pool under the 'P&C-others' segment.

The Group has reported a net income of SAR 37 thousand as its proportionate share of Surety Bond Pool profits in the consolidated statement of income.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the change in the presentation methodology adopted by the Group in the current year. However, there is no financial impact of these reclassifications on net income attributable to shareholders and equity.

33. SUBSEQUENT EVENTS

No events occurred after December 31, 2025 that would have a material impact on the financial position or results of operations as presented in these consolidated financial statements.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on March 5, 2026, corresponding to Ramadan 16, 1447 AH.