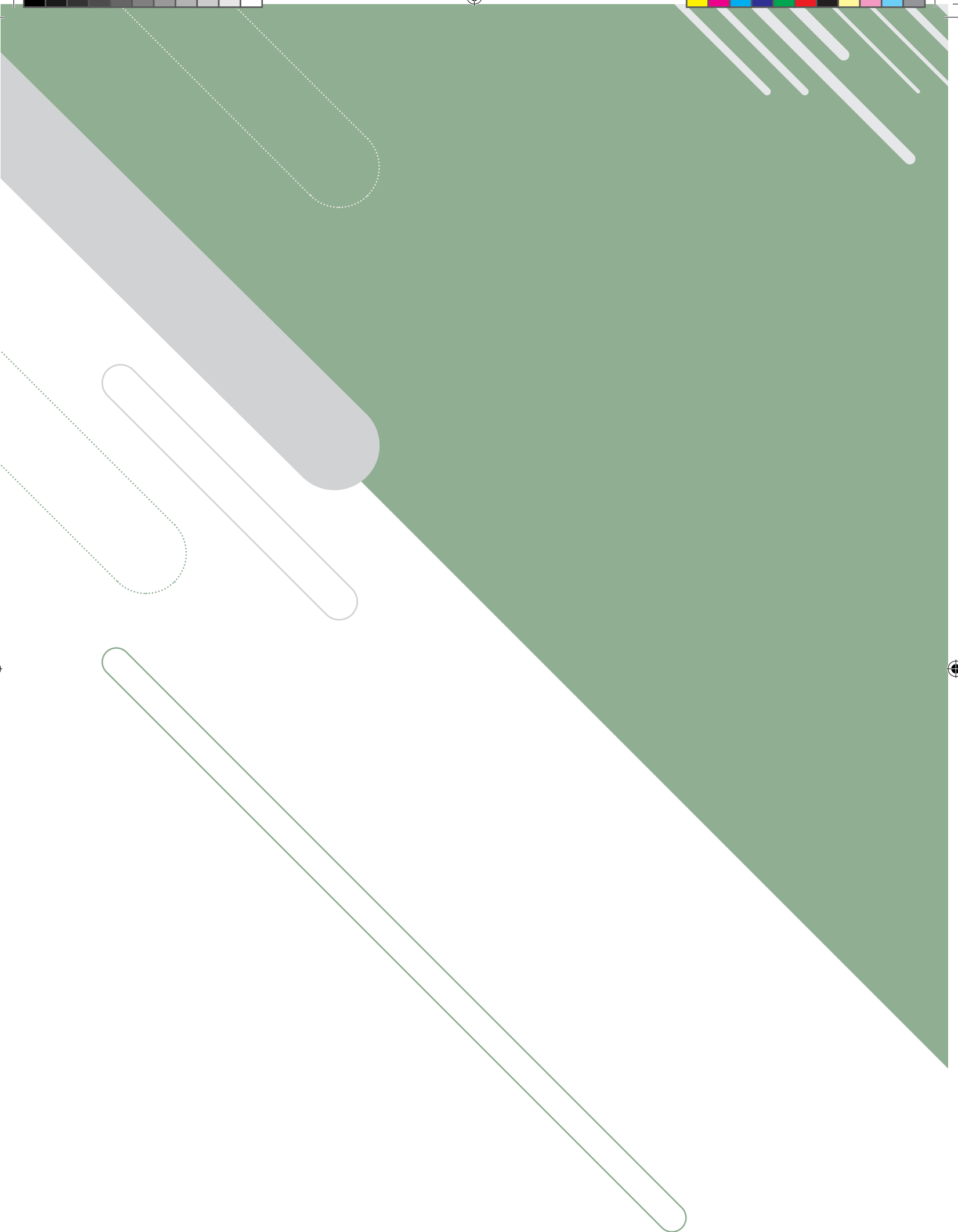




ANNUAL REPORT

2018





Saudi Reinsurance Company "**Saudi Re**"



index



6	Chairman's Message
8	Board Of Directors
12	Directors' Report
68	Independent Auditors' Report
72	Statement Of Financial Position
76	Statement Of Income
78	Statement Of Comprehensive Income - Shareholders' Operations
80	Statement Of Changes In Shareholders' Equity
84	Statement of Cash Flows
86	Notes To The Financial Statements

Chairman's Message

Our Valued Shareholders,,,

On behalf of Saudi Re board of directors, I am pleased to present to you the annual report including the directors' report and the audited financial statements of the financial year ending on 31 December of 2018.

The Saudi Reinsurance Company «Saudi Re» is proud to be among the leading reinsurance companies in the region, with growing presence in more than 40 markets in the Middle East, Asia and Africa. We made steady strides despite the intense competition in the global reinsurance markets and the challenges faced by reinsurance companies, particularly the emerging ones. We have continued to innovate in order to maintain a high level of competitiveness and have enhanced our ability to meet the demands and aspirations of our customers, shareholders and employees on an ongoing basis, in light of the renewed challenges. Our success is attributed to our strategy which is focuses on profitable growth, diversification of the sources of revenue, in order to achieve sustainable profitability and to maximize return to shareholders.

Saudi Re focuses on the geographic spread, targeting markets with high potential for growth and profitability, while investing in building relationships with customers and

brokers based on long-term partnership and mutual interest. In 2018, Saudi Re international reinsurance premiums represented 60% of the portfolio - the highest in the history of the company. This reflects the level of geographical diversification which contributes to maintaining positive underwriting results. In the local market, Saudi Re capitalizes on its competitive advantages for being the only reinsurer and look forward to benefit of the improvement in the legislative environment along with the developmental and economic initiatives taken in the Kingdom.

Saudi Re will continue to focus on improving its technical capabilities which include underwriting, pricing, claims, risks management, actuarial services, and technical reserve management as it seeks to capitalize on its capabilities to expand and to achieve better profitability through a prudent underwriting policy.

As for the financial performance of in 2018, the underwriting results witnessed an improvement which amounted to about SR 13.7 million, compared to SR 3.6 million in 2017, thus achieving the best operating results since incorporation of the company, despite the challenges faced by the different global financial markets, which have, in turn, affected the different economic sectors including the reinsurance sector.

It is worth mentioning that the company's acquisition of 49.9% of the ordinary shares of "Probitas Holdings" Company contributed to strengthening its presence in the global markets and supported the diversification of its businesses. Lloyd's market is the world's largest and most important insurance and reinsurance market. We are optimistic that this investment will have a greater contribution to the financial results in the future.

Hisham bin Abdul Malik Al-Sheikh
Chairman of Board of Directors



The year 2018 witnessed a decline in investment returns due to the sharp decline in the international financial markets, especially in the global stock and bond markets, which reflected negatively on the valuation of the investment portfolio of the company, which is unrealized but evaluated decline as per the accounting standards.

The Investment Committee and the Executive Management has taken decisions and prudent hedging measures to hedge future market turbulence and to maintain investment gains by reallocating assets, benefiting from returns and investing in low-risk products, and implementing an interactive management strategy in managing stock market investments.

In 2018, Saudi Re rating position has improved as Moody's Investors Service has assigned Saudi Re an A3 insurance financial strength rating (IFSR), with a stable outlook, reflecting the strength of the company's market position and brand in Saudi Arabia as the only Saudi reinsurance company specialized in reinsurance, as well as its leading position in target markets in Asia, Africa and Lloyd's. Furthermore, the credit rating is backed by strong asset quality in the company's conservative investment portfolio, capital adequacy and strong financial flexibility. Also, the rating agency SIMAH "Tasneef" has assigned Saudi Re a credit rating for the financial strength of the category "AA+" with a stable outlook. Such ratings reflect the company's efficient management and the strength of the capital base. Obtaining such ratings is considered an additional guarantee for the investors, shareholders and partners as it reinforces their trust in the company and supports its competitive position.

As part of the efforts made by the company to achieve the highest levels of regulatory compliance and the best governance practices, Saudi Re have updated its corporate governance policy and recommended the general assembly of shareholders for approval. Moreover, several policies were updated including the Code of Professional Conduct, Conflict of Interest Policy, Reporting Non-Compliant Practices Policy, Outsourcing Policy and Investment Management Policy.

Finally, I would like to thank those who have contributed to the continued success of Saudi Re, including our shareholders, clients and business partners for their continued confidence in the company, as well as all regulating bodies, the board of directors, management and our employees.

Sincerely



Board of Directors



**Mr. Hesham
Al-Sheikh**
Chairman of The Board



Joined Saudi Re as a Non-Executive Board Member in 2011, and he serves as the Chairman of the board, in addition to his role as the Chairman of the Executive Committee and the Chairman of the Investment Committee of the Company. Currently he sits on the Board of Probitas Holding Company (Bermuda), the Saudi Civil Aviation Holding Company, Watan

First Financial Institute, and Ashmore Saudi Arabia Investments. He has more than 25 years of experience in the Banking and Investments sectors during which he assumed various leading positions most of it was at the Arab National Bank in Saudi Arabia. Mr. Al-Shaikh has Bachelor's degree in Business Management specialized in Applied Mathematics and Economics from California University in USA

**Mr. Mishari
Al-Hussain**
Vice Chairman



Joined Saudi Re as an Independent Board Member in 2009, he serves as the Vice Chairman of the Board, and the Chairman of the Nomination and Remuneration Committee and a member of the Investment Committee of the Company. He sat on the Board of the Saudi Investment Bank, as well as in a number of other Companies in the fields of Nutrition,

Real-estates development and Training and Education. He has more than 35 years of experience in the Banking and Financial sectors during which he assumed various leading positions concluding with the role of the Managing Director of Al-Jazira Bank in Saudi Arabia. Mr. Al-Hussain has Bachelor's degree in Business Administration from Oregon State University in USA

**Mr. Ahmad
Sabbagh**
Board Member



Joined Saudi Re as a Non-Executive Board Member in 2008, he served as the Chairman of the Audit Committee from 2009 to 2015, and currently he serves as a member of the Nomination and Remuneration Committee, and the Risk and Underwriting Committee of the Company. Moreover, he's the General Manager of the Islamic Insurance Company in Jordan and also he considered as one of its founders

and a former member of its Board of Directors, also he's a member of the Board of Trustees of the Arab Insurance Institute. He has more than 45 years of experience in the Insurance and Reinsurance industry during which he assumed various leading positions, such as being the President of the International Federation of Takaful and Islamic Insurance Companies for 6 years. Mr. Sabbagh has Bachelor's degree in Business Administration from Beverly Hills University California in USA.



**Mr. Jean-Luc
Gourgeon**
Non-Executive Board Member

Joined Saudi Re as a Non-Executive Board Member in 2011, he serves as the Chairman of the Risk and Underwriting Committee, and a member of the Executive Committee. Currently he's a Board Member of Probitas Holding Company (Bermuda), and the Deputy CEO of Mamda Re in Morocco, also he's the Founder and CEO of his own Company, Jean-Luc Gourgeon Ltd. He has more than 30 years of experience in Insurance and

Reinsurance Industry, as he was the General Manager of Everest Re Europe in UK and the CEO of Paris Re in France. Mr. Gourgeon has Master's degree with honor in Mechanics Science from Ecole Centrale de Lyon, Claude Bernard University in France, INSA Lyon. He also holds a political science degree of Institut d'Etudes Politiques de Paris.



**Mr. Mohamad
Al-Otaibi**
Vice Chairman

Joined Saudi Re as an Independent Board Member in May 2017, and he serves as a member of the Investment Committee of the Company. He's the Chairman of the National Gas and Industrialization Company (GAZCO) in Saudi Arabia. Currently he sits on the Board of Riyadh Bank, and Al Yamamah Steel Industries Company. He has more than 30 years of experience in Banking and Marine Shipping Industry during which he assumed different

leading positions, last of which was the Acting CEO of the National Shipping Company of Saudi Arabia (Bahri). Mr. Al-Otaibi has MBA specialized in Finance from Western Michigan University, also he holds AMP from Harvard University in USA.



**Mr. Fahad
Al-Hesni**
Board Member

Joined Saudi Re as an Executive Board Member in 2011, and he serves as the Managing Director and the Chief Executive Officer, in addition to his membership of the Executive Committee and the Investment Committee of the Company. Currently he's a Board Member of Probitas Holding Company (Bermuda). Moreover, a member of the International Insurance Society (IIS), the Vice Chairman of the Reinsurance Committee and a member of the Executive Committee of the Gulf Insurance

Federation (GIF). He has more than 20 years of experience in the Insurance and Reinsurance industry during which he assumed various leading positions in the fields of Business Development, Underwriting and Claims Management. Mr. Al-Hesni has Master's degree in Insurance & Risk Management from City University of London and an Association degree from the Chartered Insurance Institute (CII) in UK.

**Mr. Ismail
Mahbob**
Independent Board Member



Joined Saudi Re as an Independent Board Member in 2012, he serves as a member in the Audit Committee and the Risk and Underwriting Committee of the Company. Currently he's a Board Member of the Export-Import Bank of Malaysia Berhad and the MUFG Bank (Malaysia) Berhad (formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad). "He has over 35 years experience in

the insurance/reinsurance/retakaful industry during which he assumed various senior management positions in the companies he worked with. His last posting prior to retirement in 2012 was as the President/CEO of MNRB Retakaful Berhad, Malaysia. Mr Ismail has a Diploma in Marketing from the Chartered Institute of Marketing (UK) and a Chartered Islamic Finance Professional from INCEIF (The International Centre for Education In Islamic Finance, Malaysia)".

**Mr. Mansour
Al-Bosaily**
Non-Executive Board Member



Joined Saudi Re as a Non-Executive Board Member in 2012, he serves as a member of the Executive Committee and the Nomination and Remuneration Committee of the Company. Currently he's the Chairman of the HSBC Saudi Arabia Company, and a Board Member of Saudi Ground Services Company, Amlak International Company, Jabal Omar

Development Company and United Electronics Company (Extra). He has more than 30 years of experience in Banking and Legal Affairs sectors, as he was the Executive Director of the Legal Affairs Department and the Secretary-General of the Saudi British Bank (SABB). Mr. Al-Bosaily has Bachelor's degree in Law & Systems from King Saud University in Saudi Arabia

**Mr. Hammam
Badr**
Non-Executive Board Member



Joined Saudi Re as a Non-Executive Board Member in 2013, he serves as a member of the Nomination and Remuneration Committee and the Risk and Underwriting Committee. Currently he's the Chairman and the Managing Director of Iskan Insurance Company in Egypt. He has more than 40 years of experience in the Insurance and Reinsurance

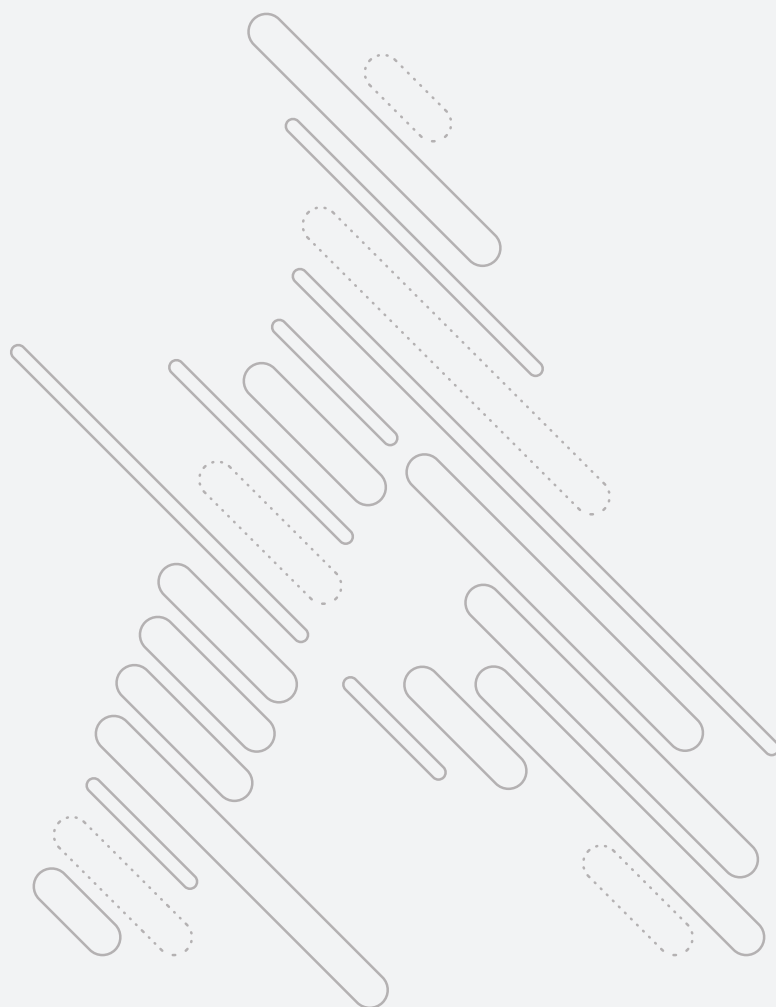
industry in the international market during which he assumed various leading positions in Companies in Cairo, Bahrain, New-York and London, he was the Chairman and the Managing Director of the Egyptian Reinsurance Company, and also he was the Chairman and the Managing Director of Al-Sharq Insurance Company in Egypt. Mr. Badr has Master's degree in Insurance from Cairo University in Egypt.



Directors Report

FIRST: SIGNIFICANT PLANS, RESOLUTIONS,
OPERATING ACTIVITIES, PROSPECTS AND RISKS





Saudi Re obtained A3 rating from Moody's with a stable outlook

Saudi Re annual report 2018 | 13



Directors Report

FIRST: SIGNIFICANT PLANS, RESOLUTIONS, OPERATING ACTIVITIES, PROSPECTS AND RISKS

1. SIGNIFICANT BOARD RESOLUTIONS

- Update of the Corporate Governance Policy and proposing it to the General Assembly for voting.
- Approval of the 2019 Budget and Business Plan.
- Approval of the structure of the retrocession program for 2018/2019.
- Approval to underwrite and renew the participation in a reinsurance program in Lloyd's market for the year 2018.
- Approval of the Financial Condition Report submitted by the appointed actuary of 2017 financial year.
- Approval of the amendment of several policies including the Code of Professional Conduct, Conflict of Interest Policy, Reporting Non-Compliant Practices Policy, Outsourcing Policy and Investment Management Policy.

2. OPERATING ACTIVITIES

2.1 Marketing and Sales

The business development activities during 2018 were focused on further strengthening the relationship with clients and brokers and raising Saudi Re profile in the regional and international markets. In 2018, Saudi Re was successful in expanding in the international geographical segments especially in the Asian and African markets which subsidized the premium decline in the local market due to non-renewal of some accounts.

With the growing presence in more than 40 markets, Saudi Re enjoys a balanced geographical mix and has achieved a record high representation of international business of 60% in 2018.

In addition, Saudi Re was actively engaged in the main regional and international industry events.

2.2 Underwriting & Claims

2018 recorded positive underwriting results attributable to the risk diversification, the geographical balance as well as a number of improvement initiatives relating to the underwriting and pricing practices. Underwriting surplus increased 40% from SAR 37 million in 2017 to SAR 52 in 2018, while loss ratio decreased to 66% in 2018 compared to 70% in the previous year. These results were mainly driven by the positive performance in the Fire, General Accident and Motor lines of business.

2.3 Manpower and Training

Saudi Re considers the development of its human resources among its strategic priorities and strives to achieve the highest level of professionalism in service delivery to its clients and partners. In 2018, Saudi Re continued to carry on the "Saudi Re Development Program" (SRDP) in association with some of the most recognized training providers and business schools locally and abroad with the aim to develop the technical and soft skills of Saudi Re staff and help them to attain the required professional qualifications in various fields.

Furthermore, Saudi Re participated in a number of development programs which included "The Lloyd's Market Saudi Insurance Professionals Development Program" and the "The Insurance Leaders Preparation Program" with the support of the Saudi Arabian Monetary Authority.

As part of Saudi Re's role in developing the local reinsurance industry, Saudi Re recorded a nationalization ratio of 63% by the end of 2018 and received a high green rating in the Nationalization Program "Nitaqat".

2.4 Information Systems

During 2018, Saudi Re started the Digital Transformation Strategy project aiming at developing the technological capabilities to serve the growth potential locally and internationally, as well as improving business processes to achieve operational excellence.

Furthermore, Saudi Re completed phase 2 of the rollout of the internal Communication Portal which included availing compliance related tools to support compliance activities such as the automation of UN sanction lists, as well as other tools serving Risk Management and Investor Relations functions.

In line with Saudi Re plans to foster a secure technological environment, several tools were implanted as part of the Cyber Security Strategy.

2.5 General Developments

Saudi Re was assigned A3 insurance financial strength rating by Moody's with stable outlook and also AA+ rating by Tassnief with stable outlook

3. BUSINESS PROSPECTS

The business plan toward 2020 was designed in line with the overall strategic approach adopted by Saudi Re which focuses on improving the competitive position of Saudi Re through the accurate identification and penetration of the high potential segments of the markets and the careful selection of risks to achieve positive technical results while maintaining balance in the book of business.

The reinsurance business is subject to external factors which show prospects for potential correction in the pricing which would positively reflect on the technical results for the reinsurance industry.

As for the investment performance, potential pressure is expected on the investment returns during 2019 because of the U.S. Federal Reserve's decision to hold interest rates steady.

In the Saudi market, positive impact is expected as a result that the implementation of the initiatives of the Financial Sector Development Program which include development in motor insurance, mortgage, and saving and protection insurance.

4. CURRENT AND FUTURE RISKS

The Board sets the Company's risk appetite, risk tolerance, strategic planning and business plans, and the business is managed through the Board of Directors, Board sub-Committees and the Management team.

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

As per the external auditors note (30) of the financial statements, the company is exposed to risks relating to reinsurance, retrocession, claims management, reserving, credit, liquidity, currency, market, special commission rate, capital management, fair value of the financial instruments and Regulatory framework.

The internal annual review of the risk in 2018 identified the following current and future risks:

4.1 Reinsurance Risk

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

4.2 Retrocession Risk

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

4.3 Claims Management Risk

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

4.4 Claim Reserving Risk

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

4.5 Credit Risk

This risk arises from the default of counterparties such as retrocessionaires, cedents, brokers and debt issuer. This risk is controlled through a set of measures including selection process, financial position, legal status, etc. Also, it is controlled through establishing close relationships, continuous monitoring and follow up.

4.6 Liquidity Risk

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



Directors Report

FIRST: SIGNIFICANT PLANS, RESOLUTIONS,
OPERATING ACTIVITIES, PROSPECTS AND RISKS

4.7 Currency Risk

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

4.8 Market Risk

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

4.9 Legal and Regulatory Compliance Risks

The company is required to be in compliance with legal and regulatory requirements for regulatory bodies such as, Saudi Arabian Monetary Agency, Saudi Capital Market Authority, the Ministry of Commerce and Investment and the Ministry of Labour and Social Development. The company applies a strict compliance policy and has in place a dedicated compliance department reporting to the Audit Committee.

4.10 Cyber Risk

It is the exposure of Saudi Re operations, organizational assets, individuals, other organizations, and the Nation, to unauthorized access, use, disclosure, disruption, modification or destruction of information and/or information systems. Saudi Re uses different policies, security concepts, guidelines, and risk management approaches to protect Saudi Re's information assets against internal and external threats. To manage those risks Saudi Re trained all the employees to identify the methods of those attacks and how to handle them in a professional manner



4.11 Reputation risk

The company's reputation is important to gain and maintain the trust of its clients and other stakeholders. Negative news about the company in direct or indirect To mitigate this risk the company retains the trust of its partners in a good manner through a suitable contact channel, and demonstrating the strength of the company and its brand in all Times. The company also has financial strength rating AA + by SIMAH's Credit Rating Agency, Tassnief, and A3 rating from Moody's.

4.12 Rating Risk

Reinsurance companies are subject to rating downgrade by the rating agencies if they do not meet the agencies' requirements and expectations. Such downgrade could affect a company's business expansion and growth potential. The rating agencies primarily assess the company's ability to comply with its financial requirements; therefore, financial losses, significant growth or sovereign rating of Saudi Arabia is a major factor affecting the company's ability to comply with rating agencies financial requirements. To mitigate this risk, the Company manages the capital required by the rating agencies on a quarterly basis and periodically discusses with them to update them in respect of the business and market and if any concerns raised are addressed and appropriate action is taken if there is any significant change in the Company's risk profile.



Directors Report

Second: Operating Results and Significant Differences





Diversification across 40+ markets in MENA, Asia and Africa

Saudi Re annual report 2018 | 19



Directors Report

Second: Operating Results and Significant Differences

1. STATEMENT OF FINANCIAL POSITION FOR THE PAST FIVE YEARS

In Thousand Saudi Riyals	2018	2017	2016	2015	2014
REINSURANCE OPERATIONS ASSETS					
Bank balances and Cash	22,344	53,494	42,892	61,026	1,455
Time deposits	73,896	58,003	67,552	35,218	13,125
Accrued special commission income from time deposits	408	869	1,070	72	-
Premiums receivable, net	200,024	358,871	181,957	195,142	112,739
Investments held at fair value through income statement	56,100	106,316	93,447	73,707	124,912
Accrued insurance premiums	409,778	372,088	262,340	440,824	220,186
Retroceded share of unearned premiums	33,081	117,679	3,758	7,363	2,080
Deferred excess of loss premiums	11,432	14,300	17,517	17,390	17,312
Retroceded share of outstanding claims	198,433	59,889	94,772	47,116	78,178
Retroceded share of claims incurred but not reported	59,937	105,950	15,878	13,381	26,962
Deferred acquisition costs	99,895	100,345	81,705	94,148	63,512
Prepaid expenses, deposits and other assets	177,872	103,964	49,276	91,222	28,113
Due from shareholders' operations	110,965	144,462	152,144	130,783	188,020
Property and equipment, net	2,213	2,286	3,403	5,456	6,269
Total Reinsurance Operations Assets	1,456,378	1,598,516	1,067,711	1,212,848	882,863

In Thousand Saudi Riyals

2018

2017

2016

2015

2014

SHAREHOLDERS' ASSETS

Bank balances and Cash	9,542	31,738	27,950	31,917	26,568
Time deposits	196,235	-	112,457	118,849	-
Accrued special commission income from time deposits	1,671	3	2,191	540	70
Accrued special commission income from bonds and Sukuk	2,664	3,831	4,144	2,221	3,704
Investments held at fair value through income statement	496,474	758,752	724,579	687,580	732,672
Investments in associate	97,294	91,954.00	-	-	-
Held to maturity investments	-	-	-	-	145,470
Prepaid expenses, deposits and other assets	31,088	228	45	406	64
Statutory deposit	121,500	100,000	100,000	100,000	100,000
Accrued income on statutory deposit	15,549	13,128	10,242	7,592	7,037
Property and equipment, net	30,376	31,250	32,110	32,999	33,521
Total Shareholders' Assets	1,002,393	1,030,884	1,013,718	982,104	1,049,106
Total Assets	2,458,771	2,629,400	2,081,429	2,194,952	1,931,969

Directors Report

Second: Operating Results and Significant Differences

In Thousand Saudi Riyals

2018

2017

2016

2015

2014

REINSURANCE OPERATIONS LIABILITIES AND SURPLUS

Accounts Payable	19,928	16,648	18,217	10,102	22,618
Retrocession balances payable	22,899	229,764	51,920	14,927	4,173
Accrued retroceded premiums	15,840	7,891	76	354	1,129
Unearned premiums	380,171	461,489	306,479	502,998	238,458
Outstanding claims	662,467	445,954	433,740	398,692	403,152
Claims incurred but not reported	330,481	415,099	246,274	275,428	206,690
Unearned retrocession commission	6,410	7,542	848	1,807	750
Accrued expenses and other liabilities	7,560	5,743	3,906	4,185	2,480
End of services indemnities	6,594	5,729	3,958	3,165	2,481
Total Reinsurance Operations Liabilities	1,452,350	1,595,859	1,065,418	1,211,658	881,931

In Thousand Saudi Riyals

2018

2017

2016

2015

2014

REINSURANCE OPERATIONS SURPLUS

Accumulated surplus	4,028	2,657	2,293	1,190	932
Total Reinsurance Operations Liabilities and surplus	1,456,378	1,598,516	1,067,711	1,212,848	882,863

In Thousand Saudi Riyals

2018

2017

2016

2015

2014

SHAREHOLDERS' LIABILITIES AND EQUITY SHAREHOLDERS' LIABILITIES

SHAREHOLDERS' LIABILITIES

Provision for Zakat and income tax	38,244	37,431	39,728	39,419	35,442
Due to reinsurance operations	110,965	144,462	152,144	130,783	188,020
Accrued expenses and other liabilities	4,987	7,070	6,303	2,174	1,182
Accrued commission income payable to SAMA	15,549	13,128	10,242	7,592	7,037
Total Shareholders' Liabilities	169,745	202,091	208,417	179,968	231,681

In Thousand Saudi Riyals

2018

2017

2016

2015

2014

SHAREHOLDERS' EQUITY

Share capital	810,000	1,000,000	1,000,000	1,000,000	1,000,000
Statutory reserve	8,815	6,071	6,071	6,071	6,071
Other reserves	1,075	(1,962)	-	-	-
Retained earnings / (accumulated deficit)	12,758	(175,316)	(200,770)	(203,935)	(188,646)
Total Shareholders' Equity	832,648	828,793	805,301	802,136	817,425
Total Shareholders' Liabilities And Equity	1,002,393	1,030,884	1,013,718	982,104	1,049,106
Total Reinsurance Operations Liabilities, Shareholders' Liabilities and Equity	2,458,771	2,629,400	2,081,429	2,194,952	1,931,969

Directors Report

Second: Operating Results and Significant Differences

2. RESULTS OF OPERATIONS FOR THE PAST FIVE YEARS

In Thousand Saudi Riyals	2018	2017	2016	2015	2014
REVENUES					
Gross written premiums	721,605	942,007	985,510	804,826	556,290
Retroceded premiums	(72,997)	(274,514)	(5,582)	(12,177)	(6,101)
Excess of loss expenses	(31,712)	(30,571)	(41,744)	(37,857)	(35,595)
Net written premiums	616,896	636,922	938,184	754,792	514,594
Change in net unearned premium	(3,281)	(41,088)	192,914	(259,257)	(23,697)
Net earned premiums	613,615	595,834	1,131,098	495,535	490,897
Retrocession commissions	16,468	11,258	2,982	2,774	1,948
Premium deficiency reserve	-	-	-	-	26,167
TOTAL REVENUES	630,083	607,092	1,134,080	498,309	519,012

In Thousand Saudi Riyals	2018	2017	2016	2015	2014
UNDERWRITING COSTS AND EXPENSES					
Net claims incurred	(404,054)	(419,114)	(908,631)	(339,483)	(401,011)
Policy acquisition costs and profit commissions	(172,472)	(146,126)	(164,692)	(114,533)	(103,811)
Other underwriting expenses	(1,997)	(4,710)	(4,928)	(4,024)	(2,781)
TOTA UNDERWRITING COSTS AND EXPENSES	(578,523)	(569,950)	(1,078,251)	(458,040)	(507,603)

In Thousand Saudi Riyals	2018	2017	2016	2015	2014
NET UNDERWRITING INCOME	51,560	37,142	55,829	40,269	11,409
Special commission income from deposits	4,140	2,858	3,028	202	70
Realized gains /(losses) on investments held at fair value through income statement	1,568	188	99	(73)	226
Unrealized (losses) / gains on investments held at fair value through income statement	(368)	3,931	2,352	1,325	2,431
Investment management expenses	(404)	(505)	(344)	(315)	(240)
Net investments income	4,936	6,472	5,135	1,139	2,487
Other Income	-	-	-	216	59
Allowance for doubtful debts	1,575	(333)	(2,331)	935	(1,234)
General and administrative expenses	(40,577)	(38,540)	(35,728)	(37,480)	(21,827)
Foreign exchange losses	(3,784)	(1,097)	(11,875)	(2,501)	291
Total income for the period	13,710	3,644	11,030	2,578	(9,397)
Total income attributed to the reinsurance operations	(1,371)	(365)	(1,103)	(258)	-
Total income for the period attributable to the shareholders	12,339	3,279	9,927	2,320	(9,397)

Directors Report

Second: Operating Results and Significant Differences

In Thousand Saudi Riyals	2018	2017	2016	2015	2014
SHAREHOLDERS OPERATIONS					
Investments Revenues	13,218	55,450	22,667	7,795	40,120
Investment management expenses	(3,516)	(8,947)	(2,803)	(3,001)	(3,077)
Net investments income	9,702	46,503	19,864	4,794	37,043
Other Income	905	-	-	3	248
General and administrative expenses	(6,995)	(7,854)	(9,851)	(5,272)	(14,947)
Board of directors' remunerations, meetings fees and expenses	(2,181)	(3,002)	(1,576)	(1,648)	(1,558)
Foreign exchange translation (losses) / gains	(48)	(38)	100	(91)	(550)
Net Income for the year	13,722	38,888	18,464	106	10,839

3. NOTES ON THE REINSURANCE OPERATION'S VARIANCES WITH PRIOR YEAR

In Thousand Saudi Riyals	2018	2017	Variance + or (-)	Change %
REVENUES				
Gross written premiums	721,605	942,007	(220,402)	-23%
Retroceded premiums	(72,997)	(274,514)	201,517	-73%
Excess of loss expenses	(31,712)	(30,571)	(1,141)	4%
Net written premiums	616,896	636,922	(20,026)	-3%
Change in net unearned premium	(3,281)	(41,088)	37,807	-92%
Net earned premiums	613,615	595,834	17,781	3%
Retrocession commissions	16,468	11,258	5,210	46%
TOTAL REVENUES	630,083	607,092	22,991	4%

In Thousand Saudi Riyals	2018	2017	Variance (+) or (-)	Change %
UNDERWRITING COSTS AND EXPENSES				
Net claims incurred	(404,054)	(419,114)	15,060	-4%
Policy acquisition costs and profit commissions	(172,472)	(146,126)	(26,346)	18%
Supervision and Inspection fees	(1,997)	(4,710)	2,713	-58%
TOTAL UNDERWRITING COSTS AND EXPENSES	(578,523)	(569,950)	(8,573)	2%
NET UNDERWRITING INCOME	51,560	37,142	14,418	39%
Special commission income from time deposits	4,140	2,858	1,282	45%
Realized gains on investments held at fair value through income statement	1,568	188	1,380	734%
Unrealized gains on investments held at fair value through income statement	(368)	3,931	(4,299)	-109%

Directors Report

Second: Operating Results and Significant Differences

In Thousand Saudi Riyals	2018	2017	Variance (+) or (-)	Change %
Investment management expenses	(404)	(505)	101	-20%
NET INVESTMENTS INCOME	4,936	6,472	(1,536)	-24%
Allowance for doubtful debts	(1,575)	(333)	1,908	-573%
General and administrative expenses	(40,577)	(38,540)	(2,037)	5%
Foreign exchange losses	(3,784)	(1,097)	(2,687)	245%
Total Income for the period	13,710	3,644	10,066	276%
Total income attributed to the reinsurance operations	(1,371)	(365)	(1,006)	276%
Total Income for the period attributable to the shareholders	12,339	3,279	12,339	276%

4. MAIN LINES OF BUSINESS AND RESULTS

Saudi Re conducts business on facultative and treaty reinsurance basis in Saudi Arabia, MENA countries Asia and Africa with its head office in Riyadh, Saudi Arabia and its branch in Labuan, Malaysia. The company comprises business units based on its services and products as detailed in the following table:

2018 In Thousand Saudi Riyals	Engineering	Fire	Marine	Motor	General Accident	Protection	Health	Specialty	Others	Total
REVENUES										
Gross written premiums	75,852	207,425	46,665	94,277	69,532	45,563	33,341	67,249	81,701	721,605
Retroceded premiums	(9,380)	(22,020)	(10,811)	-	(12,654)	79	-	-	(18,211)	(72,997)
Excess of loss expenses	(6,020)	(11,908)	(554)	-	(224)	(1,296)	-	-	(11,710)	(31,712)
Net written premiums	60,452	173,497	35,300	94,277	56,654	44,346	33,341	67,249	51,780	616,896
Change in unearned premium, net	7,855	2,706	(471)	(9,358)	1,949	3,741	(4,425)	(8,116)	2,838	(3,281)
Net earned premiums	68,307	176,203	34,829	84,919	58,603	48,087	28,916	59,133	54,618	613,615
Commissions on retroceded business	1,830	5,043	811	-	3,340	(58)	-	-	5,502	16,468
TOTAL REVENUES	70,137	181,246	35,640	84,919	61,943	48,029	28,916	59,133	60,120	630,083
UNDERWRITING COSTS AND EXPENSES										
Net claims incurred	(42,351)	(104,449)	(18,328)	(48,254)	(30,651)	(46,690)	(27,172)	(40,848)	(45,311)	(404,054)
Policy acquisition costs & profit commissions	(23,429)	(57,541)	(12,243)	(25,373)	(18,552)	(2,577)	(719)	(21,482)	(10,556)	(172,472)
Other underwriting expenses	(137)	(550)	(133)	(332)	(185)	(129)	(113)	(94)	(324)	(1,997)
TOTAL UNDERWRITING COSTS AND EXPENSES	(65,917)	(162,540)	(30,704)	(73,959)	(49,388)	(49,396)	(28,004)	(62,424)	(56,191)	(578,523)
NET UNDERWRITING INCOME / (Loss)	4,220	18,706	4,936	10,960	12,555	(1,367)	912	(3,291)	3,929	51,560

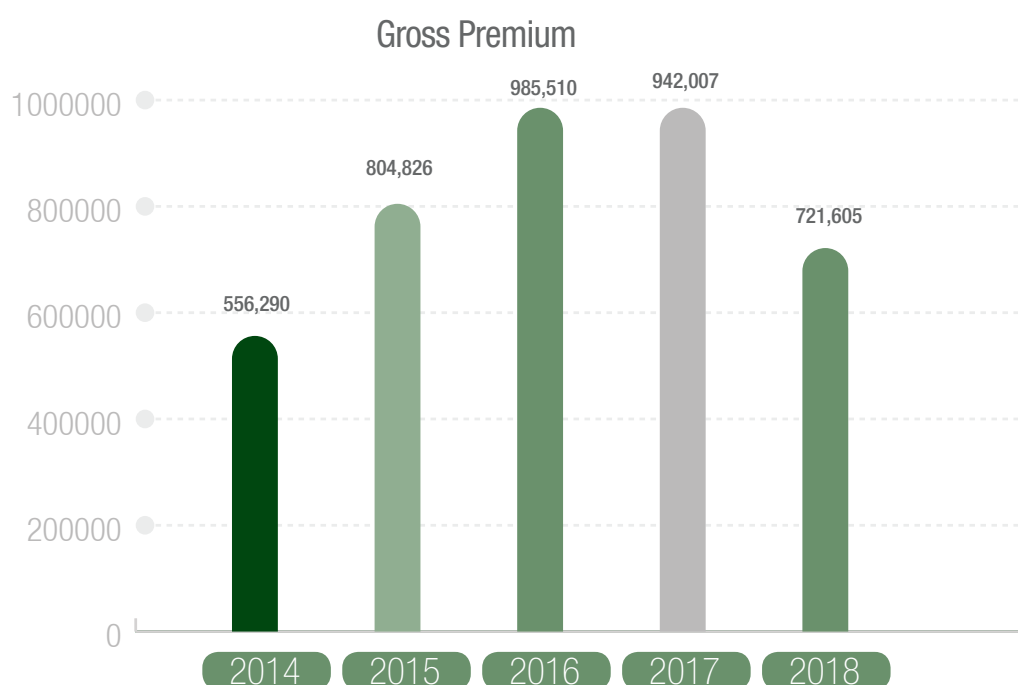
Directors Report

Second: Operating Results and Significant Differences

5. WRITTEN PREMIUMS AND GEOGRAPHIC ANALYSIS

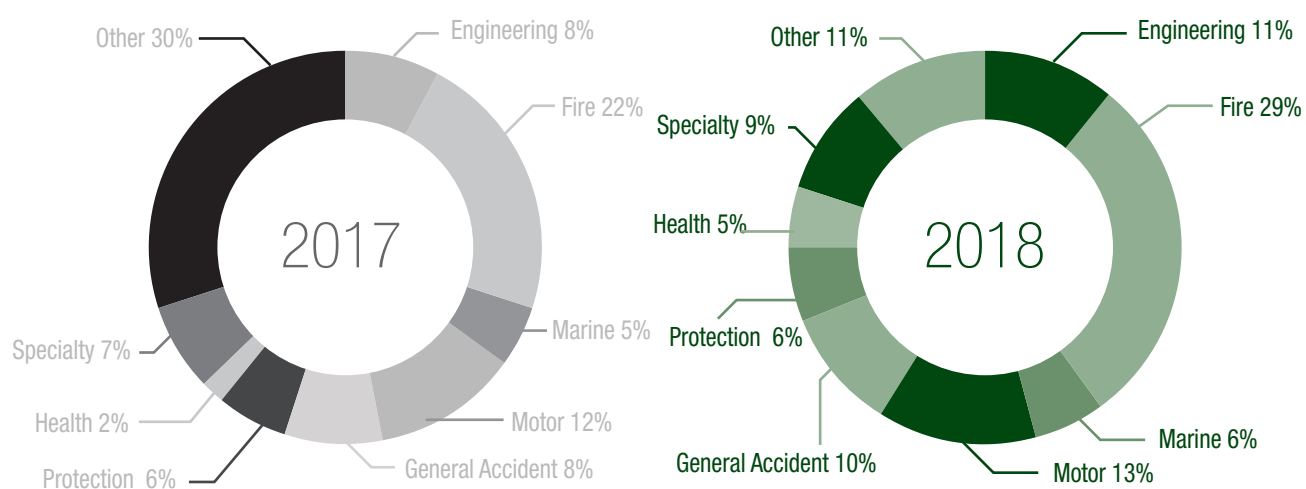
Gross premiums written decreased by 23% in 2018 to SR 721,605 thousand from SR 942,007 thousand in 2017.

The following graph indicates the gross premiums written during the period 2014-2018 (in thousand Saudi Riyals).



The following table displays the distribution of written premiums over major business segments:

Segment	2018	2017	Variance	Change %
Engineering	75,852	77,540	(1,688)	-2%
Fire	207,425	201,208	6,217	3%
Marine	46,665	47,262	(597)	-1%
Motor	94,277	113,588	(19,311)	-17%
General Accidents	69,532	75,981	(6,449)	-8%
Protection	45,563	56,149	(10,586)	-19%
Health	33,341	18,006	15,335	85%
Specialty	67,249	68,105	(856)	-1%
Others	81,701	284,168	(202,467)	-71%
Total	721,605	942,007	(220,402)	-23%

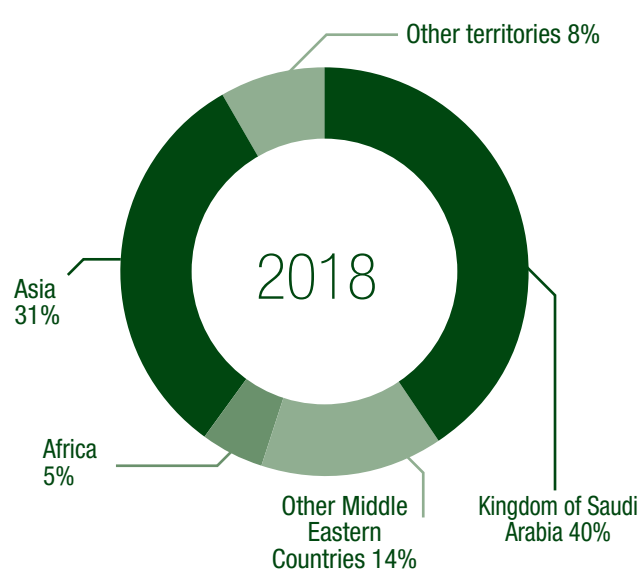
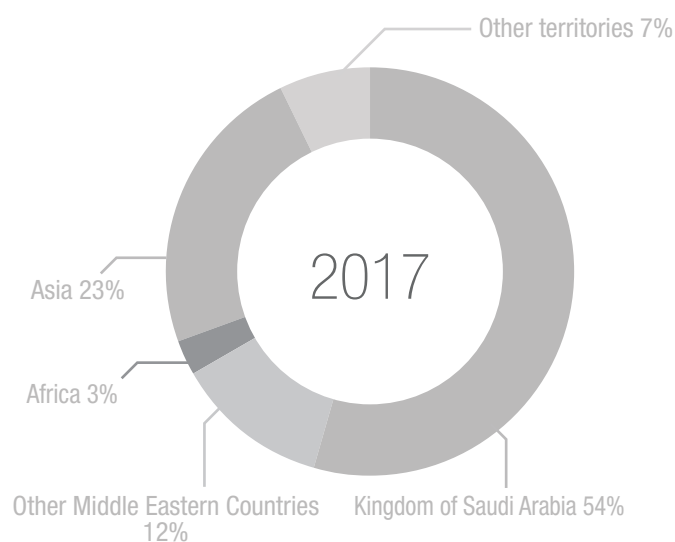


Directors Report

Second: Operating Results and Significant Differences

Geographical analysis of gross premiums written, thousands

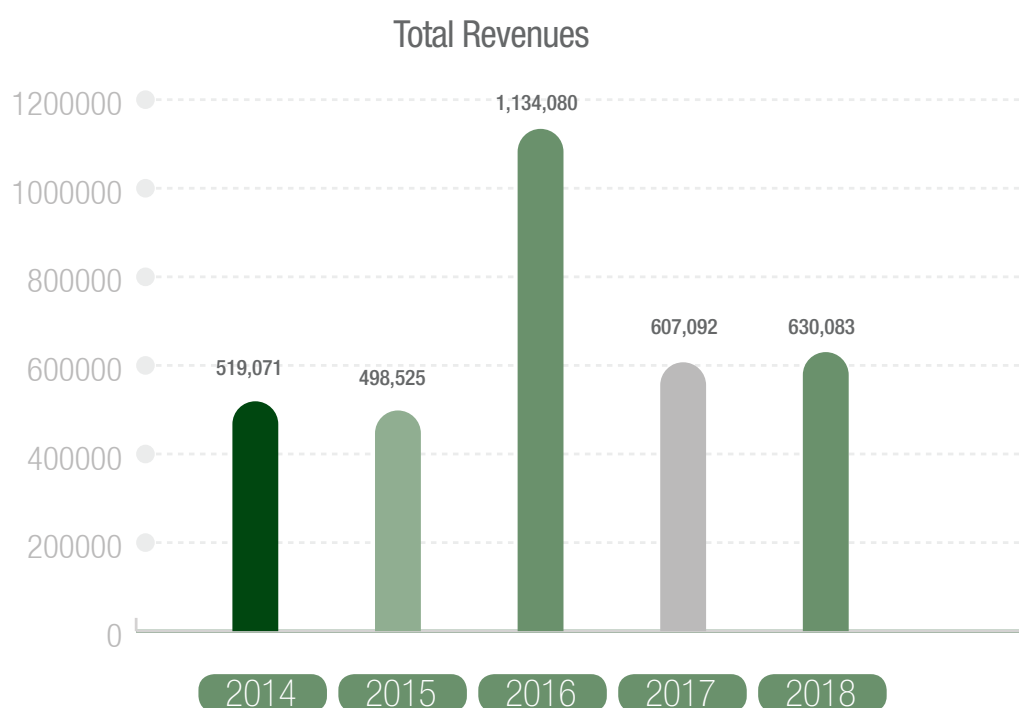
Geographical segment	2018		2017	
	%	GWP	%	GWP
Kingdom of Saudi Arabia	40%	288,453	54%	509,970
Other Middle Eastern Countries	14%	100,630	12%	110,254
Africa	5%	35,101	3%	31,615
Asia	31%	224,526	23%	221,262
Other territories	8%	72,895	7%	68,906
Total	100%	721,605	100%	942,007



6. TOTAL UNDERWRITING REVENUES

Total underwriting revenue increased by 4% to SR 630,083 thousand in 2018 from SR 607,092 thousand in 2017 main contribution to this was the increase in net earned premiums by 3%.

The following diagram shows the total revenues from 2014-2018 (in thousand Saudi Riyals).



Following the details of underwriting revenues

Revenues	2018	2017	Variance	Change %
Net earned premiums	613,615	595,834	17,781	3%
Retrocession commissions	16,468	11,258	5,210	46%
Total	630,083	607,092	22,991	4%

Geographical analysis of underwriting revenues

Revenues	2018	2017	Variance	Change %
Within Kingdom of Saudi Arabia	232,784	248,000	(15,216)	-6%
Outside Kingdom Of Saudi Arabia	397,299	359,092	38,207	11%
Total	630,083	607,091	22,991	4%

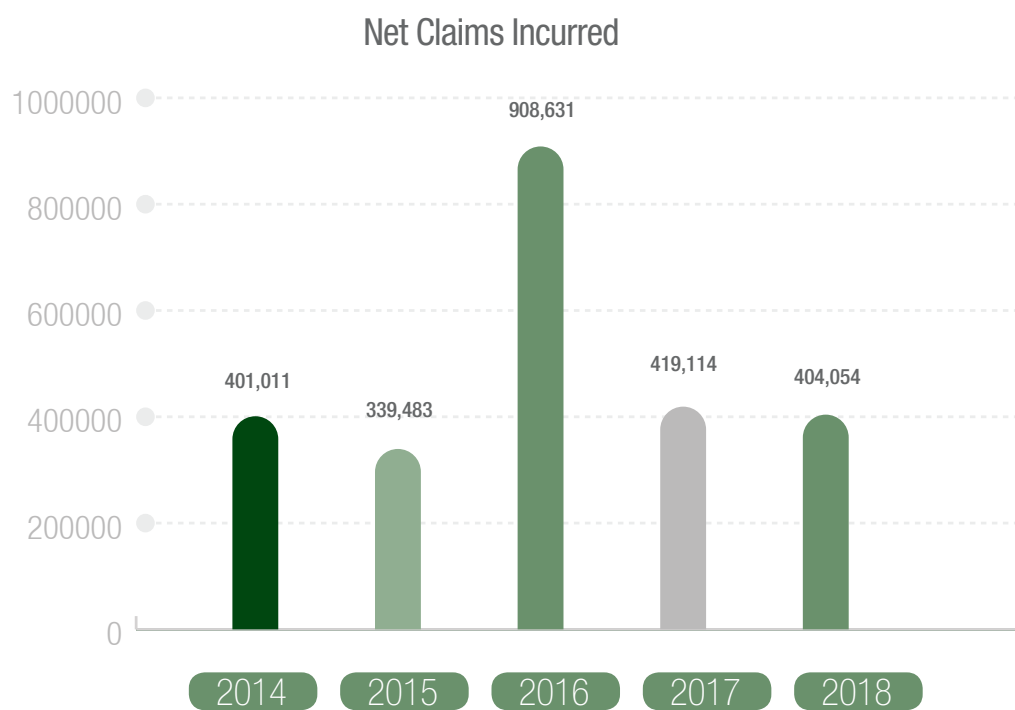
Directors Report

Second: Operating Results and Significant Differences

7. NET INCURRED CLAIMS

The net claims incurred after deduction of reinsurers share decreased by 4% to SR 404,054 thousand in 2018 from SR 419,114 thousand in 2017.

The following diagram shows the net claims incurred from 2014-2018 (in thousand Saudi Riyals).



8. TOTAL COSTS AND EXPENSES

Total costs and expenses for policyholders' operations increased by 2% to SR 621,309 thousand in 2018 from SR 609,920 thousand in 2017 due mainly to the increase in policy acquisition costs. While the total costs and expenses for shareholders' operations decreased by 15% to SR 9,176 thousand in 2018 from SR 10,856 thousand in 2017.

Following the details of costs and expenses for policyholders' operations

Policyholders operations costs and expenses	2018	2017	Variance	Change %
Net claims incurred	404,054	419,114	(15,060)	-4%
Policy acquisition costs and profit commissions	172,472	146,126	26,346	18%
Other underwriting expenses	1,997	4,710	(2,713)	-58%
Allowance for doubtful debts	(1,575)	333	(1,908)	-573%
General and administrative expenses	40,577	38,540	2,037	5%
Foreign exchange losses	3,784	1,097	2,687	245%
Total	621,309	609,309	11,389	2%

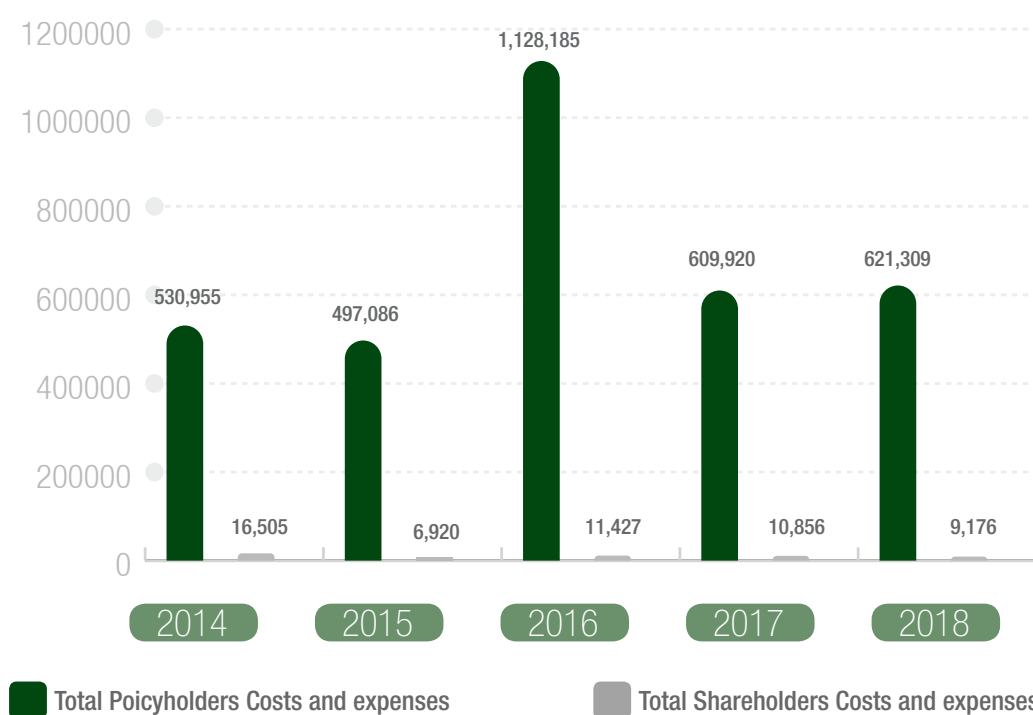
Following the details of costs and expenses for shareholders' operations

Shareholders operations costs and expenses	2018	2017	Variance	Change %
General and administrative expenses	6,995	7,854	(859)	-11%
Board of directors remunerations, meetings fees and expenses	2,181	3,002	(821)	-27%
Total	9,176	10,856	(1,680)	-15%

Directors Report

Second: Operating Results and Significant Differences

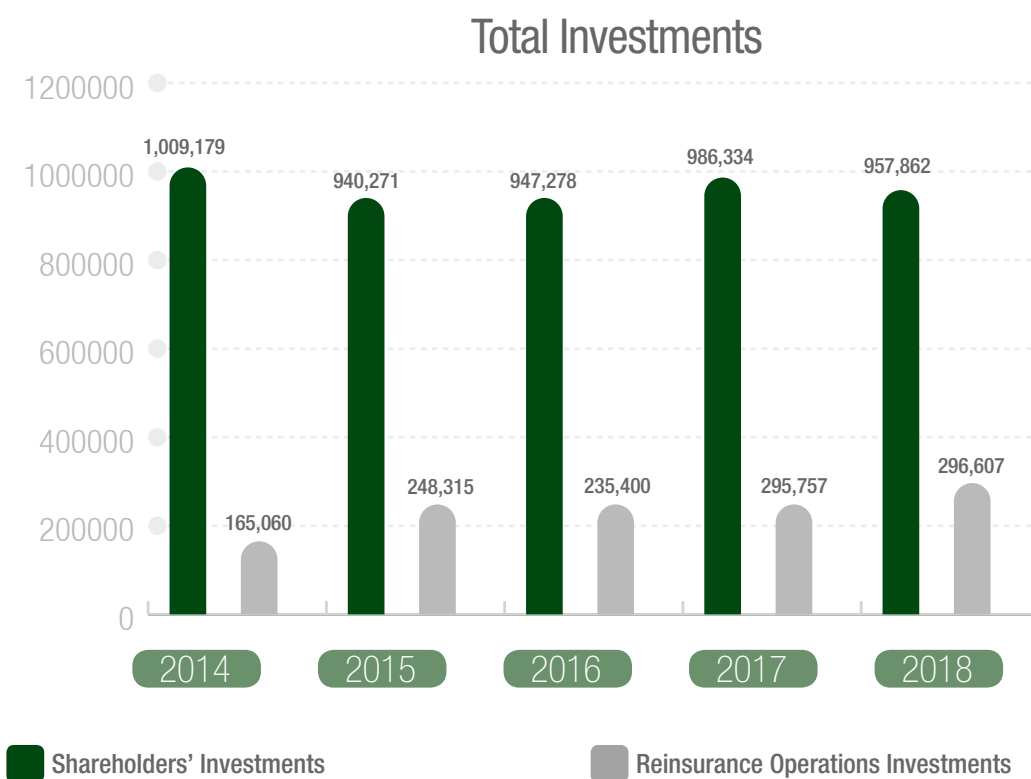
Total Costs and Expenses



9. TOTAL INVESTMENTS

Total shareholders' investments were SR 927,052 thousand in 2018 as compared with SR 986,334 thousand in 2017, lower by 3%. The total reinsurance operations investments were SR 296,607 thousands in 2018 compared with SR 295,757 thousands in 2017, higher by 0.30%.

The following figure shows total investments during the period 2014-2018 (in thousand Saudi Riyals).



Directors Report

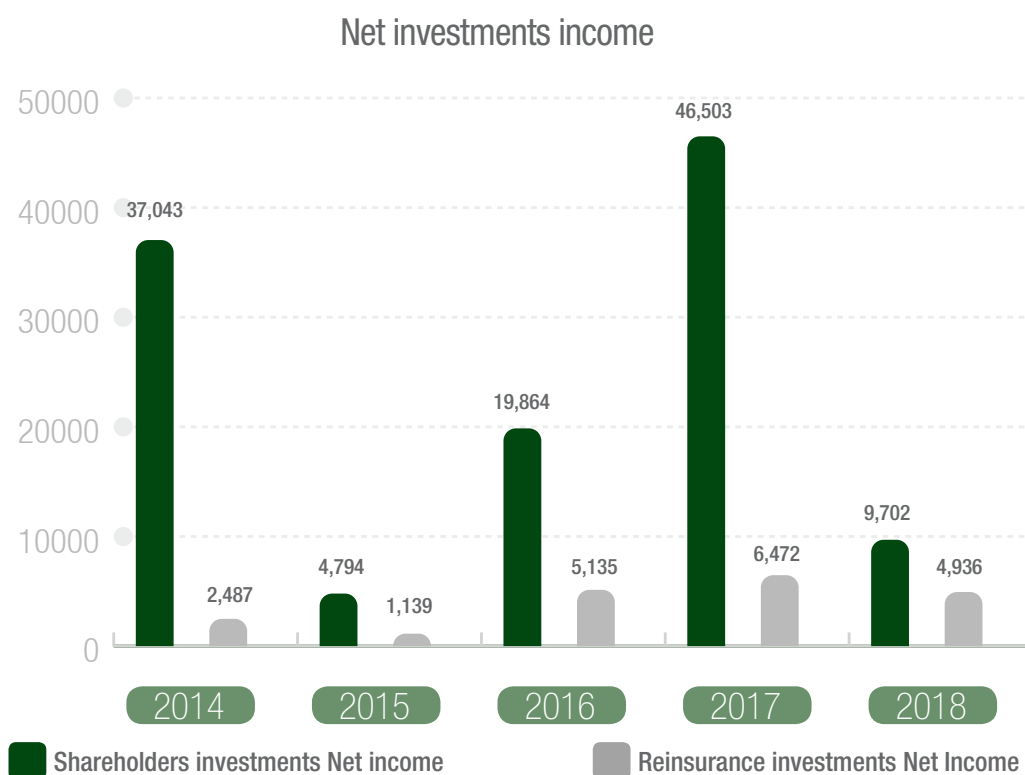
Second: Operating Results and Significant Differences

10. NET INVESTMENTS INCOME

The net Income generated from investments of reinsurance funds, net of investment management expenses were SR 4,936 thousand in 2018 as compared with SR 6,472 thousand in 2017, lower by 24%.

As such as the net income generated from shareholders' fund investments, net of investment management expenses was SR 9,702 thousand in 2018 as compared with SR 46,503 thousand in 2017, lower by 79%. Due to the performance of the financial markets during 2018.

The following figure shows the investments net income during 2014-2018 (in thousand Saudi Riyals).



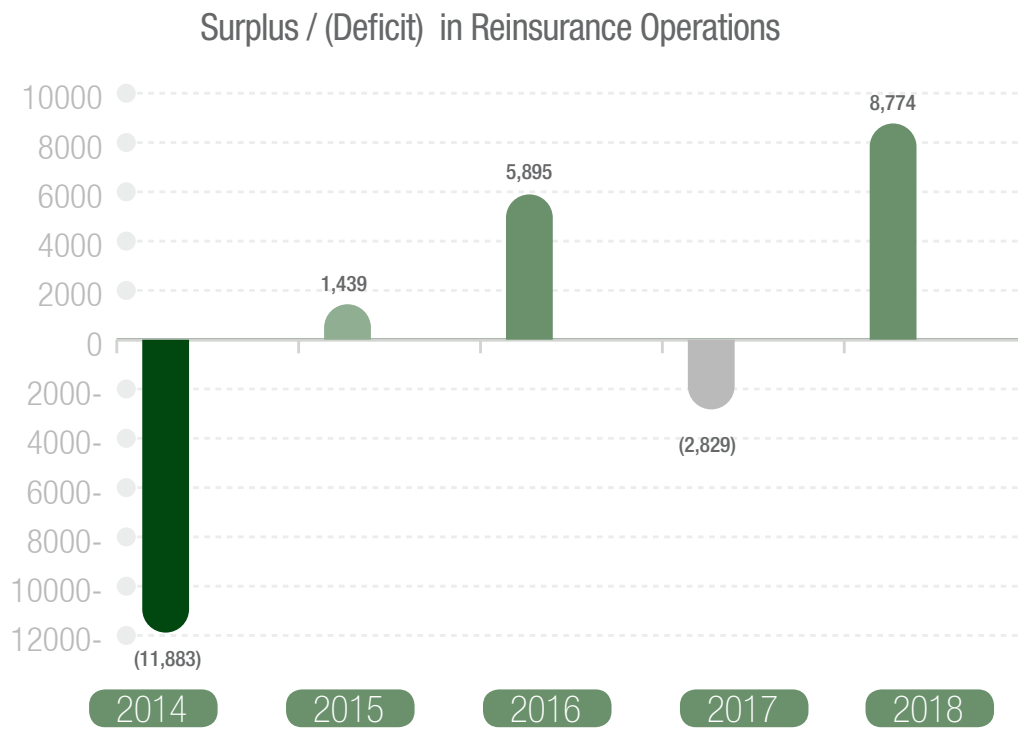
Geographical analysis of Net investments.

Geographical segment	2018		2017	
	reinsurance investments net income	Shareholders investments net income	reinsurance investments net income	Shareholders investments net income
Within the Kingdom of Saudi Arabia	2,319	15,012	3,821	13,146
Outside the Kingdom of Saudi Arabia	2,617	(5,310)	2,651	33,357
Total	4,936	9,702	6,472	46,503

11. SURPLUS / (DEFICIT) FROM REINSURANCE OPERATIONS

Reinsurance operations before investment returns posted a surplus of SR 8,774 thousand during 2018 as compared with a deficit of SR 2,829 thousand in 2017. This due to decrease in net earned premiums by 3%.

The following figure shows the surplus / (deficit) in reinsurance operations during 2014-2018 (in thousand Saudi Riyals).



Directors Report

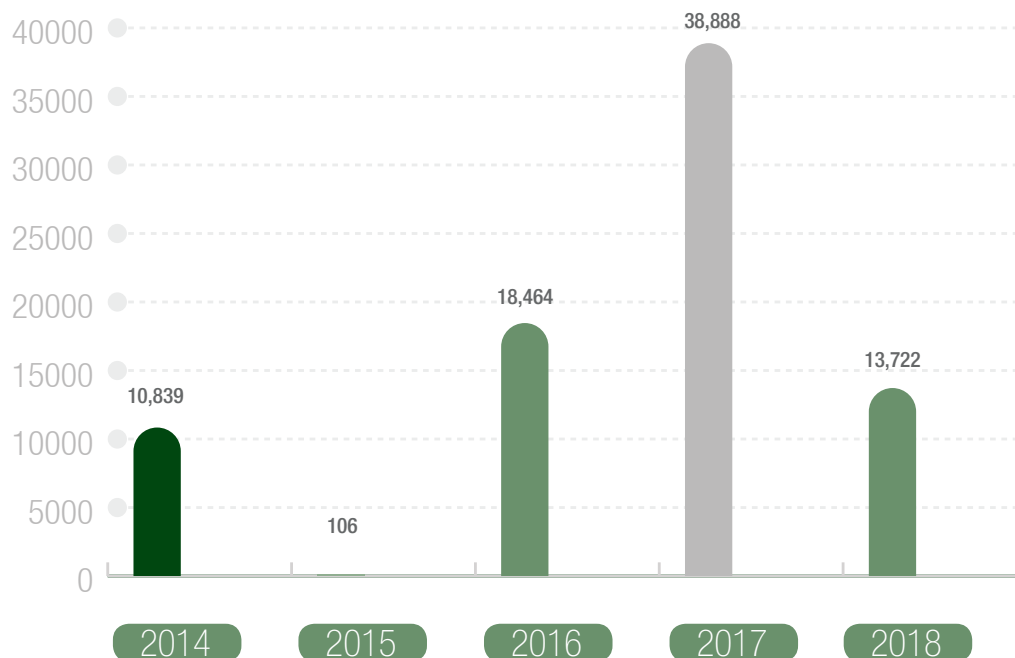
Second: Operating Results and Significant Differences

12. NET INCOME FROM SHAREHOLDERS' OPERATIONS

Shareholders' operations recorded a net income of SR 13,722 thousand in 2018 as compared with a net income of SR 38,888 thousand in 2017, decreased by 65%. This is attributed to the decrease in income is mainly due to decrease in shareholders investments net income by 79%.

The following diagram indicates total net income from shareholders operations during the period 2014-2018 (in thousand Saudi Riyals).

Net Income from Shareholders' Operations



Statement of Shareholders Operations during the Period 2014-2018

In Thousand Saudi Riyals	2018	2017	2016	2015	2014
Investment Revenues	13,218	55,450	22,667	7,795	40,120
Investment Management expenses	(3,516)	(8,947)	(2,803)	(3,001)	(3,077)
Net investments income	9,702	46,503	19,864	4,794	37,043
Other Income	905	-	-	3	248
General and administrative expenses	(6,995)	(7,854)	(9,851)	(5,272)	(14,947)
Board of directors' remunerations, meetings fees and expenses	(2,181)	(3,002)	(1,576)	(1,648)	(1,558)
Foreign exchange translation (losses) / gains	(48)	(38)	100	(91)	(550)
Shareholders appropriation from reinsurance operations Surplus	12,339	3,279	9,927	2,320	(9,397)
Net Income for the year	13,722	38,888	18,464	106	10,839

Directors Report

Second: Operating Results and Significant Differences

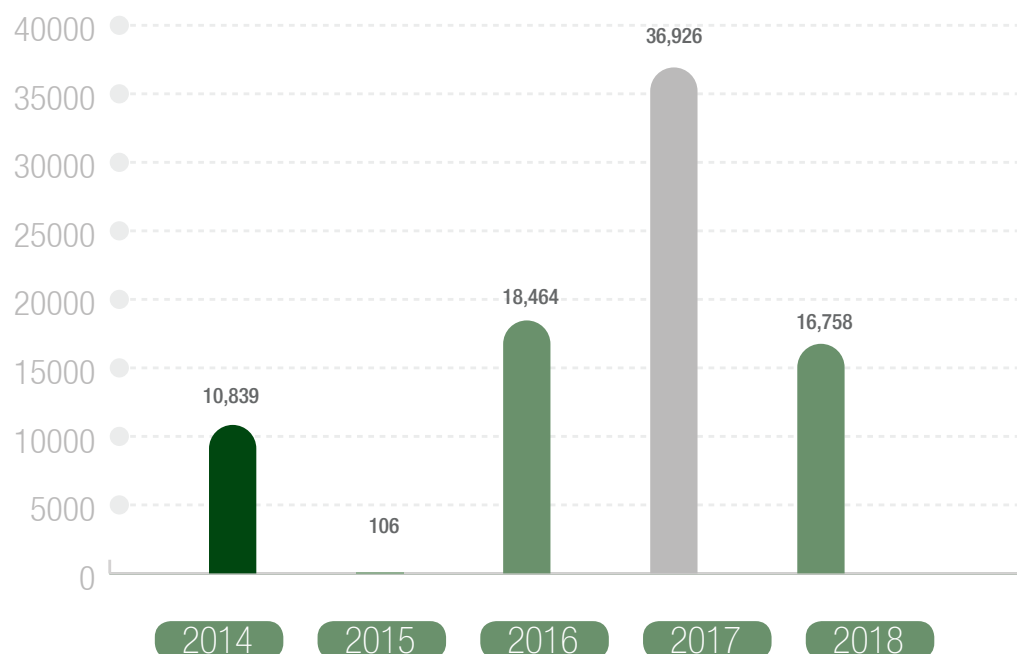
13. TOTAL COMPREHENSIVE INCOME/(DEFICIT)

Total comprehensive income was SR 16,758 thousand in 2018 as compared with an income SR 36,926 thousand in 2017. Lower by 55%.

Statement of Shareholders Comprehensive Operations during the Period 2014-2018

In Thousand Saudi Riyals	2018	2017	2016	2015	2014
NET INCOME FOR THE YEAR	13,722	38,888	18,464	106	10,839
OTHER COMPREHENSIVE INCOME / (LOSS)	3,036	(1,962)	-	-	-
Total	16,758	36,926	18,464	106	10,839

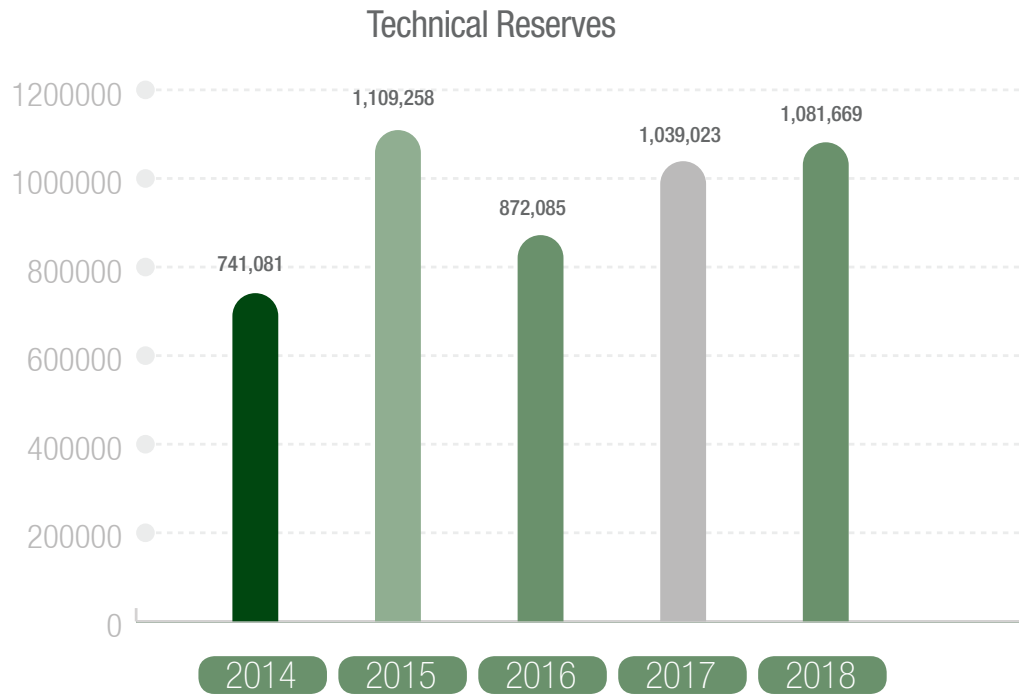
Total Comperhensive income



14. TECHNICAL RESERVES

Technical reserves increased by 4% to SR 1,081,669 thousand in 2018 from SR 1,039,023 thousand in 2017.

The following diagram depicts the technical reserves during the period 2014-2018 (in thousand Saudi Riyals).



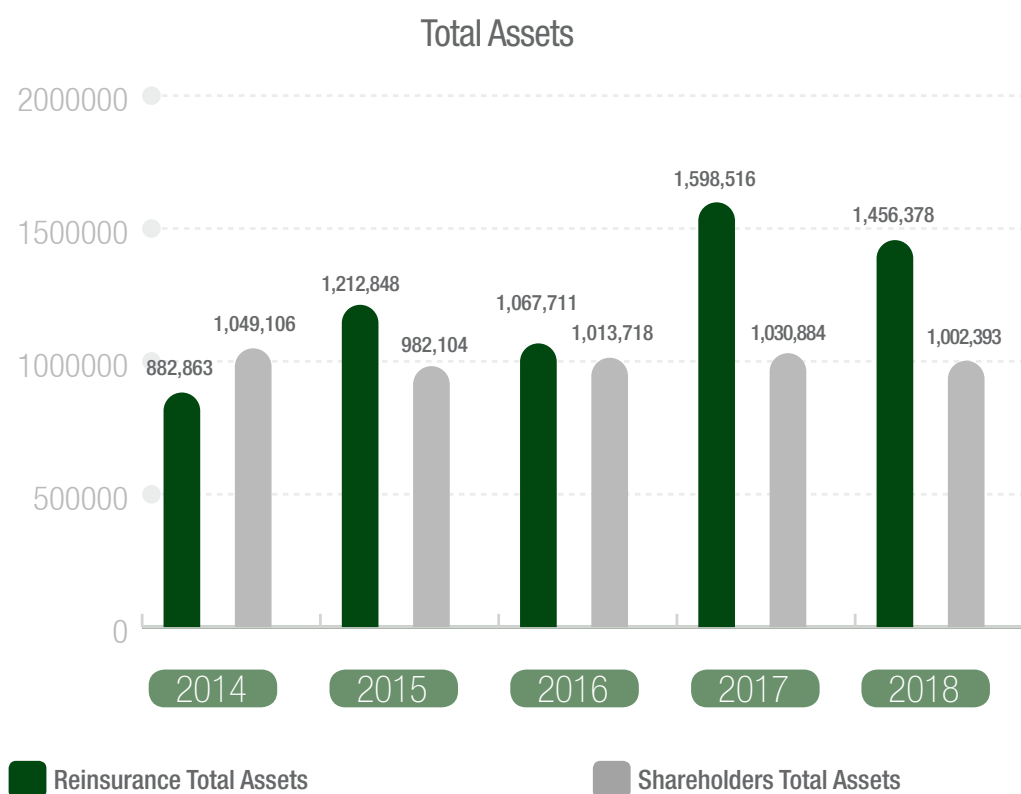
Directors Report

Second: Operating Results and Significant Differences

15. ASSETS

Assets decreased by 6% to SR 2,458,771 thousand in 2018 from SR 2,629,400 thousand in 2017. Reinsurance operation assets totaled to SR 1,456,378 thousand in 2018 as against SR 1,598,516 thousand in 2017, and total shareholders assets were SR 1,002,393 thousand in 2018 as compared with SR 1,030,884 thousand in 2017.

The following diagram depicts assets during the period 2014-2018 (in thousand Saudi Riyals).





16. DIVIDEND POLICY

The Company decided not to pay dividends. The Company dividends policy aims to achieve suitable returns to the Company's shareholders in one or more of the following:

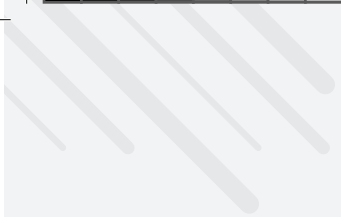
1. Distribution of cash dividends to the shareholders taking into consideration the financial position of the company, solvency margin requirements, available credit lines and the general economic situation.
2. Stock dividends taking into consideration the requirements and conditions related to retained earnings and other stock holder's equity in the balance sheet.
3. Shareholders who are registered at the end of trading before of the General Assembly at which dividend preminent is approved will be entitled for the dividends.
4. Dividends will be paid in accordance with the dates specified by the Board of Directors.



Directors Report

Third: Obligations, Disclosures and Declarations
According to The Regulations





Improved underwriting and technical results

Saudi Re annual report 2018 | 47



Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

1. COMPLIANCE WITH RULES AND REGULATIONS

In general, the Company complied in 2018 with the laws and regulations applicable in Saudi Arabia. These include:

- Laws and regulations issued by CMA.
- Laws and regulations issued by SAMA, including The Corporate Governance Regulation.
- Zakat and Income Tax Regulations issued by the Zakat and Income Tax Department.
- Labor Law issued by the Ministry of Labor.
- The Company Law issued by the Ministry of Commerce and investment

2. COMPLIANCE WITH CORPORATE GOVERNANCE REGULATIONS

During 2017, the Company was in compliance with stipulations indicated in the Corporate Governance Regulations except for the following:

Article	Article Description	Reasons
20 C7	Under : Issues Affecting Independence 7) if he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account	Corporate governance regulations issued by SAMA excluded the insurance contact.

3. GENERAL ASSEMBLY MEETINGS

During the year 2018, the Company held two General Assembly meetings as detailed below:

- The General Assembly meeting dated 1/01/2018 was chaired by Mr. Mishari Al-Mishari (Vice- Chairman) and was attended, Mr. Mansour Al-Bosaily, Mr. Ahmad Sabbagh and Mr. Fahad Al-Hesni (MD-CEO)
- The General Assembly meeting dated on 30/04/2018 was headed by Mr. Hesham Al-Shaikh (Chairman of the Board) and was attended by Mr. Mishari Al-Mishari (Vice Chairman), Mr. Mohamad Al-Otaibi, Mr. Mansour Al-Bosaily, Mr. Jean-Luc Gourgeon, Mr. Hammam Badr, Mr. Ismail Mahbob and Mr. Fahad Al-Hesni (MD-CEO)

4. THE PROCEDURES THAT THE BOARD TOOK TO INFORM THEIR MEMBERS OF THE INVESTORS SUGGESTIONS

The Investor Relations function in Saudi Re has collated and analyzed the suggestions and comments received from the shareholders thru the interaction via communication channels or the general assembly meetings and submitted the findings to the Board of Directors.

5. COMPOSITION OF THE BOARD OF DIRECTORS, DIRECTOR CATEGORIES AND MEMBERSHIPS IN BOARDS OF OTHER JOINT STOCK COMPANIES FOR EACH DIRECTOR

Category*	Name	Term	Other Joint Stock Companies of which the Directors are Board Members	Type
Non-Executive Director	Mr. Hesham AL-Shaikh Chairman of the Board of Directors	Renewed from 11/05/2017 To 10/05/2020	Ashmore Investment KSA	Private Company
			Saudi Civil Aviation Holding Company	Governmental Company
			Probitas Holdings (Bermuda) Ltd	Closed Joint – Stock Company
			Watan First Institute	Limited Company
			Bank AlJazira (Previous)	Joint Stock Company
			Arab National Bank (Previous)	Joint Stock Company
			Saudi Investment Bank (Previous)	Joint Stock Company
Non-Executive Director	Mr. Mishari AL-Mishari Vice Chairman	Renewed from 11/05/2017 To 10/05/2020	Doroob for Education and Training	Governmental Company
			Hana Water Company	Private Company
			Enwanuk Real Estate Development	Private Company
			Saudi Fund for Development (Previous)	Governmental Company
			Aloula Real Estate Development	Closed Joint – Stock Company
			Sadan National Limited (Previous)	Closed Joint – Stock Company
			Bank AlJazira (Previous)	Joint Stock Company
			Islamic Insurance Company (Jordan)	Limited Joint Stock Company
Non-Executive Director	Mr. Ahmad Sabbagh	Renewed from 11/05/2017 To 10/05/2020	Contempro For Housing Projects P.L.C	Joint Stock Company
			Tunisia Takaful Insurance Company - Tunisia	Joint Stock Company
			Al Aman Takaful Insurance – Beirut (Previous)	Closed Joint – Stock Company
			The Islamic Insurance Company – Jordan (Previous)	Joint Stock Company

Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

Category*	Name	Term	Other Joint Stock Companies of which the Directors are Board Members	Type
Non-Executive Director	Mr. Jean-Luc Gourgeon	Renewed from 11/05/2017 To 10/05/2020	Jean-Luc Gourgeon Company	Limited Company
			Probitas Holdings (Bermuda) Ltd	Closed Joint – Stock Company
			Probitas Corporate capital limited	Closed Joint – Stock Company
			Probitas Holdings UK Ltd.	Limited Company
			Probitas 1492 Services Ltd.	Closed Joint – Stock Company
			Paris Re Holdings Ltd – France (Previous)	Closed Joint – Stock Company
			GTT Company - France (Previous)	Closed Joint – Stock Company
			Cunningham Lindsey Group - USA (Previous)	Limited Company
Independent	Mr. Hammam Badr	Renewed from 11/05/2017 To 10/05/2020	Iskan Insurance Company (Egypt)	Closed Joint – stock Company
			Housing & Real Estate Investment Company	Closed Joint – stock Company
			Data & Transaction Services Company - (Egypt)	Closed Joint – stock Company
			Egyptian Reinsurance Company – Egypt (Previous)	Governmental Company
			Al-Shrq Insurance Company – Egypt (Previous)	Governmental Company
Independent	Mr. Mansour Al-Bosaily	Renewed from 11/05/2017 To 10/05/2022	United Electornics Company	Joint Stock Company
			Jabal Omar Development Company	Joint Stock Company
			HSBC KSA	Closed Joint – Stock Company
			Saudi Ground Services Company	Joint Stock Company
			Amlak International	Closed Joint – Stock Company
Independent	Mr. Ismail Mahbob	Renewed from 11/05/2017 To 10/05/2020	Export-Import Bank of Malaysia	Governmental Company
			MUFG Bank (Malaysia) Berhad	Subsidiary
			MNRB Retakaful Berhad (Previous)	Subsidiary

Category*	Name	Term	Other Joint Stock Companies of which the Directors are Board Members	Type
Independent	Mr. Mohamad Al-Otaibi	Elected From 11/05/2017 To 10/05/2020	Al Yamamah Steel Company	Joint - stock Company
			Riyad Bank	Joint - stock Company
			National Gas and Industrialization Company (GASCO)	Joint - stock Company
			Abo Moati Company (Previous)	Joint - stock Company
			United Arab Company for Flat Glass (Previous)	Closed Joint – Stock Company
			Middle East Shipment Company – Emirate (Previous)	Limited Company
			NSCSA AMERICA – USA (Previous)	Limited Company
			Bahri Company (Previous)	Limited Company
			National Chemical Carriers Ltd. Co (Previous)	Limited Company
			West of England Company (Previous)	Limited Company
Executive Director	Mr. Fahad Al-Hesni	Renewed from 11/05/2017 To 10/05/2020	International Shipowners Re (Previous)	Limited Company
			Probitas Holdings (Bermuda) Ltd.	Closed Joint – Stock Company
			Probitas Holdings UK Ltd	Closed Joint – Stock Company
			Probitas 1492 Services Ltd	Closed Joint – Stock Company

6. RESPONSIBILITIES OF THE BOARD OF DIRECTORS:

- Providing strategic guidance to the Company, including setting objectives and formulating strategic plans.
- Supervising the implementation of strategic plans and major transactions.
- Approving key policies and procedures and regularly reviewing and updating them.
- Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness.
- Establishing and monitoring a risk management system, where risks are assessed, managed, and monitored on a continuous basis.
- Selecting and changing (if needed) executives in key positions, and ensuring that the Company has an appropriate replacement policy for their replacement by an appropriate alternative with the necessary skills and eligibility for the office.
- Supervising Senior Management and monitoring the Company's performance against the performance objectives set by the Board.
- Ensuring the integrity of the Company's accounting and financial reporting system and the appropriateness of its disclosure process.
- Ensuring that the interests of the policyholders are being protected at all times.
- Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times.
- Promoting a culture of good corporate governance and high ethical standards.
- Granting Audit committee the appropriate level of authority to investigate any matter within its mandate and shall ensure that the internal audit function is autonomous and is granted full access to all the information it needs to conduct its activities. In addition, the Board should take all necessary measures to ensure the responsiveness of Senior Management to internal auditors' queries and recommendations.

Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

7. ATTENDANCE RECORD OF BOARD MEETINGS DURING 2018

Member	1st Meeting 12/03 2018	2nd Meeting 30/04 2018	3rd Meeting 30/07 2018	4th Meeting 19/08 2018	5th Meeting 29/10 2018	6th Meeting 10/12 2018	Total
Mr. Hesham Al-Shaikh	Attend	Attend	Not Attend	Attend	Not Attend	Attend	4
Mr. Mishari Al-Mishari	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Ahmad Sabbagh	Attend	Not Attend	Attend	Attend	Attend	Attend	5
Mr. Jean-Luc Gourgeon	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Hammam Badr	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Mansour Al-Bosaily	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Ismail Mahbob	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Mohamad Al-Otaibi	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Fahad Al-Hesni	Attend	Attend	Attend	Attend	Attend	Attend	6

8. BOARD COMMITTEES

8.1 Executive Committee

The General Assembly shall approve, based on proposals by the Board of Director the rules for the selection of Executive Committee members, the term of their membership and the method of the Committee work. The duties and responsibilities of the executive Committee should include the following:

- Exercising the full powers and prerogatives of the Board between Board meetings and while the Board is not in session in cases where a quick action or resolution is required or warranted, except that the Committee shall not have the power to act in lieu of the full Board in any matter in respect of which the delegation of powers is prohibited under applicable law or that requires the approval of the Company's shareholders or is specifically assigned to another committee of the Board.
- Reviewing the details of the Company's business strategy and making recommendations to the Board for approval. Reviewing the details of the Company's work plans and budget and regularly monitor the progress of the work plan and budget.
- Oversee the activities of the Chief Executive Officer of the Company.
- Supporting the Chief Executive Officer on an ad hoc basis to address specific needs or requirements. Reviewing alliance, mergers, acquisition and other strategic agreements and making recommendations to the Board for approval.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

2018 EXECUTIVE COMMITTEE MEETINGS

Member	1st Meeting 12/03 2018	2nd Meeting 30/04 2018	3rd Meeting 30/07 2018	4th Meeting 29/10 2018	5th Meeting 25/11 2018	6th Meeting 10/12 2018	Total
Mr. Hesham Al-Shaikh	Attend	Attend	Not Attend	Not Attend	Attend	Attend	4
Mr. Jean-Luc Gourgeon	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Mansour Al-Bosaily	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Fahad Al-Hesni	Attend	Attend	Attend	Attend	Attend	Attend	6

8.2 Audit Committee

The General Assembly shall approve, based on proposals by the Board of Directors, the rules for the selection of Internal Audit committee members, the term of their membership and the method of the Committee work. The duties and responsibilities of the Audit Committee should include the following:

- supervising the company's internal audit department to ensure its effectiveness in executing its activities and duties specified by the Board of Directors.
- To review the internal audit procedures and prepare a written reports on such review including its recommendations.
- Reviewing audit plan of internal auditors and external auditors and make any comments thereon.
- Assessing the efficiency, effectiveness and objectivity of work performed by external auditors, internal audit department or Internal Auditor and compliance control department or Compliance officer.
- Coordinating between internal and external auditors.
- Reviewing the internal and external auditor's assessment of internal control procedures.
- Discussing the annual and interim quarterly financial statements with external auditors and Company's Senior Management before issuance thereof.
- To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto.
- To review the accounting policies in force and advise the Board of Directors of any recommendations thereto.
- Reviewing internal financial and non-financial controls and risk management system.
- Audit Department or Internal Auditor and Head of Compliance Control Department or Compliance Officer after obtaining SAMA No Objection, their performance evaluation and remunerations for all respective staff.
- Ensuring independence of Internal Audit Department or Internal Auditor and Compliance Control Department or Compliance Officer in performing tasks, and ensuring there is no restriction in their scope of work or any impediments that might negatively affect their work.
- Reviewing related parties transactions
- Reviewing, approving and monitoring the implementation of compliance plan.
- To recommend to the Board of Directors the appointment, dismissal and the Remuneration of external auditors; taking into consideration the independence of the auditors and necessary experience in Insurance/ Reinsurance sector.
- To supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- To review the external auditor's comments on the Financial Statements and follow up on the action taken.
- Ensuring independence of External Auditors from Company, Board Members and Senior Management.
- Following-Up the reports issued by SAMA, and other relevant supervisory and control entities and making recommendations thereon to the Board.

Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

- Reviewing the Actuary Reports and making recommendation thereon for the Board.
- Ensuring the Company's compliance with the Actuary's proposals and recommendations where these are mandatory and required by Regulations or SAMA instructions.
- Determining the monthly salary, bonus and other remuneration of the Internal Audit or Compliance Control Department or the Internal Auditor or Compliance Officer in accordance with the Company's internal by-laws approved by the Board.
- Ensuring the Company has written code of conducts approved by its BOD to ensure that the Company's activities are conducted in a fair and ethical manner.
- Following Up on important lawsuits filed by or against Company and submitting periodical reports thereon to the Boards.
- Ensuring optimal use and control of information technology necessary to generate reliable information and data is in place.
- Reviewing Reports of Compliance Control Department or Compliance Officer and Internal Audit Reports and pursue the implementation of the recommended corrective measures and make necessary recommendation to Board.
- Reviewing the comments of SAMA and other relevant supervisory and control entities related to any regulatory violation or corrective actions requested and making recommendations thereon for the Board.
- Monitoring the activities of compliance department and ensuring that company's compliance with SAMA, CMA and other laws & regulations.
- Authority to investigate any activity within its terms of reference and have access to any information it may need.

Profiles of member of Audit Committee

Ali Al-Qahtani: Mr. Ali Al-Qahtani joined the Audit Committee in 2011 as an external independent member and become the Chairman of the committee in 2016. Mr. Al-Qahtani has 20 years of experience in the in the fields of Accounting, Finance within Mr. Al-Qahtani held the position of Vice President of Financial Affairs Unit in Tawuniya Insurance Company from 2007 to 2011. Mr. Al-Qahtai now currently assume the position of Vice President of Common Services in Saudi Arabian Mining Company. Mr. Al-Qahani received his Bachelor degree in Accounting from King Saud University and obtained an association ship from the Saudi Organization for Certified Public Accountants.

Hisham Al-Akil: Mr. Hisham Al-Akil joined the Audit Committee in 2016 as an external independent member. Mr. Al-Akil enjoys more than 13 years of experience in the Banking and Finance sector, during which Mr. Al-Akil occupied positions in Banking and Insurance supervision within the Saudi Arabian Monterey Agency. Mr. Al- Akil now currently assume the position of the Chief Financial Officer in Albilad Capital Company. Mr. Al-Qahani received his Master degree in Accounting from the University of Illinois and obtained an association ship from the the American Institute of Certified Public Accountant in addition he is completed the Strategic Financial Leadership program from Stanford University.

Ismail Mahbob: Mr. Ismail Mahbob joined Saudi Re as an Independent Board Member in 2012, he serves as a member in the Audit Committee and the Risk and Underwriting Committee of the Company. Currently he's a Board Member of the Export-Import Bank of Malaysia Berhad and the MUFG Bank (Malaysia) Berhad (formerly known as Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad." He has over 35 years experience in the insurance / reinsurance / retakaful industry during which he assumed various senior management positions in the companies he worked with. His last posting prior to retirement in 2012 was as the President / CEO of MNRB Retakaful Berhad, Malaysia. Mr Ismail has a Diploma in Marketing from the Chartered Institute of Marketing (UK) and a Chartered Islamic Finance Professional from INCEIF (The .International Centre for Education In Islamic Finance, Malaysia)".

2018 AUDIT COMMITTEE MEETINGS

Member	1st Meeting 27/01 2018	2nd Meeting 11/03 2018	3rd Meeting 29/04 2018	4th Meeting 29/07 2018	5th Meeting 27/10 2018	6th Meeting 09/12 2018	Total
Mr. Ali Al-Qahtani (Chairman)	Attend	Attend	Not Attend	Attend	Attend	Attend	5
Mr. Ismail Mahbob (Member)	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Hisham Al-Akil (Member)	Attend	Not Attend	Attend	Attend	Attend	Attend	5

8.3 Nomination and Remuneration Committee

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

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

- Recommending to the Board appointments to membership of the Board and its committees in accordance with the approved policies and standards. The Committee shall ensure that no person who has been previously convicted of any offense affecting honor or honesty is nominated for such membership.
- Preparing a description of the required capabilities and qualifications for the membership of the Board and its committees, including the time that a Board member should set aside for carrying out the duties of the Board and its committees.
- Reviewing at least annually the requirement and availability of suitable skills within the membership of the Board and recommending remedies that are in the company's best interest
- Recommending succession planning policies to the Board & Committees.
- Reviewing the structure of the Board and its committees and determining their points of weakness and recommending changes where needed.
- Assessing and monitoring the independence of the independent Board and Board Committee Members at least on an annual basis and ensuring that no conflict of interest exists in the cases where a Board member also acts as a member of the Board of another company.
- Drawing clear policies regarding the compensation, remunerations and indemnities of the Board (as approved by the general assembly) its committees, CEO and Senior Management employees based on their performance in achieving the Company's strategic objectives and risk adjusted profits.
- Ensuring that an annual review of remuneration and compensation plans for members of Senior Management is conducted independently of executive management.
- Making the final recommendations to the Board with regards to selecting members of the Senior Management¹ and/ or promoting current employees to Senior Management¹ positions as per SAMA's Fit and Proper rules.
- Making the final recommendations to the Board with regards to dismissing members of the Senior Management.
- Establishing a succession policy and procedure for the CEO and other key members of Senior Management¹ and monitoring the implementation of the succession plans and process.
- Evaluate the performance of the Board (overall and individual performance) and its committees in a regular basis (at least on an annual basis).
- Overseeing the induction programmers and training programs for Board Members.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

2018 NOMINATION AND REMUNERATION COMMITTEE MEETINGS

Member	1st Meeting 11/03 2018	2nd Meeting 01/10 2018	Total
Mr. Mishari Al-Mishari (chairman)	Attend	Attend	2
Mr. Ahmad Sabbagh (Member)	Attend	Not Attend	1
Mr. Hammam Badr (Member)	Attend	Attend	2
Mr. Mansour Al-Bosaily (Member)	Attend	Attend	2

8.4 Investment Committee

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

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

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

2018 INVESTMENT COMMITTEE MEETINGS

Member	1st Meeting 28/01 2018	2nd Meeting 22/04 2018	3rd Meeting 01/05 2018	4th Meeting 30/07 2018	5th Meeting 30/09 2018	Total
Mr. Hesham Al-Shaikh (chairman)	Not Attend	Not Attend	Attend	Attend	Not Attend	2
Mr. Mishari Al-Mishari (Member)	Attend	Attend	Attend	Attend	Attend	5
Mr. Mohamad Al-Otaibi (Member)	Attend	Attend	Attend	Attend	Attend	5
Mr. Fahad Al-Hesni (md/ceo)	Attend	Attend	Attend	Attend	Attend	5

8.5 Risk and Underwriting Committee

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

The duties and responsibilities of the Risk and Underwriting Committee should include the following:

- Identifying risks that may imperil the Company and maintaining an acceptable risk profile for the Company.
- Defining and obtaining board approval for the risk tolerance and the risk appetite of the company.
- Review the company's retrocession structure and strategy on a regular basis.
- Reviewing Underwriting policies and guidelines.
- Evaluate and review the Underwriting performance.
- Overseeing the risk management system and assessing its effectiveness.
- Defining a comprehensive risk management strategy for the Company, overseeing its implementation, and reviewing and updating it on a regular basis by taking into account developments that are internal and external to the Company
- Reviewing risk management policies.
- Re-evaluating the Company's tolerance for, and exposure to, risk on a regular basis (e.g., through stress testing exercises).
- Reporting to the Board details of risk exposures and recommending actions to manage them.

2018 RISK AND UNDERWRITING COMMITTEE MEETINGS

Member	1st Meeting 23/01 2018	2nd Meeting 11/03 2018	3rd Meeting 24/04 2018	4th Meeting 29/04 2018	5th Meeting 23/07 2018	6th Meeting 29/07 2018	7th Meeting 22/10 2018	8th Meeting 28/10 2018	9th Meeting 09/12 2018	Total
Mr. Jean-Luc Gourgeon (chairman)	Attend	Attend	Attend	Attend	Attend	Not Attend	Attend	Attend	Attend	8
Mr. Ismail Mahbob (Member)	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Not Attend	8
Mr. Hammam Badr (Member)	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Ahmad Sabbagh (Member)	Attend	Attend	Attend	Not Attend	Attend	Attend	Attend	Attend	Attend	8

Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

9. PROFILES OF MEMBERS OF SENIOR MANAGEMENT

Fahad Al-Hesni: Mr. Fahad Al-Hesni joined Saudi Re as an Executive Board Member in 2011, and he serves as the Managing Director and the Chief Executive Officer, in addition to his membership of the Executive Committee and the Investment Committee of the Company. Also, he's a Board Member of Probitas Holding Company (Bermuda). Moreover, a member of the International Insurance Society (IIS), the Vice Chairman of the Reinsurance Committee and a member of the Executive Committee of the Gulf Insurance Federation (GIF). He has more than 20 years of experience in the Insurance and Reinsurance industry, within which he assumed different leading positions in the fields of Business Development, Underwriting and Claims Management. Mr. Al-Hesni has a Master degree in Insurance & Risk Management from City University of London and an Association Degree from the Chartered Insurance Institute (CII).

Nilmin Pieries: Chief Financial Officer / Board Secretary. Mr. Pieries joined the company in 2010 bringing more than 25 years worth of experience in the fields of Accounting, Finance, Investment, and Risk Management. Mr. Pieries also has worked in various companies in Asia, the Gulf region and the UK, through which Mr. Pieries has gained considerable experience in the insurance and reinsurance sector. Moreover, Mr. Pieries was awarded Master's Degree in Business Administration by Nottingham University in the United Kingdom and is an associate of the Chartered Institute of Management Accountants, CIMA UK.

Momen Mukhtar: Chief Underwriting Officer since 2015. Mr. Mukhtar enjoys more than 30 years of experience in the regional and international insurance and reinsurance sector. During this period, Mr. Mukhtar held various leading positions in the fields of Underwriting and Reinsurance, last of which was General Manager of Reinsurance and Technical Support in Tawuniya Insurance Company. Mr. Mukhtar obtained Bachelor degree in Commerce and Business Administration from Helwan University in Egypt.

Ahmed Al-Jabr: Chief Operating Officer. Mr Al-Jabr Joined the company in 2011 and has experience in insurance sector of more than 17 years. Mr. Al-Jabr assumed different roles within the insurance industry covering areas of human resources, strategy, business development and claims. Mr. Al-Jabr has masters' degree in Business Administration from Bradford University in the UK.

Mamraj Chahar: Chief Investment Officer since 2014. For more than 15 years, Mr. Chahar has worked in different senior positions in the Investment and Portfolio Management fields. Mr. Chahar has a Master's degree in Accounting and Business Statistics from Rajasthan University in India, and is a fellowship of Insurance Institute of India (FII) and a Chartered Financial Analyst (CFA).

Hashim Taha: Chief Legal Affairs & Claims Officer. Mr. Taha joined the company in 2009 bringing more than 30 years worth of experience in the insurance and reinsurance industry especially in the fields of Underwriting, Claims, and Legal Affairs. Mr. Taha received his Bachelor degree in Law from Cairo University in Sudan.

Ahmed Al-Qarishi: Chief Risk Officer & Chief Actuary. Mr. Ahmed joined the company on 2014 and has experience that exceed 14 years, during which Mr. Al-Quraishi occupied positions in Banking and Insurance supervision within the Saudi Arabian Monterey Agency. Mr. Al-Quraishi has a master degree in actuarial science from Ball State University in USA, in addition he is a Fellowship of the Society of Actuaries in USA (FSA)

10. INTERESTS OF BOARD MEMBERS, THEIR WIVES, DEPENDENTS AND THEIR SUBSIDIARIES IN SHARES AND DEBT INSTRUMENTS OF THE COMPANY.

The board members, their wives and dependents or any of their subsidiaries do not have any interests in shares or debt instruments of the company other than the shareholdings mentioned in section 13.

11. PERSONS WITH INTERESTS IN ANY VOTING SHARES WHO HAS INFORMED THE COMPANY OF SUCH RIGHTS.

No person with interests in voting rights on any category of shares has notified the company of such interests.

12. DESCRIPTION OF ANY INVESTMENTS OR RESERVES ESTABLISHED BY THE COMPANY FOR THE BENEFIT OF ITS EMPLOYEES.

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

13. SHAREHOLDING PERCENTAGE OF BOARD MEMBERS AND SENIOR EXECUTIVES

Name	Number of shares and debt instruments at the beginning of the year	Percentage of ownership at the beginning of the year	Net change in the number of shares during the year	Percentage of change during the year	Total shares held at year end	Percentage of holding at year end
Mr. Hesham Al-shaikh and his family (Chairman)	8,100	0.01%	0	0%	8,100	0.01%
Mr. Mishari Al-Mishari and his family (Vice-Chairman)	4,050	0.005%	0	0%	4,050	0.005%
Mr. Ahmad Sabbagh and his family (Board member)	324,000	0.4%	0	0%	324,000	0.4%
Mr. Jean-Luc Gourgeon and his family (Board member)	0	0%	0	0%	0	0%
Mr. Mansour Al-Bosaily and his family (Board member)	57,604	0.07%	0	0%	57,604	0.07%
Mr. Ismail Mahbob and his family (Board member)	0	0%	0	0%	0	0%
Mr. Fahad Al-Hesni and his family (Executive board member)	1,215	0.0015%	48,785	0.058%	50,000	0.06%
Mr. Hammam Badr and his family (Board member)	0	0%	0	0%	0	0%
Mr. Mohamad Al Otaibi and his family (Board member)	810	0.001%	0	0%	810	0.001%
Mr. Nilmin Pieries and his family (CFO)	0	0%	0	0%	0	0%
Mr. Momen Mukhtar and his family (Chief Underwriter Officer)	0	0%	0	0%	0	0%
Mr. Ahmed AlJabr and his family (Chief Operating Officer)	0	0%	0	0%	0	0%
Mr. Mamraj Chahar and his family (Chief Investment Officer)	0	0%	0	0%	0	0%
Mr. Hashim Taha and his family (Chief Legal Affairs & Claims Officer)	0	0%	0	0%	0	0%
Mr. Ahmed Al- Qarishi and his family (Chief Risk Officer & Chief Actuary)	0	0%	0	0%	0	0%

Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

14. REMUNERATIONS OF THE BOARD MEMBERS AND SENIOR EXECUTIVES

In thousand Saudi Riyals	BOD Members (Executives)	BOD Members (Non-Executive & Independent)	5 top Executives including CEO & CFO
Salaries & Benefits	-	-	7,756
Annual compensation	120	980	1,655
Meeting Fees & Expenses	85	996	-
Consultancy fees	-	268	-
Benefits in kind granted monthly or yearly	-	-	-
Total	205	2,244	9,231

MEMBER	Board Meetings	Executive Committee Meeting	Investment Committee Meetings	Risk and Underwriting Committee Meetings	Audit Committee Meeting	Nomination and Remuneration Meetings	Total Meetings Fess	Board Remuneration	Total
Mr. Hesham Al-Shaikh	20,000	20,000	10,000	-	-	-	50,000	180,000	230,000
Mr. Mishari Al-Mishari	30,000	-	25,000	-	-	10,000	85,000	120,000	205,000
Mr. Ahmad Sabbagh	25,000	-	-	40,000	-	5,000	70,000	120,000	190,000
Mr. Jean-Luc Gourgeon	20,000	20,000	-	20,000	-	-	60,000	80,000	140,000
Mr. Hammam Badr	30,000	-	-	45,000	-	10,000	85,000	120,000	205,000
Mr. Mansour Al-Bosaily	30,000	30,000	-	-	-	10,000	70,000	120,000	190,000
Mr. Ismail Mahbob	30,000	-	-	40,000	30,000	-	100,000	120,000	220,000
Mr. Mohamad Al-Otaibi	30,000	-	25,000	-	-	-	55,000	120,000	175,000
Mr. Fahad Al-Hesni	30,000	30,000	25,000	-	-	-	85,000	120,000	205,000
Ali Al-Qahtani	-	-	-	-	25,000	-	25,000	90,000	115,000
Hisham Al-Akil	-	-	-	-	25,000	-	25,000	90,000	115,000

The General Assembly has approved on 30/04/2018 an amended remuneration policy for the board and non-board members where the sitting fees were increased to SAR 5,000 per member for each attended meeting of the board and any board committee meeting. The company's Board directors will be paid a lump-sum amount of SAR 120,000 as an annual compensation against Board directorship and contribution to Board business. The Chairman of the Board will be paid a lump-sum amount of SAR 180,000 per year. Each Non-Board member will be paid an amount of SAR 5,000 as an attendance fee per meeting per committee, whether such member is attending physically or through any remote channel and will be paid a lump sum of SAR 90,000 per year as a compensation for contribution to the Committee functions.

15. NAME OF ALL SUBSIDIARIES COMPANIES

Name of Subsidiary Company	Paid up Capital	Holding Percentage	Main Activity	Place of Main Activity Operation	Place of Incorporation
PROBITAS HOLDING LTD	4,508,982 USD	49.9%	INSURANCE	UNITED KINGDOM	BERMUDA

16. COMPANY SHARES OWNERSHIP

Shareholder Name	Holding Percentage at 01/01/2017	Holding Percentage at 31/12/2017	Change
AHMED HAMAD ALGOSAIBI & BROS. COMPANY	5%	5%	0

17. MATERIAL CONTRACTS IN WHICH BOARD MEMBERS AND EXECUTIVE MANAGEMENT HAVE INTERESTS

A consultancy services contract was arranged with Mr. Jean-Luc Gourgeon with an amount of SR 153,616 for one year till 30/04/2019. Also a reinsurance contract with Islamic Insurance Company (Jordan) with an estimated gross premium of SR 2,737,449 which is represented by Mr. Ahmed Sabbagh as a board member. In addition, a reinsurance contract for one year was made with Iskan Insurance Company in Egypt with an estimated gross premium SR 572,729 which is represented by Mr. Hammam Badr as Chairman of the board of directors. Also a reinsurance contract for one year was made with Mamda Reinsurance Company in Morocco with an estimated gross premium SR (26,784) which is represented by Mr. Jean-Luc Gourgeon as Vice Chief Executive Officer. In addition, A reinsurance contract for one year was made with Probitas corporate capital Limited (UK) with a gross premium of 21,251,938, which are both represented by Mr. Jean-Luc Gourgeon as a board member.

18. PENALTY PRECAUTIONARY PROCEDURE OR PREVENTATIVE MEASURE IMPOSED ON THE COMPANY BY THE AUTHORITY:

No penalty has been imposed on the company by any Authority

19. INTERNAL CONTROL SYSTEMS IN THE COMPANY

The internal control system intends to ensure that control and monitoring tools are in place to ensure, at a reasonable level, the soundness of financial reports and mitigation of risk. The results of the annual audit conducted by the internal auditor have not revealed any deficiency or weakness in the company's internal control system. The Audit Committee confirms that there was no conflict between the Audit Committee resolutions and the Board

Directors Report

Third: Obligations, Disclosures and Declarations According to The Regulations

20. NUMBER OF TIMES THE COMPANY REQUESTED THE SHARE REGISTER

Number of Requested Share Register	Date Of Request	Reasons Of Request
1	01/01/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
2	01/02/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
3	01/03/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
4	31/03/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
5	03/04/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
6	02/05/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
7	04/06/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
8	01/07/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
9	30/07/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
10	4/09/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
11	01/10/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
12	29/10/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
13	2/12/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right
14	31/12/2018	to comply with article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law And to calculate the differences in the shareholder right

21. STATEMENT OF ACCRUED REGULATORY PAYMENTS

Description	Paid Due	Payments Due
Zakat and Income Tax	12,090	38,244
With-holding Tax	11,965	518
Value Add Tax	8,605	2,169
General Organization for Social Insurance (GOSI)	1,914	136
SAMA's control and inspection costs	3,680	234
TOTAL	38,254	41,301

22. EXTERNAL AUDITORS

The ordinary general assembly convened on 30/04/2018 and approved the board's recommendation to appoint M/s Al-Bassam & Allied and KPMG Al-Fozan & Al-Sadhan Accountants to act jointly as external auditors of the company for the year ending 31/12/2018.

23. ACCOUNTING STANDARDS ADOPTED IN FINANCIAL STATEMENTS

The company applies the International Financial Reporting Standards ("IFRS") as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of Zakat and income tax.

The Auditor's report did not contain any reservations

24. DECLARATION

It has no loans payable on call or otherwise, and the Company has not repaid any loans during the year ended 31/12/2018.

- It has no convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company, during the financial year ended 31/12/2018.
- There have not been any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company during 2018.
- There have not been any, redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding.
- During 2018, there have not been any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration.
- During 2018, there is no any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested, other than the contracts mentioned in the item 17 here above.
- There have not been any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.

The company further declares that:

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

CONCLUSION

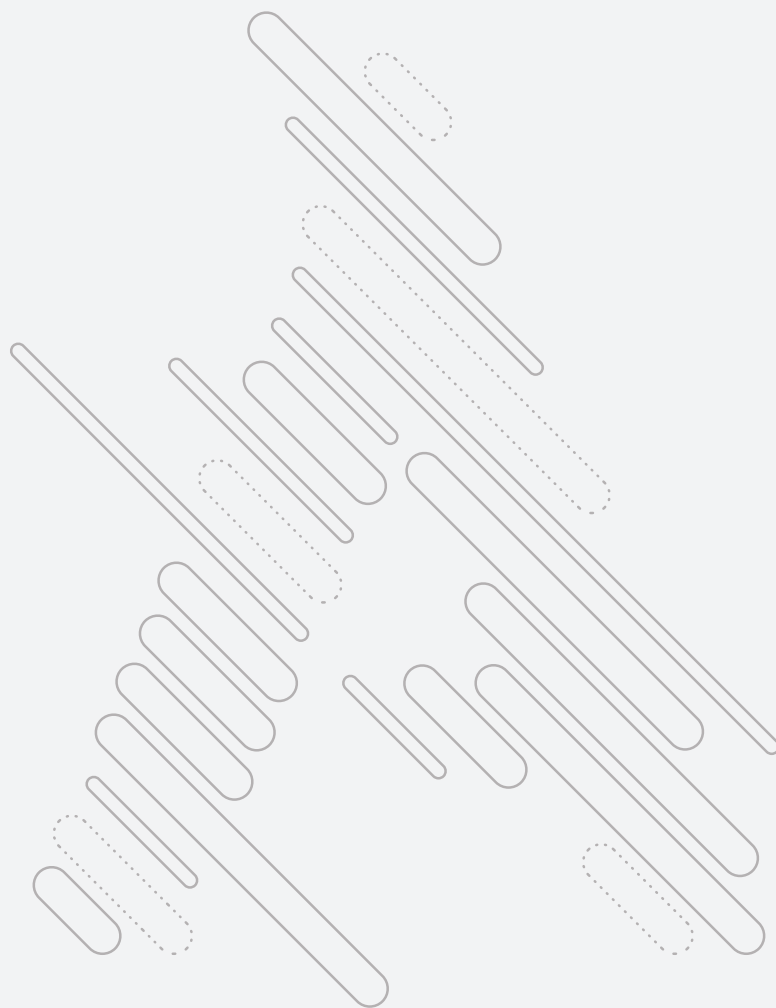
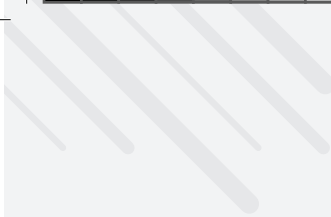
The board of directors extends appreciation and thanks to our valued customers for their trust and to all of our shareholders whose contributions play a significant role in developing the company. The board also extends its appreciation to the company's management and staff for their wholehearted efforts during the year which contributed to the progress of the company.



Financial Statements &
Independent Auditors' Report
for The Year Ended 31
December 2018

Statement of Financial Position as at
31 December 2018





Saudi Re obtained AA+ rating from SIMAH's Credit Rating Agency, Tassnief with a stable outlook

Saudi Re annual report 2018 | 65





KPMG Al Fozan & Partners
Certified Public Accountants



Al-Bassam & Co.
Allied Accountants
(Member firm of PKF International)

Independent auditors' report

To the Shareholders of Saudi Re for Cooperative Reinsurance Company

Opinion

We have audited the financial statements of Saudi Re for Cooperative Reinsurance Company, which comprise the statement of financial position as at 31 December 2018, statement of income, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISAs") as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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



KPMG Al Fozan & Partners
Certified Public Accountants



Al-Bassam & Co.
Allied Accountants
Audit - Consultants - Zakat & Tax (Member firm of PKF International)

Independent auditors' report

To the Shareholders of Saudi Re for Cooperative Reinsurance Company (continued)

Key Audit Matter (continued)

The key audit matter	How the matter was addressed in our audit
<p>Gross outstanding claims</p> <p>The Company as at 31 December 2018, has gross outstanding claims including claims Incurred But Not Reported (IBNR) amounting to SR 992.9 million as reported in Note 9 of the financial statements.</p> <p>The valuation of gross outstanding claims is the key judgmental area for management given the level of subjectivity inherent in estimating the impact of claim events that have occurred for which the ultimate outcome remains uncertain.</p> <p>The Company uses a range of actuarial methodologies to estimate these claims. This requires significant judgments relating to factors and assumptions such as inflation, claims development pattern and regulatory requirements.</p> <p>Due to significance of amount involved and the exercise of significant judgment by management in the process for determination of gross outstanding claims, we have determined it to be a key audit matter.</p> <p><i>Refer to note 5 which disclosed the estimated liability arising from claims under reinsurance contracts and note 4 which discloses accounting policies for claims.</i></p>	<p>Our audit approach relating to the valuation of gross outstanding claims was as follows:</p> <p>We assessed the design and implementation and tested the operating effectiveness of key controls over management's processes for claims processing and payment, including controls over the completeness and accuracy of the claim estimates recorded.</p> <p>On a sample basis, we tested the measurement of claims reserves on a case-by-case basis by comparing the outstanding claims to source documentation.</p> <p>We engaged our actuarial specialist to assess the methodologies and assumptions used by the management in determining the reserves for Incurred but not reported claims.</p> <p>We evaluated the completeness and accuracy of data used by management in their calculation of gross outstanding claims; and evaluated the results of liability adequacy test.</p>



KPMG Al Fozan & Partners
Certified Public Accountants



Al-Bassam & Co.
Allied Accountants
(Member firm of PKF International)

Independent auditors' report

To the Shareholders of Saudi Re for Cooperative Reinsurance Company (continued)

Other Information

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

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

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

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

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs as modified by SAMA for the accounting of zakat and income tax, the applicable requirements of the Regulations for Companies, and the Company's by-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



KPMG Al Fozan & Partners
Certified Public Accountants



Al-Bassam & Co.
Allied Accountants
(Member firm of PKF International)

Independent auditors' report

To the Shareholders of Saudi Re for Cooperative Reinsurance Company (continued)

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

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

KPMG Al Fozan & Partners
Certified Public Accountants
 P. O. Box 92876
 Riyadh 11663
 Kingdom of Saudi Arabia

Khalil Ibrahim Al Sedais
 Certified Public Accountant
 License No. 371

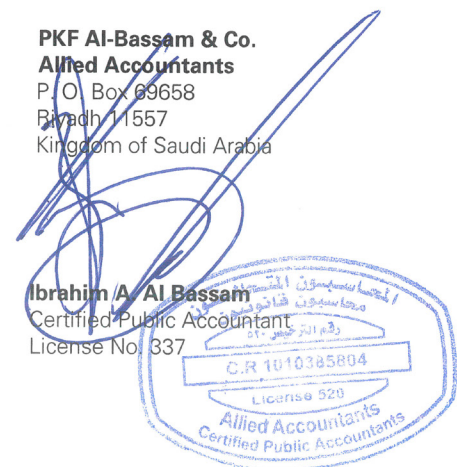


26 Rajab 1440H
 (2 April 2019)

4

PKF Al-Bassam & Co.
Allied Accountants
 P. O. Box 69658
 Riyadh 11557
 Kingdom of Saudi Arabia

Ibrahim A. Al Bassam
 Certified Public Accountant
 License No. 337







Statement of financial position



Financial Statements & Independent Auditors' Report

Statement of Financial Position

As at 31 December 2018

	Notes	2018 SR	2017 SR
ASSETS			
Bank balances and cash	6	31,886,106	33,481,770
Time deposits	14	270,131,677	109,753,125
Accrued special commission income from time deposits		2,079,624	871,978
Premium receivables, net	7	200,023,513	358,871,064
Investments held at fair value through income statement	8	552,574,107	865,067,529
Accrued reinsurance premiums	15	409,778,137	372,087,694
Retroceded share of unearned premiums	11	33,080,894	117,679,188
Deferred excess of loss premiums		11,431,609	14,299,778
Retroceded share of outstanding claims	9	198,432,518	59,889,008
Retroceded share of claims incurred but not reported	9	59,937,179	105,950,475
Deferred policy acquisition costs	12	99,895,591	100,345,144
Prepaid expenses, deposits and other assets	10	208,959,232	104,192,511
Property and equipment, net	13	32,588,898	33,535,969
Accrued special commission income from bonds and sukuk		2,663,892	3,830,983
Investment in an associate	17	97,293,816	91,954,382
Statutory deposit	28	121,500,000	100,000,000
Accrued income on statutory deposit	28	15,549,401	13,127,882
TOTAL ASSETS		2,347,806,194	2,484,938,480

	Notes	2018 SR	2017 SR
LIABILITIES			
Accounts payable		19,927,639	16,648,193
Retrocession balances payable		22,898,559	229,763,824
Accrued retroceded premiums		15,839,717	7,891,275
Unearned premiums	11	380,171,285	461,488,892
Outstanding claims	9	662,467,372	445,954,001
Claims incurred but not reported	9	330,480,733	415,098,966
Unearned retrocession commission	16	6,410,240	7,542,299
Accrued expenses and other liabilities	19	12,546,952	12,812,543
Employees' end of service benefits	18	6,593,975	5,729,277
Provision for zakat and income tax	21	38,244,253	37,431,370
Accrued commission income payable to SAMA	28	15,549,401	13,127,882
TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS		1,511,130,126	1,653,488,522

Financial Statements & Independent Auditors' Report

Statement of Financial Position

As at 31 December 2018

	Notes	2018 SR	2017 SR
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		4,028,195	2,657,160
TOTAL REINSURANCE OPERATIONS' SURPLUS		4,028,195	2,657,160
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS		1,515,158,321	1,656,145,682
SHAREHOLDERS' EQUITY			
Share capital	22	810,000,000	1,000,000,000
Statutory reserve	23	8,815,260	6,070,924
Retained earnings / (accumulated deficit)		12,757,997	(175,316,546)
Other reserves		1,074,616	(1,961,580)
TOTAL SHAREHOLDERS' EQUITY		832,647,873	828,792,798
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		2,347,806,194	2,484,938,480



Statement of Income



Financial Statements & Independent Auditors' Report

Statement of Income

For the year ended 31 December 2018

REVENUES	Notes	2018 SR	2017 SR
Gross written premiums		721,604,828	942,006,884
Retroceded premiums		(72,996,501)	(274,514,242)
Excess of loss expenses		(31,712,226)	(30,571,165)
Net written premiums	11	616,896,101	636,921,477
Change in net unearned premiums	11	(3,280,686)	(41,088,425)
Net earned premiums	11	613,615,415	595,833,052
Retrocession commissions	16	16,468,058	11,258,223
TOTAL REVENUES		630,083,473	607,091,275
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(389,327,810)	(356,660,833)
Retroceded share of claims paid		24,638,382	63,396,145
Net claims paid		(364,689,428)	(293,264,688)
Change in outstanding claims, net		(77,969,866)	(47,067,503)
Changes in incurred but not reported claims, net		38,604,939	(78,782,026)
Net claims incurred		(404,054,355)	(419,114,217)
Policy acquisition costs and profit commissions	12	(172,471,757)	(146,126,103)
Other underwriting expenses		(1,997,613)	(4,710,034)
TOTAL UNDERWRITING COSTS AND EXPENSES		(578,523,725)	(569,950,354)
NET UNDERWRITING INCOME		51,559,748	37,140,921

REVENUES	Notes	2018 SR	2017 SR
OTHER OPERATING INCOME / (EXPENSES)			
Special commission income from time deposits		5,824,455	3,648,521
Realized gains on investments held at fair value through income statement	8(iii)	677,598	1,339,323
Unrealized gains on investments held at fair value through income statement	8(iii)	3,460,417	49,948,374
Special commission income from bonds and sukuk		2,873,709	2,688,320
Dividend income		3,419,095	4,636,677
Share of profit of associate	17	2,303,238	165,962
Investment management expenses		(3,920,439)	(9,451,719)
Net investment income		14,638,073	52,975,458
Other income		904,851	-
Reversal of / (allowance for) doubtful debts	7	1,574,768	(333,440)
General and administrative expenses	24	(47,572,123)	(46,393,478)
Board of directors' remunerations, meetings fees and expenses	25	(2,180,757)	(3,002,231)
Foreign exchange translation losses		(3,831,844)	(1,135,065)
Total income for the year		15,092,716	39,252,165
Total income attributed to the reinsurance operations	32	(1,371,035)	(364,280)
Total income for the year attributable to the shareholders	32	13,721,681	38,887,885
Basic and diluted earnings per share for the year - restated	27	0.17	0.48

Financial Statements & Independent Auditors' Report

Statement of Comprehensive Income For the year ended 31 December 2018

	Note	2018 SR	2017 SR
Net income for the year		13,721,681	38,887,885
OTHER COMPREHENSIVE INCOME / (LOSS)			
ITEMS THAT MAY BE CLASSIFIED TO INCOME STATEMENT SUBSEQUENTLY			
Share of foreign currency translation reserve of an associate	17	3,036,196	(1,961,580)
Total comprehensive income for the year		16,757,877	36,926,305



Statement of changes in Shareholders' Equity



Financial Statements & Independent Auditors' Report

Statement of Changes in Shareholders' Equity For the year ended 31 December 2018

	GCC Shareholders and General Public				Non – GCC Shareholders				Total				
	Share capital	Statutory reserve	(Accumulated deficit)/ Retained earnings	Other reserves	Share capital	Statutory reserve	(Accumulated deficit)/ Retained earnings	Other reserves	Share capital	Statutory reserve	(Accumulated deficit)/ Retained earnings	Other reserves	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2018	978,047,040	5,937,649	(174,018,095)	(1,918,523)	21,952,960	133,275	(1,298,451)	(43,057)	1,000,000,000	6,070,924	(175,316,546)	(1,961,580)	828,792,798
Reduction of capital (note 22)	(185,820,000)	--	185,820,000	--	(4,180,000)	--	4,180,000	--	(190,000,000)	--	190,000,000	--	--
Transfer during the year	(8,533,290)	(63,957)	(127,120)	--	8,533,290	63,957	127,120	--	--	--	--	--	--
Net profit for the year	--	--	13,276,043	--	--	--	445,638	--	--	--	13,721,681	--	13,721,681
Other comprehensive income	--	--	--	2,937,590	--	--	--	98,606	--	--	--	3,036,196	3,036,196
Total comprehensive income for the year	--	--	13,276,043	2,937,590	--	--	445,638	98,606	--	--	13,721,681	3,036,196	16,757,877
Transfer to statutory reserve	--	2,655,209	(2,655,209)	--	--	89,127	(89,127)	--	--	2,744,336	(2,744,336)	--	--
Zakat charge for the year (note 21)	--	--	(12,863,666)	--	--	--	--	--	--	--	(12,863,666)	--	(12,863,666)
Income tax charge for the year (note 21)	--	--	--	--	--	--	(39,136)	--	--	--	(39,136)	--	(39,136)
Balance as at 31 December 2018	783,693,750	8,528,901	9,431,953	1,019,067	26,306,250	286,359	3,326,044	55,549	810,000,000	8,815,260	12,757,997	1,074,616	832,647,873
Balance as at 1 January 2017	970,890,400	5,894,202	(200,723,350)	--	29,109,600	176,722	(46,603)	--	1,000,000,000	6,070,924	(200,769,953)	--	805,300,971
Transfer during the year	7,156,640	43,447	2,031,633	--	(7,156,640)	(43,447)	(2,031,633)	--	--	--	--	--	--
Net profit for the year	--	--	38,034,296	--	--	--	853,589	--	--	--	38,887,885	--	38,887,885
Other comprehensive income	--	--	--	(1,918,523)	--	--	--	(43,057)	--	--	--	(1,961,580)	(1,961,580)
Total comprehensive income for the year	--	--	38,034,296	(1,918,523)	--	--	853,589	(43,057)	--	--	38,887,885	(1,961,580)	36,926,305
Zakat charge for the year (note 21)	--	--	(13,360,674)	--	--	--	--	--	--	--	(13,360,674)	--	(13,360,674)
Income tax charge for the year (note 21)	--	--	--	--	--	--	(73,804)	--	--	--	(73,804)	--	(73,804)
Balance as at 31 December 2017	978,047,040	5,937,649	(174,018,095)	(1,918,523)	21,952,960	133,275	(1,298,451)	(43,057)	1,000,000,000	6,070,924	(175,316,546)	(1,961,580)	828,792,798

Notes

2018
SR2017
SR

OPERATING ACTIVITIES

Total income for the year		15,092,716	39,252,165
----------------------------------	--	-------------------	-------------------

ADJUSTMENTS TO RECONCILE TOTAL INCOME FOR THE YEAR TO NET CASH USED IN OPERATING ACTIVITIES:

Employees' end of service benefits	18	1,567,038	2,155,915
Depreciation of property and equipment	24	2,161,757	2,744,532
Realized gains on investments held at fair value through income statement	8(iii)	(677,598)	(1,339,323)
Unrealized gains on investments held at fair value through income statement	8(iii)	(3,460,417)	(49,948,374)
Share of profit of associate	17	(2,303,238)	(165,962)
Reversal of / (allowance for) doubtful debts	7	(1,574,768)	333,440
Operating income / (loss) before changes in operating assets and liabilities		10,805,490	(6,967,607)

CHANGES IN OPERATING ASSETS AND LIABILITIES:

Premiums receivable, gross		160,422,319	(177,246,910)
Accrued insurance premiums		(37,690,443)	(109,747,852)
Retroceded share of unearned premiums		84,598,294	(113,921,087)
Unearned premiums		(81,317,607)	155,009,512
Retroceded share of outstanding claims		(138,543,510)	34,882,994
Retroceded share of claims incurred but not reported		46,013,296	(90,072,491)
Deferred acquisition costs		449,553	(18,640,011)
Deferred excess of loss premiums		2,868,169	3,216,816
Prepaid expenses, deposits and other assets		(104,766,721)	(54,871,246)
Accounts payable		3,279,446	(1,568,946)
Retrocession balances payable		(206,865,265)	177,844,442

Financial Statements & Independent Auditors' Report

Statement of cash Flows

For the year ended 31 December 2018

	Notes	2018 SR	2017 SR
Accrued retroceded premiums		7,948,442	7,815,672
Outstanding claims		216,513,371	12,214,312
Claims incurred but not reported		(84,618,233)	168,824,714
Unearned commission income		(1,132,059)	6,694,054
Accrued expenses and other liabilities		(265,591)	2,603,726
		(122,301,049)	(3,929,908)
Zakat and income tax paid	21	(12,089,919)	(15,731,478)
Employees' end of service benefits paid	18	(702,340)	(384,682)
Net cash used in operating activities		(135,093,308)	(20,046,068)

	Notes	2018 SR	2017 SR
INVESTING ACTIVITIES			
Time deposits		(162,379,122)	122,004,982
Accrued special commission income on time deposits		(1,207,646)	2,389,274
Accrued special commission income from bonds and sukuk		1,167,091	312,744
Purchase of property and equipment		(1,214,686)	(767,737)
Additions in investments held at fair value through income statement	8(iii)	(57,078,728)	(205,342,957)
Proceeds from disposal of investments held at fair value through income statement	8(iii)	373,710,165	209,589,479
Statutory deposit		(21,500,000)	--
Investment in associate	17	--	(93,750,000)
Net cash from investing activities		131,497,074	34,435,785
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(3,596,234)	14,389,717
Cash and cash equivalents at the beginning of the year		85,231,770	70,842,053
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	81,635,536	85,231,770

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





Notes to the Financial Statments



Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

2. BASIS OF PREPARATION

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard ("IAS") 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders' equity under retained earnings.

The Company's statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: bank balances and cash, time deposits, accrued special commission income from time deposits, premium receivables, net, investments held at fair value through income statement, deferred excess of loss premiums, retroceded share of outstanding claims, prepaid expenses, deposits and other assets, accrued special commission income from bonds and sukuk, accounts payable, retrocession balances payable, outstanding claims, accrued expenses and other liabilities, provision for zakat and income tax and accumulated surplus. The following balances would generally be classified as non-current: accrued reinsurance premiums, retroceded share of unearned premiums, retroceded share of claims incurred but not reported, deferred policy acquisition costs, property and equipment, net, investment in an associate, statutory deposit, accrued income on statutory deposit, accrued retroceded premiums, unearned premiums, claims incurred but not reported, unearned retrocession commission, employees end of service indemnities and accrued commission income payable to SAMA.

The Company presents its statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Reinsurance Operations and Shareholders' Operations and presents the financial statements accordingly (refer to Note 32). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in Note 32 of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the reinsurance operations and the shareholders operations. Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the reinsurance operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement and presentation

The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of investments held at fair value through income statement and investment in associates which is accounted for under the equity method.

(c) Functional and presentation currency

These financial statements have been presented in Saudi Arabian Riyals (SR), which is also the functional currency of the Company.

(d) Fiscal year

The Company follows a fiscal year ending December 31.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of these financial statements are consistent with those used in the previous financial year, except for the adoption of the following new standards and other amendments to existing standards mentioned below:

New and amended standards issued and adopted

- Amendments to IASs' - "Disclosure Initiative" applicable from 1 January 2018.
- IFRS 15 Revenue from contracts with customers

The impact of adoption of the above mentioned new standards and amendments are not material to the Company.

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

The implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. The Company plans to avail of the exemptions available to insurers and is deferring the implementation of IFRS 9 until a later date, but no later than 1 January 2022.

IFRS 17 - Insurance Contracts

IFRS 17 applies to all insurance contracts (including reinsurance contracts) that an entity issues, reinsurance contracts that it holds and investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2022.

IFRS 16 Leases

IFRS 16 – Leases, which is effective for annual periods beginning on or after 1 January 2019 and is not expected to have a material impact on the Company's financial statements.

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

Retrocession

The Company uses retrocession agreements to reduce its exposure to risks assumed to increase its aggregate underwriting capacity. The ceding of risk to retrocessionaires does not relieve the Company from its direct obligations to its ceding companies. An impairment review of amounts recoverable under retrocession agreements is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the retrocessionaire can be measured reliably. The impairment loss is recorded in the statement of income.

Premiums and claims are presented on a gross basis for both assumed reinsurance and retroceded business.

Retrocession liabilities represent balances due to retrocessionaires. Amounts payable are estimated in a manner consistent with the associated retrocession contract. Retroceded assets and liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Investment in associate

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the financial statements include the share of the profit or loss and Other comprehensive income of associates, until the date on which significant influence ceases.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash at banks and time deposits with an original maturity of less than three months from the date of acquisition.

Dividend income

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

Deferred policy acquisition costs (DAC)

Direct costs incurred during the financial period arising from the writing or renewing of reinsurance contracts are deferred to the extent that these costs are recoverable out of future premiums. Subsequent to initial recognition, deferred costs are amortized using the same basis as for unearned premiums. Amortization is recorded in the statement of income. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amounts are less than the carrying value, an impairment loss is recognized in the statement of income. DAC is also considered in the liability adequacy test for each reporting period. Deferred policy acquisition costs are derecognised when the related contracts are either settled or disposed off.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepayments

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

Property and equipment

Property and equipment is stated at cost net of accumulated depreciation and any impairment in value. When significant parts of property and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in statement of income as incurred. Land and capital work-in-progress are not depreciated.

The cost of all other property and equipment is depreciated on the straight-line method over the estimated useful lives of the assets as follows:

Building	33 Years
Computers and equipment	3-5 Years
Furniture and fixtures	5 Years
Motor vehicles	4 Years
Leasehold improvements	10 Years

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

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

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive can be measured reliably. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of income;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective special commission rate.

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gross written premiums

Gross written premiums comprise of total premiums in relation to contracts incepting during the financial year irrespective of whether they relate in whole or in part to a later accounting period. It includes an estimate of pipeline premiums, being those premiums written but not reported to the Company at the statement of financial position date. Pipeline premiums are reported as accrued reinsurance premiums in the statement of financial position.

Where contract terms require the reinstatement of coverage after a ceding company's loss, the mandatory reinstatement premiums are calculated in accordance with the contract terms.

Premiums earned and commission income

Premiums and commission income are earned over the periods to which they relate to cover the reinsurance risk. Unearned premiums and commission income represent the portion of premiums written and commission income relating to the unexpired period of coverage and are deferred based on the following methods:

- Actual number of days for facultative reinsurance and non-proportional reinsurance treaties and portfolio transferred from insurance companies.
- For proportional reinsurance treaties under consideration of the underlying exposure in relation to the line of business as follows:

Line of business	Years
Engineering	4
Others	2
Special contracts	Based on underlying terms and nature

The change in the provision for unearned premiums and commission income is taken to the statement of income in order to recognize revenue over the period to cover the reinsurance risks.

Claims

Claims, comprise of amounts of claims estimates notified by ceding companies under reinsurance contracts and related loss adjustment expenses, net of recoveries and are charged to statement of income.

These include the cost of claims and claims handling expenses paid during the period, together with the movements in provisions for outstanding claims, claims incurred but not reported (IBNR) and claims handling provisions. The ultimate liability may be in excess of or less than the amount provided.

Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the statement of

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

income for that year. The Company does not discount its liabilities for unpaid claims as substantially most claims are expected to be paid within one year of the financial reporting date.

The Company estimates its claims provisions based on previous experience. Independent loss adjusters normally estimate property claims. In addition, a provision based on management's judgement and the Company's prior experience, is maintained for Incurred But Not Reported ('IBNR') claims as well as for the cost of settling pending claims at the statement of financial position date. The IBNR amount is based on estimates calculated using widely accepted actuarial techniques such as Chain Ladder, Bornhuetter Ferguson Method and loss ratios which are reviewed at regular intervals by the Company's independent actuary. The techniques generally use projections, based on past experience of the development of claims over time, to form a view on the likely ultimate claims to be experienced. Regard is given to the variations in the business portfolio accepted and the underlying terms and conditions. Thus, the critical assumptions used when estimating provisions are that past experience is a reasonable predictor of likely future claims development and that the rating and business portfolio assumptions are a fair reflection of the likely level of ultimate claims to be incurred for the more recent years.

The outstanding claims are shown on gross basis and the related share of retroceded is shown separately.

Liability adequacy test

At each statement of financial position date, a liability adequacy test is performed to ensure the adequacy of the reinsurance contracts liabilities net of related deferred acquisition costs. In performing these tests, Management uses current best estimates of future contractual cash flows and claims handling and administration expenses. Any deficiency in the carrying amounts is immediately charged to the statement of income initially by writing off related deferred acquisition costs and subsequently, by establishing a provision for losses arising from liability adequacy tests.

Premiums receivable

Premiums receivable are recognized when due and are measured on initial recognition at the fair value of the considerations received or receivable. Subsequently, it is measured at amortized cost. The carrying value of premiums receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income. Premiums receivable are derecognized when the derecognition criteria for financial assets have been met.

Accounts payable and accruals

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

Special commission income

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

Investments held at fair value through income statement

Investments held at fair value through income statement are investments designated at fair value through income statement at inception. For investments designated as fair value through income statement, the following criteria must be met:

- This designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets and liabilities or recognising gains or losses on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both, such assets and liabilities are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are measured at fair value.

Fair value adjustments and realised gains and losses are recognized in the statement of income.

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General and administrative expenses

All expenses incurred during the fiscal year not directly relating to underwriting are classified as general and administrative expenses.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the respective statements of income.

Zakat and income tax

In accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"), the Company is subject to zakat attributable to the GCC shareholders and general public and to income tax attributable to the non-GCC shareholders. Provision for zakat and income tax is charged to the statement of changes in shareholders' equity. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. Zakat is computed on the Saudi shareholders' share of equity and and/ or net income using the basis defined under the regulations of GAZT. Income tax is computed on the foreign shareholders' share of net income for the year. Zakat and income tax are charged to retained earnings as these are liabilities of the shareholders.

Zakat and income tax are charged in full to the accumulated deficits. Income tax charged to the accumulated deficits, in excess to the proportion of the Saudi shareholders' zakat per share, is recovered from the foreign shareholders and credited to retained earnings.

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

Provisions

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

Offsetting financial assets and financial liabilities

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

Trade date accounting

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segmental reporting

An operating segment is a component of the Company that is engaged in business activities from which it may earn revenues and incur expenses and which is subject to risk and rewards that are different from those of other segments. 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 performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. The Company is organised into business units based on their products and services and has seven reportable operating segments as follows:

- Engineering is a comprehensive insurance cover that is available to the insured in respect of contingencies which may happen on a construction or erection site. It provides an all risks cover for the works as well as a liability cover towards third parties for material damage or injury sustained as a result of the work being undertaken. The cover is also available for machinery.
- Fire insurance pays for specific losses when a property is damaged due to fire, flood, earthquake and other external perils. It may also provide indemnity for loss of profit in case of an industrial or commercial activity.
- Marine insurance covers the loss or damage to cargo, terminals and or damage of ships or other means of transport of cargo by which property is transferred between the points of origin and final destination
- Motor insurance pays for loss or damage to own motor vehicles involved in accidents. It also pays for losses caused by its use to third party properties and bodily injuries
- Protection includes Term and credit life insurance. Term life insurance is used to provide financial aid for dependents in case of death and in certain cases of illness or disability. It can be an individual or a group policy with set duration limit on the coverage with the option to renew the policy or not. Credit life insurance is used to pay off a borrower's debt if that borrower dies, with set duration limit on coverage with the option to renew the policy or not.
- General accident covers a variety of events/properties such as money, liabilities and personal accident whether for individual or group.
- Speciality includes company's participation in Lloyd's market which specialises in writing worldwide property, marine, energy, speciality and non-U.S. liability insurance.
- Others include following business segments:

Whole accounts covers ceding company's retention (mainly in property, engineering, marine hull, marine cargo and sometimes include general accident and/or motor) on Excess of loss basis

- Aviation (covers Aviation Hull, Aviation Liabilities and Spare Parts)
- Energy (covers Property Damage, Liabilities and Business Interruption)
- Agriculture (covers standing crops)

Political Risk (covers Political Violence and Sabotage and Terrorism)

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

Deferred Excess of Loss Premiums

The company uses non-proportional excess of loss retrocession agreements on loss occurring basis to reduce its exposure arising from per risk and catastrophic losses on risks assumed and to manage underwriting capacity. The costs related to these agreements are amortized over the period of underwriting contracts and charged to statement of income

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

The ultimate liability arising from claims made under reinsurance contracts

The estimation of the ultimate liability arising from claims made under reinsurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that are needed to be considered in estimating the liability that the Company will ultimately pay for such claims. The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the statement of financial position date, for which the insured event has occurred prior to the end of financial reporting date.

The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis. The Risk and Underwriting Committee, in conjunction with the Company's external actuaries, compares the changes in the technical reserves, to determine whether the change is reasonable.

Deferred policy acquisition costs

Commission and other costs directly and indirectly related to the acquisition and renewal of reinsurance contracts are recorded as deferred acquisition costs ("DAC") and are amortized in the statement of income over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realised, the amortization of these costs could be accelerated and this may also require additional impairment.

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 to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Investment Committee, in conjunction with the Company's external fund managers, evaluates the performance of each investment to determine whether the same is reasonable in comparison to the market.

The Company's management, evaluates the changes in the fair value of each of the other assets and liabilities, to determine whether the applied methodology is reasonable.

Accrued insurance premium

Estimates have to be made for expected future premium from policies already written but not reported at the reporting date. Due to the nature of reinsurance business, it takes a significant period of time before all premiums are reported for

a given underwriting period. Therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of accrued premiums due from contract holders. Actual results may differ resulting in positive or negative change in estimated accrued premium income.

The accrued premium estimates are reviewed regularly by the management by using various methods, but primarily by using historical reporting trends as a base for assessing future premium amounts. Historical premiums developments are mainly analysed by underwriting year, by type and line of business.

Going concern

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

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

6. CASH AND CASH EQUIVALENTS

	Reinsurance operations	
	31 December 2018 SR	31 December 2017 SR
Cash in hand (A)	40,000	40,000
Bank balances and cash (A)	22,303,716	24,204,191
Deposits maturing within 3 months from the acquisition date (B)	49,749,430	29,250,000
	72,093,146	53,494,191
	Shareholders' operations	
	31 December 2018 SR	31 December 2017 SR
Bank balances (C)	9,542,390	9,237,579
Deposits maturing within 3 months from the acquisition date (D)	--	22,500,000
	9,542,390	31,737,579
Total Bank balances and cash (A+C)	31,886,106	33,481,770
Total Deposits maturing within 3 months from acquisition date (B+D)*	49,749,430	51,750,000
Total	81,635,536	85,231,770

* Included within time deposits

Time deposits included in cash and cash equivalents are placed with banks which have credit ratings ranging from A1 to BBB and have maturity period of less than three months from the date of original placement. Average effective interest rate for these deposits is 2.74% (2017: 0.95%)

Cash at banks are placed with counterparties which have investment grade credit ratings.

7. PREMIUMS RECEIVABLES, NET

Reinsurance operations	2018 SR	2017 SR
Policyholders	203,156,463	362,196,497
Related parties (note 26)	578,688	1,960,973
Less: provision for impairment allowance	(3,711,638)	(5,286,406)
	200,023,513	358,871,064

The movement in provision for impairment allowance is as follows:

	2018 SR	2017 SR
Opening balance	5,286,406	4,952,966
(Reversal) / charge for the year	(1,574,768)	333,440
Closing balance	3,711,638	5,286,406

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

As at 31 December, the ageing of gross premiums receivables is as follows:

2018	Neither past due nor impaired SR	Past due but not impaired			Past due and impaired SR	Total SR
		Less than 90 days SR	91 to 180 days SR	More than 180 days SR		
Policyholders, net of payables	109,521,071	21,192,660	35,177,797	33,547,933	3,717,002	203,156,463
Related parties, net of payables	635,274	--	12,194	(63,416)	(5,364)	578,688
Total	110,156,345	21,192,660	35,189,991	33,484,517	3,711,638	203,735,151
2017	Neither past due nor impaired SR	Past due but not impaired			Past due and impaired SR	Total SR
		Less than 90 days SR	91 to 180 days SR	More than 180 days SR		
Policyholders, net of payables	277,076,611	24,075,264	28,847,380	26,910,836	5,286,406	362,196,497
Related parties, net of payables	1,627,078	116,681	56,299	160,915	--	1,960,973
Total	278,703,689	24,191,945	28,903,679	27,071,751	5,286,406	364,157,470

The Company only enters into insurance and reinsurance contracts with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The five largest customers account for 34% (31 December 2017: 67%) of the premiums receivable as at 31 December 2018.

Premium receivables include premium deposits of SR 25,911,773 (2017: SR 27,523,186) and claims deposits of SR 18,234,234 (2017: SR 13,092,214). These deposits are retained by the cedents as per the terms of reinsurance treaties and are of rolling nature. These deposits are released within 12 months after the inception of the reinsurance treaty.

8. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

i. Investments held at fair value through income statement consist of the following:

	2018			2017		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	2,088,717	31,888,438	33,977,155	52,999,225	102,510,933	155,510,158
Real-estate investment fund	--	26,323,351	26,323,351	--	50,000,000	50,000,000
Equities	--	138,269,676	138,269,676	--	160,594,703	160,594,703
Fixed-rate bonds/sukuk	51,726,932	247,493,141	299,220,073	47,956,869	377,834,683	425,791,552
Floating-rate bonds/sukuk	2,284,697	52,499,155	54,783,852	5,359,938	67,811,178	73,171,116
	56,100,346	496,473,761	552,574,107	106,316,032	758,751,497	865,067,529

ii. The analysis of the composition of investments for shareholders' operations is as follows:

Shareholders' operations	2018		
	Quoted SR	Unquoted SR	Total SR
Money market funds	31,888,438	--	31,888,438
Real-estate investment fund	--	26,323,351	26,323,351
Equities	138,269,676	--	138,269,676
Fixed-rate bonds/sukuk	197,428,627	50,064,514	247,493,141
Floating-rate bonds/sukuk	12,499,155	40,000,000	52,499,155
	380,085,896	116,387,865	496,473,761

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

8. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

2017			
Shareholders' operations	Quoted SR	Unquoted SR	Total SR
Money market funds	102,510,933	--	102,510,933
Real-estate investment fund	--	50,000,000	50,000,000
Equities	160,594,703	--	160,594,703
Fixed-rate bonds/sukuk	327,770,169	50,064,514	377,834,683
Floating-rate bonds/sukuk	27,811,178	40,000,000	67,811,178
	618,686,983	140,064,514	758,751,497

As at 31 December 2018 and 31 December 2017, all investments under reinsurance operations which are measured at fair value are quoted. The investments in bonds and sukuk amounting to SR 54.01 million (31 December 2017: SR 53.2 million) are classified as Level 1 investments while the investment in money market funds amounting to SR 2.09 million (31 December 2017: SR 52.90 million) is classified as level 2 investments.

The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

2018				
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	31,888,438	--	31,888,438
Real-estate investment fund	--	--	26,323,351	26,323,351
Equities	138,269,676	--	--	138,269,676
Fixed-rate bonds/sukuk	197,428,627	--	50,064,514	247,493,141
Floating-rate bonds/sukuk	12,499,155	--	40,000,000	52,499,155
	348,197,458	31,888,438	116,387,865	496,473,761

8. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

2017				
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	102,510,933	--	102,510,933
Real-estate investment funds	--	--	50,000,000	50,000,000
Equities	160,594,703	--	--	160,594,703
Fixed-rate bonds/sukuk	327,770,169	--	50,064,514	377,834,683
Floating-rate bonds/sukuk	27,811,178	--	40,000,000	67,811,178
	516,176,050	102,510,933	140,064,514	758,751,497

Fair values of investment funds is based on the net assets value ("NAV") calculated on the basis of the fair value of the underlying real estate as disclosed in the fund's latest available financial statements. The discounted cash flow ("DCF") model has been used to value the debt securities, this model considers the present value of net cash flows to be generated from the debt security, discounted at the market yield of similar quoted instruments. The estimate is adjusted for the effect of non-marketability of the debt securities. The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy.

	Opening	Purchase	Sale	Closing
2018	140,064,514	--	(23,676,649)	116,387,865
2017	147,564,514	--	(7,500,000)	140,064,514

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

Sensitivity Analysis

For the fair value of level 3 investments, reasonable possible changes at the reporting date due to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

8. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	2018	2017
Investments held at fair value through income statement	116,387,865	140,064,514
IMPACT ON UNREALIZED GAIN FOR THE YEAR ENDED:		
If increased by 1%	1,163,879	1,400,645
If decreased by 1%	(1,163,879)	(1,400,645)

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements during the year ended 31 December 2018 and year ended 31 December 2017.

As at 31 December 2018, the investments under reinsurance operations include SR 54.01 million (31 December 2017: SR 53.3 million) which are held through discretionary managed portfolios.

As at 31 December 2017, the investments under shareholders' operations include SR 318.5 million (31 December 2017: SR 496 million) which are held through discretionary managed portfolios.

Investments under reinsurance and shareholders' operations include cash component of SR 0.77 million and SR 10.04 million respectively as at 31 December 2018 (31 December 2017: SR 4.9 million and SR 25 million) available with external fund managers within the agreed investment guidelines.

8. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

iii. The movement of investments held at fair value through income statement is as follows:

	2018			2017		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	106,316,032	758,751,497	865,067,529	93,447,337	724,579,017	818,026,354
Additions	21,000,000	36,078,728	57,078,728	51,000,000	154,342,957	205,342,957
Disposals	(72,416,163)	(301,294,002)	(373,710,165)	(42,250,000)	(167,339,479)	(209,589,479)
Unrealized gains	(367,808)	3,828,225	3,460,417	3,930,642	46,017,732	49,948,374
Realized gains	1,568,285	(890,687)	677,598	188,053	1,151,270	1,339,323
Closing balance	56,100,346	496,473,761	552,574,107	106,316,032	758,751,497	865,067,529

iv. The geographical split of investments held at fair value through income statement is as follows:

	Domestic		International		Total	
	2018 SR	2017 SR	2018 SR	2017 SR	2018 SR	2017 SR
REINSURANCE OPERATIONS						
Money market funds	2,088,717	52,999,225	--	--	2,088,717	52,999,225
Fixed-rate bonds/sukuk	--	--	51,726,932	47,956,869	51,726,932	47,956,869
Floating-rate bonds/sukuk	--	--	2,284,697	5,359,938	2,284,697	5,359,938
	2,088,717	52,999,225	54,011,629	53,316,807	56,100,346	106,316,032

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

8. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	Domestic		International		Total	
SHAREHOLDERS' OPERATIONS						
Money market funds	31,888,438	102,510,933	--	--	31,888,438	102,510,933
Real-estate investment fund	26,323,351	50,000,000	--	--	26,323,351	50,000,000
Equities	70,186,682	56,119,572	68,082,994	104,475,131	138,269,676	160,594,703
Fixed-rate bonds/sukuk	40,000,000	40,000,000	207,493,141	337,834,683	247,493,141	377,834,683
Floating-rate bonds/sukuk	40,000,000	40,000,000	12,499,155	27,811,178	52,499,155	67,811,178
	208,398,471	288,630,505	288,075,290	470,120,992	496,473,761	758,751,497
Total	210,487,188	341,629,730	342,086,919	523,437,799	552,574,107	865,067,529

v. The analysis of investments by counter-party is as follows:

	2018 SR			2017 SR		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
FIXED INCOME COUNTERPARTIES						
Saudi Government	11,353,243	90,572,083	101,925,326	6,515,314	81,678,226	88,193,540
Non Saudi Government	31,342,945	124,291,840	155,634,785	33,541,603	232,177,615	265,719,218
Corporate and financial institutions	11,315,441	85,128,335	96,443,776	13,259,890	131,790,020	145,049,910
	54,011,629	299,992,258	354,003,887	53,316,807	445,645,861	498,962,668

8. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	2018 SR			2017 SR		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
OTHERS						
Money Market Funds	2,088,717	31,888,476	33,977,193	52,999,225	102,510,933	155,510,158
Investment Funds	--	26,323,351	26,323,351	--	50,000,000	50,000,000
Equities	--	138,269,676	138,269,676	--	160,594,703	160,594,703
	2,088,717	196,481,503	198,570,220	52,999,225	313,105,636	366,104,861
Total	56,100,346	496,473,761	552,574,107	106,316,032	758,751,497	865,067,529

9. CLAIMS

	2018 SR	2017 SR
Outstanding claims	662,467,372	445,954,001
Claims incurred but not reported	330,480,733	415,098,966
	992,948,105	861,052,967
LESS:		
- Retroceded share of outstanding claims	198,432,518	59,889,008
- Retroceded share of claims incurred but not reported	59,937,179	105,950,475
	258,369,697	165,839,483
Net outstanding claims reserves	734,578,408	695,213,484

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

10. PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS

	2018			2017		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Refundable deposit	103,222	--	103,222	111,350	--	111,350
Recoverable Deposits (refer note 31b) & 21e))	119,359,875	30,810,000	150,169,875	54,938,250	--	54,938,250
Guarantee deposit	47,250,000	--	47,250,000	47,250,000	--	47,250,000
Advances to employees	1,384,613	--	1,384,613	795,206	--	795,206
Advance payments	292,200	--	292,200	285,980	--	285,980
Prepaid insurance	344,141	228,471	572,612	397,361	228,471	625,832
Value added tax	8,835,167	--	8,835,167	--	--	--
Others	302,427	49,116	351,543	185,893	--	185,893
	177,871,645	31,087,587	208,959,232	103,964,040	228,471	104,192,511

11. UNEARNED PREMIUMS

2018			
	Gross SR	Retroceded share SR	Net SR
Opening balance	461,488,892	(117,679,188)	343,809,704
Premiums written during the year	721,604,828	(104,708,727)	616,896,101
Net premium earned	(802,922,435)	189,307,020	(613,615,415)
Change in net unearned premiums	(81,317,607)	84,598,293	3,280,686
Closing balance	380,171,285	(33,080,894)	347,090,391
2017			
	Gross SR	Retroceded share SR	Net SR
Opening balance	306,479,380	(3,758,101)	302,721,279
Premiums written during the year	942,006,884	(305,085,407)	636,921,477
Net premiums earned	(786,997,372)	191,164,320	(595,833,052)
Change in net unearned premiums	155,009,512	(113,921,087)	41,088,425
Closing balance	461,488,892	(117,679,188)	343,809,704

12. DEFERRED POLICY ACQUISITION COSTS

	2018 SR	2017 SR
Opening balance	100,345,144	81,705,133
Incurred during the year	172,022,204	164,766,114
Charged for the year	(172,471,757)	(146,126,103)
Closing balance	99,895,591	100,345,144

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

13. PROPERTY AND EQUIPMENT, NET

Reinsurance operations:

	Computers and Equipment SR	Furniture and Fixtures SR	Motor Vehicles SR	Leasehold Improvements SR	Work-in- Progress*	Total SR
COST						
As at 1 January 2018	12,517,245	366,669	723,661	368,834	217,863	14,194,272
Additions during the year	884,263	--	--	11,500	320,653	1,216,416
Transfers during the year	--	--	--	--	(1,730)	(1,730)
As at 31 December 2018	13,401,508	366,669	723,661	380,334	536,786	15,408,958
ACCUMULATED DEPRECIATION						
As at 1 January 2018	10,956,764	280,089	561,389	109,641	--	11,907,883
Charged for the year	1,071,098	48,913	132,130	36,086	--	1,288,227
As at 31 December 2018	12,027,862	329,002	693,519	145,727	--	13,196,110
NET BOOK VALUE						
As at 31 December 2018	1,373,646	37,667	30,142	234,607	536,786	2,212,848

* Work-in-progress represents certain advances for the IT infrastructure.

13. PROPERTY AND EQUIPMENT, NET (CONTINUED)

Reinsurance operations:

	Computers and Equipment SR	Furniture and Fixtures SR	Motor Vehicles SR	Leasehold Improvements SR	Work in Progress* SR	Total SR
COST						
As at 1 January 2017	11,792,827	362,469	723,661	368,834	178,744	13,426,535
Additions during the year	724,418	4,200	--	--	39,119	767,737
As at 31 December 2017	12,517,245	366,669	723,661	368,834	217,863	14,194,272
ACCUMULATED DEPRECIATION						
As at 1 January 2017	9,326,559	233,042	391,331	72,948	--	10,023,880
Charged for the year	1,630,205	47,047	170,058	36,693	--	1,884,003
As at 31 December 2017	10,956,764	280,089	561,389	109,641	--	11,907,883
NET BOOK VALUE						
As at 31 December 2017	1,560,481	86,580	162,272	259,193	217,863	2,286,389

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

13. PROPERTY AND EQUIPMENT, NET (CONTINUED)

Shareholders' operations:

	Land SR	Building SR	Furniture and Fixtures SR	Total SR
COST				
As at 1 January 2018	18,329,960	11,454,040	4,706,907	34,490,907
Additions during the year	--	--	--	--
As at 31 December 2018	18,329,960	11,454,040	4,706,907	34,490,907
ACCUMULATED DEPRECIATION				
As at 1 January 2018	--	1,361,310	1,880,017	3,241,327
Charged for the year	--	347,092	526,438	873,530
As at 31 December 2018	--	1,708,402	2,406,455	4,114,857
NET BOOK VALUE:				
As at 31 December 2018	18,329,960	9,745,638	2,300,452	30,376,050
Total net book value as at 31 December 2018				32,588,898

13. PROPERTY AND EQUIPMENT, NET (CONTINUED)

Shareholders' operations:

	Land SR	Building SR	Furniture and Fixtures SR	Total SR
COST				
As at 1 January 2017	18,329,960	11,454,040	4,706,907	34,490,907
Additions during the year	--	--	--	--
As at 31 December 2017	18,329,960	11,454,040	4,706,907	34,490,907
ACCUMULATED DEPRECIATION				
As at 1 January 2017	--	1,015,151	1,365,647	2,380,798
Charged for the year	--	346,159	514,370	860,529
As at 31 December 2017	--	1,361,310	1,880,017	3,241,327
NET BOOK VALUE				
As at 31 December 2017	18,329,960	10,092,730	2,826,890	31,249,580
Total net book value as at 31 December 2017				33,535,969

14. TIME DEPOSITS

Time deposits are placed with banks which have credit ratings in line with Company's investment policy. Such deposits earn special commission at an average effective commission rate of 2.33% per annum (31 December 2017: 1.90% per annum).

15. ACCRUED REINSURANCE PREMIUMS

The gross written premiums ("GWP") of proportional treaty and facultative reinsurance contracts include estimates of premiums due to the company but not yet reported by the cedant. This portion of GWP is considered as pipeline premium and accounted in the Statement of Financial Position as 'Accrued insurance premiums' net of related acquisition costs. These pipeline/accrued premiums are estimated at the inception of the reinsurance contract based on cedents/brokers forecasts and management's evaluation of these forecasts. Management reviews and evaluates all premium estimates, comparing actual premiums to expected ultimate premiums on a quarterly basis and any adjustments to these estimates are recorded in the financial statements as and when updated information comes to light.

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

16. UNEARNED RETROCESSION COMMISSION

	2018 SR	2017 SR
Opening balance	7,542,299	848,245
Commission received on retroceded business during the year	15,335,999	17,952,277
Commission earned on retroceded business during the year	(16,468,058)	(11,258,223)
Closing balance	6,410,240	7,542,299

17. INVESTMENT IN AN ASSOCIATE

	2018 SR	2017 SR
Opening balance	91,954,382	--
Addition during the year	--	93,750,000
Share of profit of an associate	2,303,238	165,962
Share in foreign currency translation adjustments	3,036,196	(1,961,580)
31 December	97,293,816	91,954,382

The Company, on 6 October 2017, acquired 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL"). The Company has accounted for this investment as an associate (equity accounted investee). PHBL operates in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

As at 31 December 2018, the total assets and total liabilities of PHBL amount to SR 766.7 million and SR 602.1 million respectively (2017: SR 607.9 million and SR 453 million respectively). The profit for the year ended 31 December 2018 amounts to SR 4.5 million (2017: loss of SR 0.77 million).

18. EMPLOYEES' END OF SERVICE BENEFITS

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

	2018 SR	2017 SR
Balance at beginning of the year	5,729,277	3,958,044
Charge for the year	1,405,697	2,155,915
Interest cost	161,341	--
Amount recognized in income statement	1,567,038	2,155,915
Benefits paid during the year	(702,340)	(384,682)
Balance at the end of the year	6,593,975	5,729,277

Net defined benefit as at year-end is as follows:

	2018 SR	2017 SR
Present value of defined benefit obligation	6,593,975	5,729,277

Sensitivity analysis

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

	2018		2017	
	Increase	Decrease	Increase	Decrease
Future salary growth (5% movement)	329,699	(329,699)	275,555	(275,555)

Risks associated with defined benefit plans

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

18. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

Salary increase risk:

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

Principal actuarial assumptions

The discount rate used is 3% while the expected rate of salary increase used is 2.47%

19. ACCRUED EXPENSES AND OTHER LIABILITIES

	2018			2017		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Consultancy fees	--	95,039	95,039	--	1,390,097	1,390,097
Employees' bonus	2,700,000	810,639	3,510,639	2,700,000	1,500,000	4,200,000
Withholding tax payable	517,812	--	517,812	1,387,475	42,312	1,429,787
Professional fees payable	1,081,055	2,096,133	3,177,188	1,120,771	2,355,643	3,476,414
Directors' remunerations	--	1,100,000	1,100,000	--	1,020,000	1,020,000
Meetings fees and expenses	--	885,008	885,008	--	761,840	761,840
Value added tax payable	2,168,976	--	2,168,976	--	--	--
Others	1,092,290	--	1,092,290	534,405	--	534,405
	7,560,133	4,986,819	12,546,952	5,742,651	7,069,892	12,812,543

20. CLAIMS DEVELOPMENT TABLE

The following table shows the estimates of cumulative incurred claims, including both claims notified and incurred but not reported for each successive underwriting year at each reporting date, together with cumulative payments to date. The development of reinsurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the claims. The Company aims to maintain adequate reserves in respect of its reinsurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims becomes more certain, adverse claims experiences will be eliminated which results in the release of reserves from earlier underwriting years. In order to maintain adequate reserves, the Company will transfer much of this release to the future underwriting years' reserves when the development of claims is less mature and there is much greater uncertainty attached to the ultimate cost of claims.

Gross reinsurance contract outstanding claims provision for 2018:

Underwriting year	2012 and prior SR	2013 SR	2014 SR	2015 SR	2016 SR	2017 SR	2018 SR	Total SR
At end of underwriting year		149,402,912	184,231,909	242,728,277	166,267,303	323,560,488	282,793,419	
One year later		344,228,030	360,219,868	1,074,743,558	324,048,753	576,963,497	--	
Two years later		290,112,923	350,425,942	1,095,518,847	352,196,791	--	--	
Three years later		289,836,213	370,528,846	1,068,163,227	--	--	--	
Four years later		295,560,915	363,998,517	--	--	--	--	
Five years later		295,920,333	--	--	--	--	--	
Current estimate of cumulative claims incurred		295,920,333	363,998,517	1,068,163,227	352,196,791	576,963,497	282,793,419	2,940,035,784
Cumulative payments to date		(254,075,137)	(314,287,979)	(998,642,132)	(201,790,297)	(184,870,874)	(30,687,020)	(1,984,353,439)
Liability recognized for 2012 and prior	37,265,760							37,265,760
Total gross outstanding claims & claims incurred but not reported provision per the statement of financial position	37,265,760	41,845,196	49,710,538	69,521,095	150,406,494	392,092,623	252,106,399	992,948,105

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

20. CLAIMS DEVELOPMENT TABLE (CONTINUED)

Gross reinsurance contract outstanding claims provision for 2017:

Underwriting year	2011 and prior SR	2012 SR	2013 SR	2014 SR	2015 SR	2016 SR	2017 SR	Total SR
At end of underwriting year		70,116,212	150,612,696	188,090,435	244,579,339	168,487,853	326,179,465	
One year later		241,196,744	345,577,987	364,560,253	1,078,283,840	328,300,916	--	
Two years later		271,763,740	290,915,664	353,047,867	1,098,821,220	--	--	
Three years later		261,725,411	290,830,815	372,309,950	--	--	--	
Four years later		261,366,939	295,796,344	--	--	--	--	
Five years later		262,016,588	--	--	--	--	--	
Current estimate of cumulative claims incurred		262,016,588	295,796,344	372,309,950	1,098,821,220	328,300,916	326,179,465	2,683,424,483
Cumulative payments to date		(233,742,651)	(245,971,959)	(300,785,325)	(929,395,405)	(109,453,301)	(25,784,669)	(1,845,133,310)
Liability recognized for 2011 and prior	22,761,794							22,761,794
Total gross outstanding claims & claims incurred but not reported provision per the statement of financial position	22,761,794	28,273,937	49,824,385	71,524,625	169,425,815	218,847,615	300,394,796	861,052,967

20. CLAIMS DEVELOPMENT TABLE (CONTINUED)

Net reinsurance contract outstanding claims provision for 2018:

Underwriting year	2012 and prior SR	2013 SR	2014 SR	2015 SR	2016 SR	2017 SR	2018 SR	Total SR
At end of underwriting year		149,622,902	156,137,999	231,126,743	165,314,261	219,104,644	218,702,036	
One year later		332,081,892	316,800,613	994,226,860	325,244,631	410,535,835	--	
Two years later		282,327,873	311,680,480	1,008,411,285	341,080,047	--	--	
Three years later		282,125,164	342,110,021	985,848,692	--	--	--	
Four years later		283,425,994	339,134,581	--	--	--	--	
Five years later		283,610,964	--	--	--	--	--	
Current estimate of cumulative claims incurred		283,610,964	339,134,581	985,848,692	341,080,047	410,535,835	218,702,036	2,578,912,155
Cumulative payments to date		(251,407,910)	(292,256,203)	(929,563,271)	(197,962,185)	(176,849,658)	(26,783,629)	(1,874,822,856)
Liability recognized for 2012 and prior	30,489,109							30,489,109
Total net outstanding claims & claims incurred but not reported provision per the statement of financial position	30,489,109	32,203,054	46,878,378	56,285,421	143,117,862	233,686,177	191,918,407	734,578,408

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

20. CLAIMS DEVELOPMENT TABLE (CONTINUED)

Net reinsurance contract outstanding claims provision for 2017:

Underwriting year	2011 and prior SR	2012 SR	2013 SR	2014 SR	2015 SR	2016 SR	2017 SR	Total SR
At end of underwriting year		70,116,212	150,832,686	159,996,525	232,977,805	165,722,592	218,976,447	
One year later		196,783,260	333,431,559	321,140,999	994,792,461	325,244,631	--	
Two years later		231,778,897	283,129,421	324,313,173	1,008,411,285	--	--	
Three years later		226,023,210	277,802,280	342,110,021	--	--	--	
Four years later		222,427,436	283,425,994	--	--	--	--	
Five years later		223,532,392	--	--	--	--	--	
Current estimate of cumulative claims incurred		223,532,392	283,425,994	342,110,021	1,008,411,285	325,244,631	218,976,447	2,401,700,770
Cumulative payments to date		(195,392,048)	(243,307,039)	(281,483,700)	(866,407,109)	(109,340,766)	(24,616,215)	(1,720,546,877)
Liability recognized for 2011 and prior	14,059,591							14,059,591
Total net outstanding claims & claims incurred but not reported provision per the statement of financial position	14,059,591	28,140,344	40,118,955	60,626,321	142,004,176	215,903,865	194,360,232	695,213,484

21. ZAKAT AND INCOME TAX

a) Zakat

Zakat charge for the year of SR 12,863,666 (2017: SR 13,360,674) is based on the following :

	2018 SR	2017 SR
Share Capital	810,000,000	1,000,000,000
Statutory reserve – beginning of the year	6,070,924	6,070,924
Accumulated deficit – beginning of the year	14,693,063	(200,769,953)
Adjusted net Income for the year	13,984,454	40,623,626
Provisions	36,375,597	33,491,183
	881,124,038	879,415,780
DEDUCTIONS:		
Statutory deposit	(121,500,000)	(100,000,000)
Others non-current assets	(241,104,198)	(240,135,273)
Zakat base	518,519,840	539,280,507
Zakat base for Saudi shareholders 99.10% (2017: 9.10%)	513,853,161	534,426,982
Zakat provision for the year	12,863,666	13,360,674

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

21. ZAKAT AND INCOME TAX (CONTINUED)

	2018 SR	2017 SR
B) INCOME TAX		
Income tax for the year of SR 39,136 (2017: SR 73,804) is based on the following:		
Net income for the year	14,694,523	38,887,887
Adjusted profit	13,984,454	40,992,560
Portion of net taxable income for non-Saudi shareholders 0.90% (2017: 0.90%)	125,860	368,933
Non-GCC share in losses carried forward up to 25% of their share from the portion of taxable income	(31,465)	(92,233)
KSA operations' income tax base	94,395	276,700
Labuan Branch Income tax Base	6,693,446	11,714,644

C) THE MOVEMENT OF THE PROVISION FOR ZAKAT AND INCOME TAX IS AS FOLLOWS:

	2018 SR	2017 SR
Opening balance	37,431,370	39,728,370
Income tax provision for the year	39,136	73,804
Zakat provision for the year	12,863,666	13,360,674
Paid during the year	(12,089,919)	(15,731,478)
Closing balance	38,244,253	37,431,370

21. ZAKAT AND INCOME TAX (CONTINUED)

d) Status of assessments

The Company has filed its Tax / Zakat returns for the years ended 31 December 2008 to 2017 with the General Authority of Zakat and Income Tax (GAZT). The company has received the final assessments for the years ended 31 December 2008 to 2013 which shows additional zakat, tax and delay fines amounting to SR 32.55 million, principally on account of disallowance of long term investments and statutory deposits from the zakat base. The assessments for the years ended 31 December 2014 to 2017 are still outstanding.

Zakat and income tax provisions are calculated based on the Company's best understanding of the zakat and tax regulations. The Company deducts statutory deposit and other non-current assets while calculating the Zakat base. Additional zakat and income tax provisions are accounted for to cover any differences that may arise on the final Zakat and income tax assessments when received from GAZT and the Company's current provision for Zakat and income tax.

e) Status of appeals

The Company has filed appeals against the GAZT's assessment of additional zakat, tax and delay fines for the years 2008 to 2013. The Preliminary Appeal Committee (PAC) has issued its Ruling on the appeals filed. The Ruling upheld the Company's appeal on certain items of the appeal and rejected the appeal on the other items. The Company has filed an appeal against the PAC Ruling with the Higher Appeal Committee (HAC). The HAC has not yet fixed a hearing session for the discussion of the said appeal. As required by the GAZT regulations, the Company has submitted a guarantee deposit for the items appealed against amounting to SR 29.39 million which is included in prepaid expenses, deposits and other assets.

22. SHARE CAPITAL

The authorized, issued and paid up share capital of the Company is SR 810 million (2017: SR 1 billion) divided into 81 million (2017: 100 million) shares of SR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	2018		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algozaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	81,000,000	10	810,000,000

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

22. SHARE CAPITAL (CONTINUED)

	2017		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	5,000,000	10	50,000,000
Others	95,000,000	10	950,000,000
	100,000,000	10	1000,000,000

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

The Board of Directors in their meeting held on 24 May 2017 recommended to the Extraordinary General Assembly meeting to reduce the Company's share capital from SR 1,000,000,000 to SR 810,000,000 to reduce the accumulated losses of the Company. On 1 January 2018, the Company got approval from the extra ordinary general meeting to reduce its share capital. Accordingly, the Company has revised its share capital after completing all the regulatory requirements.

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

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

23. STATUTORY RESERVE

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

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2018			2017		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Salaries and related benefits	27,536,604	2,834,943	30,371,547	25,870,571	2,899,288	28,769,859
Training	869,259	5,688	874,947	648,515	5,531	654,046
Travelling expenses	1,357,301	166,175	1,523,476	1,604,064	326,310	1,930,374
Depreciation *	2,161,757	--	2,161,757	2,744,532	--	2,744,532
Rent and premises expenses	954,155	--	954,155	802,658	--	802,658
Advertising	1,018,362	1,493	1,019,855	721,879	43,730	765,609
Professional fees	2,496,626	2,371,671	4,868,297	1,792,356	2,870,246	4,662,602
Withholding tax	109,347	45,170	154,517	157,813	180,827	338,640
Consulting fees	304,164	--	304,164	356,670	-	356,670
Licensing Fees	93,658	525,943	619,601	98,067	500,670	598,737
Others	3,675,582	1,044,225	4,719,807	3,742,779	1,026,972	4,769,751
	40,576,815	6,995,308	47,572,123	38,539,904	7,853,574	46,393,478

* Depreciation charge for the year for shareholders' operations assets is charged to reinsurance operations as a rent for using the assets.

25. BOARD OF DIRECTORS' REMUNERATION, MEETING FEE AND EXPENSES

	2018 SR	2017 SR
Board of directors' remuneration	1,100,000	1,943,396
Meetings fees and expenses	1,080,757	1,058,835
	2,180,757	3,002,231

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

26. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms, which are approved by the management.

Details of transactions and balances with related parties during the year other than those which have been disclosed elsewhere in these financial statements are disclosed below:

Related party	Nature of transactions	Amount of transactions for the year ended		Balance as at	
		2018 SR	2017 SR	31 December 2018 SR	31 December 2017 SR
Board of Directors	Consulting fees	268,355	788,123	--	442,200
	Remunerations, meetings fees and expenses	2,180,757	3,002,231	1,740,000	1,563,507
Key management Personnel	Short-term benefits	9,231,752	8,812,170	2,249,464	1,294,000
	Employees' end of service benefits	523,830	1,029,722	2,978,976	3,977,260
Companies represented by the Board members	Gross written premiums	24,535,331	3,837,467	578,688	1,960,973
	Claims incurred	1,794,500	2,193,770	3,131,773	2,476,077
	Commissions	10,979,561	1,064,584	--	--
	Refundable deposit	--	37,500,375	--	37,500,375
	HSBC custodian fees	--	154,000	--	30,996

Balances with related parties are included in premium receivables, accrued expenses and other liabilities shown in the statement of financial position.

27. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2018 and 31 December 2017 have been calculated by dividing net income for the year by the weighted average number of ordinary shares issued and outstanding at the end of the year.

The weighted average number of shares have been retrospectively adjusted for all prior periods to reflect the element of reduction in share capital as follows:

No. of Shares	2018	2017
Issue ordinary shares opening balance as at 1 January	100,000,000	100,000,000
Effect of decrease in capital	(19,000,000)	(19,000,000)
Weighted average outstanding number of ordinary shares - restated	81,000,000	81,000,000

28. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2017: SR 100 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Accrued commission income payable to SAMA". The accrued commission on the deposit as at December 2018 is SR 15,549,401 (31 December 2017: SR 13,127,882) and has also been disclosed in assets as "Accrued income on statutory deposit".

29. SEGMENTAL INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief decision maker in order to allocate resources to the segments and to assess its performance. Consistent with the Company's internal reporting process, business and geographical segments have been approved by the Management Committee in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include realized and unrealized gains on investments held at fair value through income statement, other income, investment management expenses and all general and administrative expenses except depreciation.

Segment assets do not include cash and cash equivalents of reinsurance operations, time deposits, investments held at fair value through income statement, prepaid expenses and other assets, due from shareholders' operations and property and equipment.

Segment liabilities do not include surplus distribution payable, accrued expenses and other liabilities and employees' end of service benefits.

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

29. SEGMENTAL INFORMATION (CONTINUED)

29.1 Business segments

The Company revises periodically its estimated gross written premiums and related retroceded premium upon receipt of actual information from cedants. In some business segments, this results in negative gross written premiums, positive retroceded premiums and negative net written premiums for the year when the revision took place.

FOR THE YEAR ENDED 31 DECEMBER 2018	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
REVENUES										
Gross written premiums	75,851,906	207,424,615	46,665,498	94,277,047	69,532,375	45,562,837	33,341,122	67,248,588	81,700,840	721,604,828
Retroceded premiums	(9,380,169)	(22,020,000)	(10,810,555)	--	(12,654,209)	79,131	--	--	(18,210,699)	(72,996,501)
Excess of loss expenses	(6,020,410)	(11,908,323)	(553,863)	--	(224,203)	(1,295,859)	--	--	(11,709,568)	(31,712,226)
Net written premiums	60,451,327	173,496,292	35,301,080	94,277,047	56,653,963	44,346,109	33,341,122	67,248,588	51,780,573	616,896,101
Changes in unearned premiums, net	7,854,842	2,706,497	(470,565)	(9,358,263)	1,948,742	3,740,475	(4,424,603)	(8,115,918)	2,838,107	(3,280,686)
Net earned premiums	68,306,169	176,202,789	34,830,515	84,918,784	58,602,705	48,086,584	28,916,519	59,132,670	54,618,680	613,615,415
Retrocession commissions	1,830,315	5,042,900	810,925	--	3,339,741	(58,276)	--	--	5,502,453	16,468,058
TOTAL REVENUES	70,136,484	181,245,689	35,641,440	84,918,784	61,942,446	48,028,308	28,916,519	59,132,670	60,121,133	630,083,473
UNDERWRITING COSTS AND EXPENSES										
Gross claims paid	(42,043,294)	(90,024,043)	(22,167,560)	(62,781,731)	(36,958,670)	(58,895,022)	(16,938,058)	--	(59,519,432)	(389,327,810)
Retroceded share of claims paid	1,562,392	5,254,999	925,610	--	7,674,367	715,001	--	--	8,506,013	24,638,382
Net claims paid	(40,480,902)	(84,769,044)	(21,241,950)	(62,781,731)	(29,284,303)	(58,180,021)	(16,938,058)	--	(51,013,419)	(364,689,428)
Changes in outstanding claims, net	(12,136,505)	(25,796,814)	(3,190,388)	(5,688,930)	(3,700,659)	1,123,237	(3,502,964)	--	(25,076,843)	(77,969,866)
Changes in Incurred but not reported claims, net	10,265,988	6,116,902	6,103,946	20,216,276	2,333,544	10,366,370	(6,731,220)	(40,847,080)	30,780,213	38,604,939
Net claims incurred	(42,351,419)	(104,448,956)	(18,328,392)	(48,254,385)	(30,651,418)	(46,690,414)	(27,172,242)	(40,847,080)	(45,310,049)	(404,054,355)
Policy acquisition costs and profit commissions	(23,428,531)	(57,540,816)	(12,243,309)	(25,372,945)	(18,552,569)	(2,576,682)	(719,037)	(21,482,014)	(10,555,854)	(172,471,757)
Other underwriting expenses	(137,228)	(549,929)	(132,980)	(332,198)	(184,775)	(129,081)	(113,521)	(93,637)	(324,264)	(1,997,613)
TOTAL UNDERWRITING COSTS AND EXPENSES	(65,917,178)	(162,539,701)	(30,704,681)	(73,959,528)	(49,388,762)	(49,396,177)	(28,004,800)	(62,422,731)	(56,190,167)	(578,523,725)
NET UNDERWRITING (LOSS) / INCOME	4,219,306	18,705,988	4,936,759	10,959,256	12,553,684	(1,367,869)	911,719	(3,290,061)	3,930,966	51,559,748

29. SEGMENTAL INFORMATION (CONTINUED)

29.1 Business segments (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
REVENUES										
Gross written premiums	77,539,960	201,207,584	47,262,462	113,588,504	75,981,197	56,149,110	18,006,228	68,104,596	284,167,243	942,006,884
Retroceded premiums	(6,255,049)	(24,626,961)	(14,283,982)	--	(14,800,423)	(135,883)	--	--	(214,411,944)	(274,514,242)
Excess of loss expenses	(7,159,222)	(13,811,566)	(719,708)	(106,083)	(1,113,026)	(1,720,619)	--	--	(5,940,941)	(30,571,165)
Net written premiums	64,125,689	162,769,057	32,258,772	113,482,421	60,067,748	54,292,608	18,006,228	68,104,596	63,814,358	636,921,477
Changes in unearned premiums, net	3,387,563	(9,605,422)	1,431,561	(9,946,305)	(5,510,806)	(588,597)	384,044	(12,986,955)	(7,653,508)	(41,088,425)
Net earned premiums	67,513,252	153,163,635	33,690,333	103,536,116	54,556,942	53,704,011	18,390,272	55,117,641	56,160,850	595,833,052
Retrocession commissions	1,243,284	4,021,973	1,453,278	--	1,658,513	9,244	--	--	2,871,931	11,258,223
TOTAL REVENUES	68,756,536	157,185,608	35,143,611	103,536,116	56,215,455	53,713,255	18,390,272	55,117,641	59,032,781	607,091,275
UNDERWRITING COSTS AND EXPENSES										
Gross claims paid	(32,291,908)	(164,770,629)	(17,197,187)	(51,909,503)	(18,708,400)	(44,430,438)	(11,131,305)	--	(16,221,463)	(356,660,833)
Retroceded share of claims paid	1,178,761	59,684,944	1,011,764	--	1,195,857	30,178	--	--	294,641	63,396,145
Net claims paid	(31,113,147)	(105,085,685)	(16,185,423)	(51,909,503)	(17,512,543)	(44,400,260)	(11,131,305)	--	(15,926,822)	(293,264,688)
Changes in outstanding claims, net	(10,925,055)	(4,479,708)	(11,148,631)	(13,230,380)	(5,345,856)	(414,616)	(2,447,326)	--	924,069	(47,067,503)
Changes in Incurred but not reported claims, net	(6,540,790)	(5,322,707)	2,660,160	(12,515,591)	(4,663,363)	(9,892,805)	(513,503)	(42,528,379)	534,952	(78,782,026)
Net claims incurred	(48,578,992)	(114,888,100)	(24,673,894)	(77,655,474)	(27,521,762)	(54,707,681)	(14,092,134)	(42,528,379)	(14,467,801)	(419,114,217)
Policy acquisition costs and profit commissions	(22,921,944)	(48,865,247)	(12,231,929)	(10,693,036)	(15,817,416)	(5,620,534)	(524,174)	(22,437,665)	(7,014,158)	(146,126,103)
Other underwriting expenses	(387,700)	(1,006,038)	(236,312)	(567,943)	(379,905)	(280,749)	(90,031)	(340,523)	(1,420,833)	(4,710,034)
TOTAL UNDERWRITING COSTS AND EXPENSES	(71,888,636)	(164,759,385)	(37,142,135)	(88,916,453)	(43,719,083)	(60,608,964)	(14,706,339)	(65,306,567)	(22,902,792)	(569,950,354)
NET UNDERWRITING (LOSS) / INCOME	(3,132,100)	(7,573,777)	(1,998,524)	14,619,663	12,496,372	(6,895,709)	3,683,933	(10,188,926)	36,129,989	37,140,921

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

29. SEGMENTAL INFORMATION (CONTINUED)

29.1 Business segments (Continued)

As at 31 December 2018	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
ASSETS												
Bank balances and cash	--	--	--	--	--	--	--	--	--	22,343,716	9,542,390	31,886,106
Time deposits	--	--	--	--	--	--	--	--	--	73,896,431	196,235,246	270,131,677
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	408,367	1,671,257	2,079,624
Premium receivables, net	33,063,188	78,621,615	26,912,590	18,256,587	16,991,024	8,314,274	5,657,842	--	39,134,882	(26,928,489)	--	200,023,513
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	56,100,346	496,473,761	552,574,107
Accrued insurance premiums	45,037,704	95,556,383	24,345,102	24,596,627	28,688,727	36,594,299	19,382,544	109,680,062	25,896,689	--	--	409,778,137
Retroceded share of unearned premiums	8,010,935	7,175,832	2,619,072	--	6,220,529	--	--	--	9,054,526	--	--	33,080,894
Deferred excess of loss premiums	2,837,663	3,638,816	403,276	--	98,783	--	--	--	4,453,071	--	--	11,431,609
Retroceded share of outstanding claims	8,807,058	48,821,297	26,882,345	(993,866)	3,321,553	114,798	--	--	111,479,333	--	--	198,432,518
Retroceded share of claims incurred but not reported	8,097,132	5,620,750	1,605,731	445	5,721,604	651	--	--	38,890,866	--	--	59,937,179
Deferred policy acquisition costs	21,099,778	26,959,964	6,258,256	4,527,001	8,610,364	1,220,723	300,936	27,153,981	3,764,588	--	--	99,895,591
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	177,871,645	31,087,587	208,959,232
Property and equipment, net	--	--	--	--	--	--	--	--	--	2,212,848	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,663,892	2,663,892
Investment in an associate	--	--	--	--	--	--	--	--	--	--	97,293,816	97,293,816
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL ASSETS	126,953,458	266,394,657	89,026,372	46,386,794	69,652,584	46,244,745	25,341,322	136,834,043	232,673,955	305,904,864	1,002,393,400	2,347,806,194

29. SEGMENTAL INFORMATION (CONTINUED)

29.1 Business segments (Continued)

As at 31 December 2018	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
LIABILITIES												
Accounts payable	243,793	8,841,262	391,426	490,530	1,008,131	1,624,317	--	--	4,138,668	3,189,512	--	19,927,639
Retrocession balances payable	--	--	--	--	--	--	--	--	--	22,898,559	--	22,898,559
Accrued retroceded premiums	2,021,819	4,615,122	28,978	--	2,945,797	--	--	--	6,228,001	--	--	15,839,717
Unearned premiums	72,778,665	101,381,181	21,780,349	27,861,928	33,086,082	21,017,901	10,636,850	68,080,710	23,547,619	--	--	380,171,285
Outstanding claims	105,894,071	232,426,687	58,047,786	42,461,041	26,739,043	23,774,585	6,893,779	--	166,230,380	--	--	662,467,372
Claims incurred but not reported	28,403,847	41,575,068	10,291,455	48,550,512	25,095,650	26,620,210	16,104,376	80,977,273	52,862,342	--	--	330,480,733
Unearned retrocession commission	3,004,693	(304,033)	147,595	--	1,543,719	--	--	--	2,018,266	--	--	6,410,240
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	7,560,114	4,986,838	12,546,952
End of service indemnities	--	--	--	--	--	--	--	--	--	6,593,975	--	6,593,975
Provision for zakat and income tax	--	--	--	--	--	--	--	--	--	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL LIABILITIES	212,346,888	388,535,287	90,687,589	119,364,011	90,418,422	73,037,013	33,635,005	149,057,983	255,025,276	40,242,160	58,780,492	1,511,130,126

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

29. SEGMENTAL INFORMATION (CONTINUED)

29.1 Business segments (Continued)

As at 31 December 2017	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
ASSETS												
Bank balances and cash	--	--	--	--	--	--	--	--	--	24,244,191	9,237,579	33,481,770
Time deposits	--	--	--	--	--	--	--	--	--	87,253,125	22,500,000	109,753,125
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	868,728	3,250	871,978
Premium receivables, net	19,687,417	51,086,661	11,999,952	28,838,608	19,293,191	14,256,275	9,214,968	--	204,493,992	--	--	358,871,064
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	42,852,405	80,243,017	28,551,184	38,061,008	27,101,683	30,984,594	11,182,757	99,324,738	13,786,308	--	--	372,087,694
Retroceded share of unearned premiums	5,232,886	6,922,060	3,124,179	--	6,938,541	--	--	4,954,380	90,507,142	--	--	117,679,188
Deferred excess of loss premiums	3,599,045	4,861,337	285,350	812	124,799	--	--	--	5,428,435	--	--	14,299,778
Retroceded share of outstanding claims	5,873,857	27,513,631	6,442,354	844,078	562,549	--	--	33,165	18,619,374	--	--	59,889,008
Retroceded share of claims incurred but not reported	4,621,414	6,199,565	4,148,373	203,945	3,960,117	--	--	2,725,806	84,091,255	--	--	105,950,475
Deferred policy acquisition costs	23,125,232	28,016,883	6,165,446	2,967,167	9,093,617	1,612,077	79,966	25,354,513	3,930,243	--	--	100,345,144
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	103,964,040	228,471	104,192,511
Property and equipment, net	--	--	--	--	--	--	--	--	--	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	3,830,983	3,830,983
Investment in an associate	--	--	--	--	--	--	--	--	--	--	91,954,382	91,954,382
Statutory deposit	--	--	--	--	--	--	--	--	--	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL ASSETS	104,992,256	204,843,154	60,716,838	70,915,618	67,074,497	46,852,946	20,477,691	132,392,602	420,856,749	324,932,505	1,030,883,624	2,484,938,480

29. SEGMENTAL INFORMATION (CONTINUED)

29.1 Business segments (Continued)

As at 31 December 2017	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
LIABILITIES												
Accounts payable	2,024,597	5,253,603	1,234,040	2,965,837	1,983,897	1,466,074	--	--	1,720,145	--	--	16,648,193
Retrocession balances payable	--	--	--	--	--	--	--	--	--	229,763,824	--	229,763,824
Accrued retroceded premiums	93,834	300,820	427,891	137,458	5,218,500	67,948	--	2,070,312	(425,488)	--	--	7,891,275
Unearned premiums	77,341,378	102,962,516	21,570,862	18,054,363	35,273,830	24,534,466	6,212,247	67,058,703	108,480,527	--	--	461,488,892
Outstanding claims	91,280,484	187,339,456	34,411,733	36,746,983	21,609,258	24,854,749	3,390,815	--	46,320,523	--	--	445,954,001
Claims incurred but not reported	35,291,010	48,184,229	18,941,178	68,970,287	25,669,878	36,986,243	9,373,156	71,375,965	100,307,020	--	--	415,098,966
Unearned retrocession commission	1,116,878	1,630,527	282,828	--	1,733,337	--	--	--	2,778,729	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	--	--	--	--	--	--	--	--	--	5,729,277	--	5,729,277
Provision for zakat and income tax	--	--	--	--	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL LIABILITIES	207,148,181	345,671,151	76,868,532	126,874,928	91,488,700	87,909,480	18,976,218	140,504,980	259,181,456	241,235,752	57,629,144	1,653,488,522

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments

FOR THE YEAR ENDED 31 DECEMBER 2018	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
REINSURANCE OPERATIONS' RESULTS						
REVENUES						
Gross written premiums	288,453,053	100,629,833	35,100,939	224,526,281	72,894,722	721,604,828
Retroceded premiums	(61,024,706)	(34,515)	(31,977)	(11,905,303)	--	(72,996,501)
Excess of loss expenses	(11,091,879)	(7,544,926)	(1,323,152)	(11,018,237)	(734,032)	(31,712,226)
Net written premiums	216,336,468	93,050,392	33,745,810	201,602,741	72,160,690	616,896,101
Changes in unearned premiums, net	2,956,764	8,865,861	(2,265,190)	(4,736,880)	(8,101,241)	(3,280,686)
Net earned premiums	219,293,232	101,916,253	31,480,620	196,865,861	64,059,449	613,615,415
Retrocession commissions	13,490,955	(1,448)	9,326	2,969,225	--	16,468,058
TOTAL REVENUES	232,784,187	101,914,805	31,489,946	199,835,086	64,059,449	630,083,473

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(156,879,113)	(66,100,268)	(22,513,125)	(116,118,526)	(27,716,778)	(389,327,810)
Retroceded share of claims paid	6,636,002	491,407	4,890	17,506,083	--	24,638,382
Net claims paid	(150,243,111)	(65,608,861)	(22,508,235)	(98,612,443)	(27,716,778)	(364,689,428)
Changes in outstanding claims, net	(10,606,073)	(28,887,431)	(2,909,213)	(34,169,130)	(1,398,019)	(77,969,866)
Changes in Incurred but not reported claims, net	43,248,123	10,305,810	2,204,747	(2,499,462)	(14,654,279)	38,604,939
Net claims incurred	(117,601,061)	(84,190,482)	(23,212,701)	(135,281,035)	(43,769,076)	(404,054,355)
Policy acquisition costs and profit commissions	(63,020,310)	(28,697,157)	(8,622,910)	(49,980,611)	(22,150,769)	(172,471,757)
Other underwriting expenses	(853,719)	(278,003)	(111,382)	(633,977)	(120,532)	(1,997,613)
TOTAL UNDERWRITING COSTS & EXPENSES	(181,475,090)	(113,165,642)	(31,946,993)	(185,895,623)	(66,040,377)	(578,523,725)
NET UNDERWRITING INCOME / (LOSS)	51,309,097	(11,250,837)	(457,047)	13,939,463	(1,980,928)	51,559,748

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2017	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
REINSURANCE OPERATIONS' RESULTS						
REVENUES						
Gross written premiums	509,969,724	110,254,203	31,614,736	221,261,849	68,906,372	942,006,884
Retroceded premiums	(262,339,169)	(85,337)	(31,670)	(12,058,066)	--	(274,514,242)
Excess of loss expenses	(13,990,416)	(6,671,177)	(1,716,281)	(8,158,867)	(34,424)	(30,571,165)
Net written premiums	233,640,139	103,497,689	29,866,785	201,044,916	68,871,948	636,921,477
Changes in unearned premiums, net	4,310,390	(7,568,325)	(1,628,710)	(22,909,856)	(13,291,924)	(41,088,425)
Net earned premiums	237,950,529	95,929,364	28,238,075	178,135,060	55,580,024	595,833,052
Retrocession commissions	10,049,214	63,858	12,345	1,132,806	--	11,258,223
TOTAL REVENUES	247,999,743	95,993,222	28,250,420	179,267,866	55,580,024	607,091,275

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2017	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(142,822,842)	(115,196,968)	(21,857,691)	(76,783,332)	--	(356,660,833)
Retroceded share of claims paid	7,829,209	54,602,999	--	963,937	--	63,396,145
Net claims paid	(134,993,633)	(60,593,969)	(21,857,691)	(75,819,395)	--	(293,264,688)
Changes in outstanding claims, net	2,753,422	(21,841,071)	(5,882,726)	(22,097,128)	--	(47,067,503)
Changes in Incurred but not reported claims, net	(21,687,678)	(3,530,747)	720,453	(11,622,916)	(42,661,138)	(78,782,026)
Net claims incurred	(153,927,889)	(85,965,787)	(27,019,964)	(109,539,439)	(42,661,138)	(419,114,217)
Policy acquisition costs and profit commissions	(50,375,019)	(25,559,729)	(6,046,706)	(41,583,406)	(22,561,243)	(146,126,103)
Other underwriting expenses	(2,549,853)	(551,271)	(158,074)	(1,106,304)	(344,532)	(4,710,034)
TOTAL UNDERWRITING COSTS & EXPENSES	(206,852,761)	(112,076,787)	(33,224,744)	(152,229,149)	(65,566,913)	(569,950,354)
NET UNDERWRITING INCOME / (LOSS)	41,146,982	(16,083,565)	(4,974,324)	27,038,717	(9,986,889)	37,140,921

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments (Continued)

AS AT 31 DECEMBER 2018	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
ASSETS								
Bank balances and cash	16,237,729	--	--	6,105,987	--	--	9,542,390	31,886,106
Time deposits	19,397,000	--	--	54,499,431	--	--	196,235,246	270,131,677
Accrued special commission income from time deposits	168,615	--	--	239,752	--	--	1,671,257	2,079,624
Premium receivables, net	47,592,759	35,285,959	12,729,390	39,081,228	--	65,334,177	--	200,023,513
Investments held at fair value through income statement	--	--	--	--	--	56,100,346	496,473,761	552,574,107
Accrued insurance premiums	129,433,278	50,023,519	16,330,009	103,366,647	110,624,684	--	--	409,778,137
Retroceded share of unearned premiums	27,317,750	8,739	8,026	5,746,379	--	--	--	33,080,894
Deferred excess of loss premiums	7,162,684	1,068,000	--	3,200,925	--	--	--	11,431,609
Retroceded share of outstanding claims	167,245,423	13,694,224	4,615,894	12,876,977	--	--	--	198,432,518
Retroceded share of claims incurred but not reported	47,208,681	3,523,570	513,471	8,635,652	55,805	--	--	59,937,179
Deferred policy acquisition costs	26,401,087	15,853,687	4,177,417	26,206,480	27,256,920	--	--	99,895,591
Prepaid expenses, deposits and other assets	11,146,007	--	--	115,763	166,609,875	--	31,087,587	208,959,232
Property and equipment, net	1,908,364	--	--	--	304,484	--	30,376,050	32,588,898
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,663,892	2,663,892
Investment in an associate	--	--	--	--	--	--	97,293,816	97,293,816
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL ASSETS	501,219,377	119,457,698	38,374,207	260,075,221	304,851,768	121,434,523	1,002,393,400	2,347,806,194

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments (Continued)

AS AT 31 DECEMBER 2018	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
LIABILITIES								
Accounts payable	3,281,697	1,865,259	4,632,891	9,694,103	--	453,689	--	19,927,639
Retrocession balances payable	--	--	--	--	--	22,898,559	--	22,898,559
Accrued retroceded premiums	53,735	(1,098,698)	(311,533)	2,927,586	--	14,268,627	--	15,839,717
Unearned premiums	142,114,411	54,204,990	13,867,561	101,613,323	68,371,000	--	--	380,171,285
Outstanding claims	336,536,294	133,051,389	21,361,851	168,733,151	2,784,687	--	--	662,467,372
Claims incurred but not reported	132,522,900	34,496,239	13,384,441	68,257,556	81,819,597	--	--	330,480,733
Unearned retrocession commission	3,184,955	1,748	2,051	1,178,198	--	2,043,288	--	6,410,240
Accrued expenses and other liabilities	--	--	--	--	--	7,560,114	4,986,838	12,546,952
End of service indemnities	6,593,975	--	--	--	--	--	--	6,593,975
Provision for zakat and tax	--	--	--	--	--	--	38,244,253	38,244,253
Accrued commission income payable to SAMA	--	--	--	--	--	--	15,549,401	15,549,401
TOTAL LIABILITIES	624,287,967	222,520,927	52,937,262	352,403,917	152,975,284	47,224,277	58,780,492	1,511,130,126

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments (Continued)

AS AT 31 DECEMBER 2017	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
ASSETS								
Bank balances and cash	19,478,821	--	--	4,765,370	--	--	9,237,579	33,481,770
Time deposits	59,248,125	--	--	28,005,000	--	--	22,500,000	109,753,125
Accrued special commission income from time deposits	725,318	--	--	143,410	--	--	3,250	871,978
Premium receivables, net	266,562,232	28,026,918	8,036,552	56,245,362	--	--	--	358,871,064
Investments held at fair value through income statement	--	--	--	--	--	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	131,722,284	37,493,534	12,584,151	94,929,763	95,357,962	--	--	372,087,694
Retroceded share of unearned premiums	111,364,371	132,802	6,720	6,175,295	--	--	--	117,679,188
Deferred excess of loss premiums	14,297,472	681	246	1,379	--	--	--	14,299,778
Retroceded share of outstanding claims	32,198,373	3,842,370	252,097	23,596,168	--	--	--	59,889,008
Retroceded share of claims incurred but not reported	91,885,089	3,560,477	1,799,833	8,705,076	--	--	--	105,950,475
Deferred policy acquisition costs	31,253,278	17,340,655	3,366,742	23,747,304	24,637,165	--	--	100,345,144
Prepaid expenses, deposits and other assets	1,657,360	--	--	118,430	102,188,250	--	228,471	104,192,511
Property and equipment, net	1,956,150	--	--	330,239	--	--	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	3,830,983	3,830,983
Investment in an associate	--	--	--	--	--	--	91,954,382	91,954,382
Statutory deposit	--	--	--	--	--	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL ASSETS	762,348,873	90,397,437	26,046,341	246,762,796	222,183,377	106,316,032	1,030,883,624	2,484,938,480

29. SEGMENTAL INFORMATION (CONTINUED)

29.2 Geographical segments (Continued)

AS AT 31 DECEMBER 2017	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
LIABILITIES								
Accounts payable	7,666,664	2,726,982	781,946	5,472,601	--	--	--	16,648,193
Retrocession balances payable	--	--	--	--	--	229,763,824	--	229,763,824
Accrued retroceded premiums	3,188,042	73,707	43,949	4,585,577	--	--	--	7,891,275
Unearned premiums	229,569,027	63,155,539	11,633,449	96,870,358	60,260,519	--	--	461,488,892
Outstanding claims	189,729,095	93,263,806	18,216,557	144,727,573	16,970	--	--	445,954,001
Claims incurred but not reported	220,374,289	43,651,994	16,925,594	68,951,645	65,195,444	--	--	415,098,966
Unearned retrocession commission	6,325,286	10,212	(14,227)	1,255,981	(34,953)	--	--	7,542,299
Accrued expenses and other liabilities	--	--	--	--	--	5,742,651	7,069,892	12,812,543
End of service indemnities	5,729,277	--	--	--	--	--	--	5,729,277
Provision for zakat and tax	--	--	--	--	--	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	--	--	--	--	--	13,127,882	13,127,882
TOTAL LIABILITIES	662,581,680	202,882,240	47,587,268	321,863,735	125,437,980	235,506,475	57,629,144	1,653,488,522

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT

Risk governance

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

Risk management structure

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

Board of Directors

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

Senior management

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

The risks faced by the Company and the way these risks are mitigated by Management are as follows:

30.1 Reinsurance risk

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

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

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

In order to minimize its financial exposure arising from large claims, the Company in the normal course of business, enters into retrocession agreements with other parties. Such retrocession agreements provide for higher underwriting capacity,

and allow management to contain exposure with the risk appetite of the Company. The retrocession is effected under proportional treaties such as quota share and surplus and non-proportional treaties such as excess of loss for risk and catastrophe to ensure its net retention is aligned with its risk tolerance.

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

30. RISK MANAGEMENT (CONTINUED)

Geographical concentration of risk

The Company accepts reinsurance business from insurance companies in the Kingdom of Saudi Arabia, the Middle East, Africa and Asia. The written premiums are distributed geographically as follows:

For the year ended 31 December 2018		
	Amount SR	Percentage
Kingdom of Saudi Arabia	288,453,053	40%
Asia	224,526,281	31%
Other Middle Eastern Countries	100,629,833	14%
Africa	35,100,939	5%
Others	72,894,722	10%
	721,604,828	100%

For the year ended 31 December 2017		
	Amount SR	Percentage
Kingdom of Saudi Arabia	509,969,724	54%
Asia	221,261,849	23%
Other Middle Eastern Countries	110,254,203	12%
Africa	31,614,736	4%
Others	68,906,372	7%
	942,006,884	100%

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

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

Key assumptions

The key assumptions underlying the liability estimates are the Company's estimated ultimate loss ratio. The ultimate loss ratio was determined using actuarial methods.

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions such as the ultimate loss ratio with all other assumptions held constant showing the impact on net liabilities and net income as follows:

31 December 2018

	Change in assumptions	Impact on net liabilities SR	Impact on net income SR
Ultimate loss ratio	10%	40,405,436	40,405,436
	-10%	(40,405,436)	(40,405,436)

31 December 2017

	Change in assumptions	Impact on net liabilities SR	Impact on net income SR
Ultimate loss ratio	+10%	41,911,422	41,911,422
	-10%	(41,911,422)	(41,911,422)

30. RISK MANAGEMENT (CONTINUED)

30.2 Retrocession risk

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

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

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

- a. Minimum acceptable credit rating by recognized rating agencies (e.g. Standard & Poors) that is not lower than BBB (S&P) or equivalent.
- b. Reputation of particular retrocessionaire companies.
- c. Existing or past business experience with the retrocessionaire.

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

Retrocession contracts do not relieve the Company from its obligations to ceding companies and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the retrocessionaire fails to meet the obligations under the retrocession agreements. The net credit exposure in this connection is SR 219.6 million (due from retrocessionaires) (2017: SR 63.92 million).

30.3 Regulatory framework risk

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

30.4 Claims management risk

Claims management risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims

settlements, poor service quality or excessive claims handling costs. These risks may damage the Company and undermine its ability to win and retain business, or incur punitive damages. These risks can occur at any stage of the claims life cycle.

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

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

30.5 Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs within the Company where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts in provisions. To manage reserving and ultimate reserves risk, the Company actuarial team uses a range of recognised techniques to project ultimate claims, monitor claims development patterns and stress-test ultimate insurance liability balances.

The objective of the Company's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business.

30.6 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation related to a financial instrument and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum exposure to credit risk to the Company is the carrying value as disclosed in the statement of financial position. 34% of the Company's receivables is due from two ceding and three broker companies as at 31 December 2018 (31 December 2017: 63%). The company does not provide for premium receivable from local ceding companies. However, the following policies and procedures are in place to mitigate the Company's exposure to credit risk:

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

30. RISK MANAGEMENT (CONTINUED)

	31 December 2018 SR		31 December 2017 SR	
	Reinsurance operations	Shareholders' operations	Reinsurance operations	Shareholders' operations
Bank balances	22,303,716	9,542,390	53,404,191	31,737,579
Time Deposits	73,896,431	196,235,246	58,003,125	--
Premiums receivable, gross	203,735,152	--	364,157,470	--
Retroceded share of outstanding claims	198,432,518	--	59,889,008	--
Retroceded share of claims incurred but not reported	59,937,179	--	105,950,475	--
Accrued special commission income from time deposits	408,367	1,671,257	868,728	3,250
Accrued reinsurance premium	409,778,137	--	372,087,694	--
Accrued special commission income from bonds and sukuk	--	2,663,892	--	3,830,983
Investments held at fair value through income statement	56,100,346	358,204,085	106,316,032	598,156,794
other assets	168,400,137	30,859,116	103,280,699	--
	1,192,991,983	599,175,986	1,223,957,422	633,728,606

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

30.6 Credit risk

The used rating grades for investments are being adopted by Standard & Poors.

The credit quality for investments held at fair value through income statement is as follows:

Credit quality	Credit Rating Agency	Financial Instruments	Reinsurance operations		Shareholders' operations	
			2018 SR	2017 SR	2018 SR	2017 SR
AAA/Aaa	S&P/ Moody's/Fitch	Bonds / Sukuks	772,366	4,586,138	6,457,124	79,392,852
AA/Aa	S&P/ Moody's/Fitch	Bonds / Sukuks	17,251,313	16,542,711	49,252,979	74,960,561
A	S&P/ Moody's/Fitch	Bonds / Sukuks	36,049,615	30,521,870	147,779,380	195,998,019
BBB/Baa	S&P/ Moody's/Fitch	Bonds / Sukuks	--	--	54,314,576	53,466,208
BB/Ba & below	S&P/ Moody's/Fitch	Bonds / Sukuks	--	--	20,438,131	12,130,865
Unrated		Bonds / Sukuks	--	1,666,088	21,750,106	29,697,356
Unrated		Money Market Funds/ Investment Funds/Equities	2,027,052	52,999,225	196,481,465	313,105,636
			56,100,346	106,316,032	496,473,761	758,751,497

30.7 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial liabilities.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

All time deposits held by the Company at the statement of financial position date had original maturity periods less than five years.

30. RISK MANAGEMENT (CONTINUED)

Maturity profiles

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining expected undiscounted contractual obligations. Maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums have been excluded from the analysis as they are not contractual obligations.

31 December 2018						
	Reinsurance' operations			Shareholders' operations		
	Up to one year SR	More than one year SR	Total SR	Up to one year SR	More than one year SR	Total SR
LIABILITIES						
Accounts payable	19,927,639	--	19,927,639	--	--	--
Retrocession balances payable	22,898,559	--	22,898,559	--	--	--
Accrued retroceded premiums	15,839,717	--	15,839,717	--	--	--
Outstanding claims	662,467,372	--	662,467,372	--	--	--
Claims incurred but not reported	330,480,733	--	330,480,733	--	--	--
Accrued expenses and other liabilities	7,560,114	--	7,560,114	4,986,838	--	4,986,838
	1,059,174,134	--	1,059,174,134	4,986,838	--	4,986,838

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

Maturity profiles (Continued)

31 December 2017						
	Reinsurance operations			Shareholders' operations		
	Up to one year SR	More than one year SR	Total SR	Up to one year SR	More than one year SR	Total SR
LIABILITIES						
Accounts payable	16,648,193	--	16,648,193	--	--	--
Retrocession balances payable	229,763,824	--	229,763,824	--	--	--
Accrued retroceded premiums	7,891,275	--	7,891,275	--	--	--
Outstanding claims	445,954,001	--	445,954,001	--	--	--
Claims incurred but not reported	415,098,966	--	415,098,966	--	--	--
Accrued expenses and other liabilities	5,742,651	--	5,742,651	7,069,892	--	7,069,892
	1,121,098,910	--	1,121,098,910	7,069,892	--	7,069,892

Liquidity profile

None of the financial liabilities shown in the statement of financial position are based on discounted cash flows as they are all payable within twelve months of the statement of financial position date.

30. RISK MANAGEMENT (CONTINUED)

Maturity analysis on expected maturity bases

31 December 2018						
	Reinsurance' operations			Shareholders' operations		
	Current SR	Non-current SR	Total SR	Current SR	Non-current SR	Total SR
ASSETS						
Bank balances	22,303,716	--	22,303,716	9,542,390	--	9,542,390
Time Deposits	73,896,431	--	73,896,431	196,235,246	--	196,235,246
Premiums receivable, gross	203,735,152	--	203,735,152	--	--	--
Retroceded share of outstanding claims	198,432,518	--	198,432,518	--	--	--
Retroceded share of claims incurred but not reported	59,937,179	--	59,937,179	--	--	--
Accrued special commission income from time deposits	408,367	--	408,367	1,671,257	--	1,671,257
Accrued reinsurance premium	--	409,778,137	409,778,137	--	--	--
Accrued special commission income from bonds and sukuk	--	--	--	2,663,892	--	2,663,892
Investments held at fair value through income statement	56,100,346	--	56,100,346	496,473,761	--	496,473,761
other assets	1,687,040	166,713,097	168,400,137	--	30,859,116	30,859,116
	616,500,749	576,491,234	1,192,991,983	706,586,546	30,859,116	737,445,662

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

Maturity analysis on expected maturity bases

31 December 2018						
	Reinsurance' operations			Shareholders' operations		
	Current SR	Non-current SR	Total SR	Current SR	Non-current SR	Total SR
LIABILITIES						
Accounts payable	19,927,639	--	19,927,639	--	--	--
Retrocession balances payable	22,898,559	--	22,898,559	--	--	--
Accrued retroceded premiums	--	15,839,717	15,839,717	--	--	--
Outstanding claims	662,467,372	--	662,467,372	--	--	--
Claims incurred but not reported	330,480,733	--	330,480,733	--	--	--
Accrued expenses and other liabilities	7,560,114	--	7,560,114	4,986,838	--	4,986,838
	1,043,334,417	15,839,717	059,174,134	4,986,838	--	4,986,838
Gap	(426,833,668)	560,651,517	133,817,849	701,599,708	30,859,116	732,458,824

30. RISK MANAGEMENT (CONTINUED)

31 December 2017						
	Reinsurance' operations			Shareholders' operations		
	Current SR	Non-current SR	Total SR	Current SR	Non-current SR	Total SR
ASSETS						
Bank balances	53,404,191	--	53,404,191	31,737,579	--	31,737,579
Time Deposits	58,003,125	--	58,003,125	--	--	--
Premiums receivable, gross	364,157,470	--	364,157,470	--	--	--
Retroceded share of outstanding claims	59,889,008	--	59,889,008	--	--	--
Retroceded share of claims incurred but not reported	105,950,475	--	105,950,475	--	--	--
Accrued special commission income from time deposits	868,728	--	868,728	3,250	--	3,250
Accrued reinsurance premium	--	372,087,694	372,087,694	--	--	--
Accrued special commission income from bonds and sukuk	--	--	--	3,830,983	--	3,830,983
Investments held at fair value through income statement	106,316,032	--	106,316,032	758,751,497	--	758,751,497
Other assets	981,099	102,299,600	103,280,699	--	--	--
	749,570,128	474,387,294	1,223,957,422	794,323,309	--	794,323,309

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

31 December 2017

	Reinsurance' operations			Shareholders' operations		
	Current SR	Non-current SR	Total SR	Current SR	Non-current SR	Total SR
LIABILITIES						
Accounts payable	16,648,193	--	16,648,193	--	--	--
Retrocession balances payable	229,763,824	--	229,763,824	--	--	--
Accrued retroceded premiums	--	7,891,275	7,891,275	--	--	--
Outstanding claims	445,954,001	--	445,954,001	--	--	--
Claims incurred but not reported	415,098,966	--	415,098,966	--	--	--
Accrued expenses and other liabilities	5,742,651	--	5,742,651	7,069,892	--	7,069,892
	1,113,207,635	7,891,275	1,121,098,910	7,069,892	--	7,069,892
Gap	(363,637,507)	466,496,019	102,858,512	787,253,417	--	787,253,417

30.8 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are carried out in local and foreign currencies. Management believes that there is no significant foreign currency exposure since most of the Company's transactions not denominated in Saudi Riyals were undertaken in foreign currencies which are pegged to the Saudi Riyal.

30. RISK MANAGEMENT (CONTINUED)

The table below represents the Company's assets and liabilities denominated in major currencies as follows:

31 December 2018	USD SR	QAR SR	AED SR	EUR SR	KWD SR	INR SR	Others SR	Total SR
ASSETS								
Bank balances and cash	5,540,407	--	31,471	43,666	--	--	6,570,461	12,186,005
Time deposits	56,499,431	--	--	--	--	--	--	56,499,431
Accrued special commission income from time deposits	122,919	--	--	--	--	--	--	122,919
Premium receivables, net	48,304,826	5,432,830	13,175,842	2,270,600	7,500,406	23,470,133	42,087,887	142,242,524
Investments held at fair value through income statement	332,022,403	--	--	--	--	--	10,064,518	342,086,921
Accrued insurance premiums	31,489,520	3,500,421	14,449,245	6,331,556	2,840,923	38,113,918	204,577,279	301,302,862
Retroceded share of unearned premiums	--	--	--	--	--	--	--	--
Deferred excess of loss premiums	--	--	--	--	--	--	--	--
Retroceded share of outstanding claims	--	--	--	--	--	--	--	--
Retroceded share of claims incurred but not reported	--	--	--	--	--	--	--	--
Deferred policy acquisition costs	12,849,702	962,404	5,007,965	1,033,372	1,234,588	3,087,505	50,126,809	74,302,345
Prepaid expenses, deposits and other assets	166,609,875	--	--	--	--	--	--	166,609,875
Property and equipment, net	--	--	--	--	--	--	--	--
Accrued special commission income from bonds and sukuk	656,866	--	--	--	--	--	--	656,866
Investment in associate	97,293,816	--	--	--	--	--	--	97,293,816
Statutory deposit	--	--	--	--	--	--	--	--
Accrued income on statutory deposit	--	--	--	--	--	--	--	--
	751,389,765	9,895,655	32,664,523	9,679,194	11,575,917	64,671,556	313,426,954	1,193,303,564

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

31 December 2017	USD SR	QAR SR	AED SR	EUR SR	KWD SR	INR SR	Others SR	Total SR
ASSETS								
REINSURANCE OPERATIONS								
Bank balances and cash	40,328,052	--	461,093	516,130	--	--	3,387,812	44,693,087
Time deposits	58,003,125	--	--	--	--	--	--	58,003,125
Accrued special commission income from time deposits	3,250	--	--	--	--	--	--	3,250
Premium receivables, net	237,443,434	7,894,486	14,399,803	122,961	7,218,897	25,617,590	49,123,933	341,821,104
Investments held at fair value through income statement	513,362,284	--	--	--	--	--	10,064,518	523,426,802
Accrued insurance premiums	22,425,014	6,040,447	8,535,388	3,256,274	3,050,093	31,561,959	165,439,093	240,308,268
Retroceded share of unearned premiums	--	--	--	--	--	--	--	--
Deferred excess of loss premiums	--	--	--	--	--	--	--	--
Retroceded share of outstanding claims	--	--	--	--	--	--	--	--
Retroceded share of claims incurred but not reported	--	--	--	--	--	--	--	--
Deferred policy acquisition costs	12,224,036	2,518,155	5,036,287	734,808	1,366,086	3,871,414	46,400,334	72,151,120
Prepaid expenses, deposits and other assets	102,188,250	--	--	--	--	--	--	102,188,250
Property and equipment, net	--	--	--	--	--	--	--	--
Accrued special commission income from bonds and sukuk	656,866	--	--	--	--	--	--	656,866
Investment in associate	91,954,382	--	--	--	--	--	--	91,954,382
Statutory deposit	--	--	--	--	--	--	--	--
Accrued income on statutory deposit	--	--	--	--	--	--	--	--
	1,078,588,693	16,453,088	28,432,571	4,630,173	11,635,076	61,050,963	274,415,690	1,475,206,254

30. RISK MANAGEMENT (CONTINUED)

31 December 2018	USD SR	QAR SR	AED SR	EUR SR	KWD SR	INR SR	Others SR	Total SR
LIABILITIES								
Accounts payable	6,086,684	1,676,918	288,328	136,426	5,863	173,654	8,957,678	17,325,551
Retrocession balances payable	--	--	--	--	--	--	--	--
Accrued retroceded premiums	--	--	--	--	--	--	--	--
Unearned premiums	50,275,716	3,842,957	16,230,912	3,405,943	4,571,205	23,375,539	150,487,966	252,190,238
Outstanding claims	207,933,871	24,734,440	24,478,482	1,453,605	22,369,025	85,571,105	97,535,994	464,076,522
Claims incurred but not reported	47,173,920	3,828,358	11,102,370	4,637,614	4,766,397	17,982,300	144,850,376	234,341,335
Unearned retrocession commission	--	--	--	--	--	--	--	--
Accrued expenses and other liabilities	1,044,279	--	--	--	--	--	968,722	2,013,001
End of service indemnities	--	--	--	--	--	--	--	--
Provision for zakat and tax	--	--	--	--	--	--	--	--
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--
	312,514,470	34,082,673	52,100,092	9,633,588	31,712,490	127,102,598	402,800,736	969,946,647

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

31 December 2017	USD SR	QAR SR	AED SR	EUR SR	KWD SR	INR SR	Others SR	Total SR
LIABILITIES								
Accounts payable	(1,013,540)	2,163,885	967,392	318,910	371,951	(141,285)	8,109,157	10,776,470
Retrocession balances payable	--	--	--	--	--	--	--	--
Accrued retroceded premiums	--	--	--	--	--	--	--	--
Unearned premiums	134,489,614	9,368,785	16,596,004	2,461,144	5,577,289	26,604,350	139,725,235	334,822,421
Outstanding claims	49,392,823	11,171,182	24,363,381	1,206,061	23,077,039	75,898,812	91,312,225	276,421,523
Claims incurred but not reported	101,103,932	11,226,703	7,649,714	4,279,922	5,586,605	14,177,290	136,266,910	280,291,076
Unearned retrocession commission	--	--	--	--	--	--	--	--
Accrued expenses and other liabilities	791,216	--	--	--	--	--	1,009,093	1,800,309
End of service indemnities	--	--	--	--	--	--	--	--
Provision for zakat and tax	--	--	--	--	--	--	--	--
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--
	284,764,045	33,930,555	49,576,491	8,266,037	34,612,884	116,539,167	376,422,620	904,111,799

30. RISK MANAGEMENT (CONTINUED)

30.9 Special commission rate risk

The Company is exposed to special commission rate risk on its bonds and sukuk investments. Special Commission rate risk arises on bonds and sukuk which are exposed to the fluctuations in special commission rates.

The Company manages special commission rate risk by investing in various long and short duration financial assets, along with cash and cash equivalents. The investment committee monitors the duration of these assets on a regular basis. Duration of reinsurance operations and Shareholders operations' investments in bonds and sukuk portfolios as at 31 December 2018 is around 6.97 years and 5.39 years respectively (31 December 2017: 6.23 years and 5.66 years respectively). A hypothetical increase/decrease of 10 basis points in yield curve will entail decrease/increase in bond/sukuk portfolio values of reinsurance operations and Shareholders operations' investments by SR 0.38 million and SR 1.60 million as at 31 December 2018 (31 December 2017: SR 0.33 million and SR 2.52 million respectively).

a. Market price risk

Market price risk is the risk that the fair value of a financial instrument will fluctuate caused by the factors (other than those arising from commission rate risk or currency risk), that affect all financial instruments traded in the market.

Efficient management of market price risk is key to the investment of company assets. Appropriate levels of investment risk is determined by risk/return profile of the assets. The Company has a diversified portfolio of investments, including investment in the listed equities securities. The Company manages the equity market price risk through diversification and by placing limits on individual and total equity instruments. A 5% change in the fair value of these investments, with all other variables held constant, would impact the statement of income by increase / decrease of SR 6,913,481 (2017: SR 8,029,735).

30.10 Capital management risk

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

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

The table below summarizes the minimum regulatory capital of the Company and the total capital held:

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

30. RISK MANAGEMENT (CONTINUED)

30.10 Capital management risk (Continued)

	2018 SR	2017 SR
Total capital held	832,647,873	828,792,798
Minimum regulatory capital	200,000,000	200,000,000

In the opinion of the management, the Company has fully complied with the externally imposed capital requirements during the reported financial year.

31. CONTINGENCIES AND COMMITMENTS

b. Fair value of financial instruments

Financial instruments consist of financial assets and financial liabilities. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms. The Company's financial assets consist of cash and cash equivalents, receivables, investments and accrued income and its financial liabilities consist of payables, accrued expenses and gross outstanding claims. The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position.

a) legal proceedings and regulations

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

b) Guarantee deposits

As at 31 December 2018, the Company has deposited and pledged SR 47,250,000 (31 December 2017: SR 47,250,000) with local bank to obtain the standby letter of credit towards Fund At Lloyds (FAL) for its participation in a Lloyds Syndicates and for 2015, 2016 and 2017 underwriting years. In addition, the Company has deposited SR 119,359,875 (31 December 2017: 54,938,250) with Lloyd's London as FAL for its continued participation in a Lloyds Syndicates and for 2018 underwriting year. Upon issuance of stand by letter of credit, the deposit with Lloyds will be withdrawn.

32. SUPPLEMENTARY INFORMATION

	31 December 2018			31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
ASSETS						
Bank balances and cash	22,343,716	9,542,390	31,886,106	24,244,191	9,237,579	33,481,770
Time deposits	73,896,431	196,235,246	270,131,677	87,253,125	22,500,000	109,753,125
Accrued special commission income from time deposits	408,367	1,671,257	2,079,624	868,728	3,250	871,978
Premium receivables, net	200,023,513	--	200,023,513	358,871,064	--	358,871,064
Investments held at fair value through income statement	56,100,346	496,473,761	552,574,107	106,316,032	758,751,497	865,067,529
Accrued insurance premiums	409,778,137	--	409,778,137	372,087,694	--	372,087,694
Retroceded share of unearned premiums	33,080,894	--	33,080,894	117,679,188	--	117,679,188
Deferred excess of loss premiums	11,431,609	--	11,431,609	14,299,778	--	14,299,778
Retroceded share of outstanding claims	198,432,518	--	198,432,518	59,889,008	--	59,889,008
Retroceded share of claims incurred but not reported	59,937,179	--	59,937,179	105,950,475	--	105,950,475
Deferred policy acquisition costs	99,895,591	--	99,895,591	100,345,144	--	100,345,144
Prepaid expenses, deposits and other assets	177,871,645	31,087,587	208,959,232	103,964,040	228,471	104,192,511
Property and equipment, net	2,212,848	30,376,050	32,588,898	2,286,389	31,249,580	33,535,969
Accrued special commission income from bonds and sukuk	--	2,663,892	2,663,892	--	3,830,983	3,830,983
Investment in an associate	--	97,293,816	97,293,816	--	91,954,382	91,954,382
Statutory deposit	--	121,500,000	121,500,000	--	100,000,000	100,000,000
Accrued income on statutory deposit	--	15,549,401	15,549,401	--	13,127,882	13,127,882
Due from shareholders' operations*	110,965,035	--	110,965,035	144,461,682	--	144,461,682
TOTAL ASSETS	1,456,377,829	1,002,393,400	2,458,771,229	1,598,516,538	1,030,883,624	2,629,400,162

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

32.SUPPLEMENTARY INFORMATION (CONTINUED)

	31 December 2018			31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
LIABILITIES						
Accounts payable	19,927,639	--	19,927,639	16,648,193	--	16,648,193
Retrocession balances payable	22,898,559	--	22,898,559	229,763,824	--	229,763,824
Accrued retroceded premiums	15,839,717	--	15,839,717	7,891,275	--	7,891,275
Unearned premiums	380,171,285	--	380,171,285	461,488,892	--	461,488,892
Outstanding claims	662,467,372	--	662,467,372	445,954,001	--	445,954,001
Claims incurred but not reported	330,480,733	--	330,480,733	415,098,966	--	415,098,966
Unearned retrocession commission	6,410,240	--	6,410,240	7,542,299	--	7,542,299
Accrued expenses and other liabilities	7,560,114	4,986,838	12,546,952	5,742,651	7,069,892	12,812,543
End of service indemnities	6,593,975	--	6,593,975	5,729,277	--	5,729,277
Accumulated surplus	4,028,195	--	4,028,195	2,657,160	--	2,657,160
Provision for zakat and tax	--	38,244,253	38,244,253	--	37,431,370	37,431,370
Accrued commission income payable to SAMA	--	15,549,401	15,549,401	--	13,127,882	13,127,882
Due to reinsurance operations*	--	110,965,035	110,965,035	--	144,461,682	144,461,682
TOTAL LIABILITIES	1,456,377,829	169,745,527	1,626,123,356	1,598,516,538	202,090,826	1,800,607,364

32.SUPPLEMENTARY INFORMATION (CONTINUED)

	31 December 2018			31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
SHAREHOLDERS' EQUITY						
Share capital	--	810,000,000	810,000,000	--	1,000,000,000	1,000,000,000
Statutory reserve	--	8,815,260	8,815,260	--	6,070,924	6,070,924
Other reserves	--	1,074,616	1,074,616	--	(1,961,580)	(1,961,580)
Retained earnings / (accumulated deficit)	--	12,757,997	12,757,997	--	(175,316,546)	(175,316,546)
TOTAL SHAREHOLDERS' EQUITY	--	832,647,873	832,647,873	--	828,792,798	828,792,798
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,456,377,829	1,002,393,400	2,458,771,229	1,598,516,538	1,030,883,624	2,629,400,162

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

32.SUPPLEMENTARY INFORMATION (CONTINUED)

Statement of income

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	721,604,828	--	721,604,828	942,006,884	--	942,006,884
Retroceded premiums					--	
Local	--	--	--		--	
Foreign	(72,996,501)	--	(72,996,501)	(274,514,242)	--	(274,514,242)
Excess of loss expenses					--	
Local	--	--	--		--	
Foreign	(31,712,226)	--	(31,712,226)	(30,571,165)	--	(30,571,165)
Net written premiums	616,896,101	--	616,896,101	636,921,477	--	636,921,477
Changes in unearned premiums, net	(3,280,686)	--	(3,280,686)	(41,088,425)	--	(41,088,425)
Net earned premiums	613,615,415	--	613,615,415	595,833,052	--	595,833,052
Retrocession commissions	16,468,058	--	16,468,058	11,258,223	--	11,258,223
TOTAL REVENUES	630,083,473	--	630,083,473	607,091,275	--	607,091,275

32.SUPPLEMENTARY INFORMATION (CONTINUED)

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(389,327,810)	--	(389,327,810)	(356,660,833)	--	(356,660,833)
Retroceded share of claims paid	24,638,382	--	24,638,382	63,396,145	--	63,396,145
Net claims paid	(364,689,428)	--	(364,689,428)	(293,264,688)	--	(293,264,688)
Changes in outstanding claims, net	(77,969,866)	--	(77,969,866)	(47,067,503)	--	(47,067,503)
Changes in Incurred but not reported claims, net	38,604,939	--	38,604,939	(78,782,026)	--	(78,782,026)
Net claims incurred	(404,054,355)	--	(404,054,355)	(419,114,217)	--	(419,114,217)
Policy acquisition costs and profit commissions	(172,471,757)	--	(172,471,757)	(146,126,103)	--	(146,126,103)
Other underwriting expenses	(1,997,613)	--	(1,997,613)	(4,710,034)	--	(4,710,034)
TOTAL UNDERWRITING COSTS AND EXPENSES	(578,523,725)	--	(578,523,725)	(569,950,354)	--	(569,950,354)
NET UNDERWRITING INCOME	51,559,748	--	51,559,748	37,140,921	--	37,140,921

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

32. SUPPLEMENTARY INFORMATION (CONTINUED)

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	4,139,943	1,684,512	5,824,455	2,858,075	790,446	3,648,521
Realized gains / (losses) on investments held at fair value through income statement	1,568,285	(890,687)	677,598	188,053	1,151,270	1,339,323
Unrealized (losses) / gains on investments held at fair value through income statement	(367,808)	3,828,225	3,460,417	3,930,642	46,017,732	9,948,374
Special commission income from bonds and sukuk	--	2,873,709	2,873,709	--	2,688,320	2,688,320
Dividend income	--	3,419,095	3,419,095	--	4,636,677	4,636,677
Share of profit of associate	--	2,303,238	2,303,238	--	165,962	165,962
Investment management expenses	(403,940)	(3,516,499)	(3,920,439)	(504,593)	(8,947,126)	(9,451,719)
Net investment income	4,936,480	9,701,593	14,638,073	6,472,177	46,503,281	52,975,458
Other income	--	904,851	904,851	--	--	--
Reversal of / (allowance for) doubtful debts	1,574,768	--	1,574,768	(333,440)	--	(333,440)
General and administrative expenses	(40,576,815)	(6,995,308)	(47,572,123)	(38,539,904)	(7,853,574)	(46,393,478)
Board of directors' remunerations, meetings fees and expenses	--	(2,180,757)	(2,180,757)	--	(3,002,231)	(3,002,231)
Foreign exchange translation losses	(3,783,835)	(48,009)	(3,831,844)	(1,096,952)	(38,113)	(1,135,065)
Total income for the year	13,710,346	1,382,370	15,092,716	3,642,802	35,609,363	39,252,165
Total income attributed to the reinsurance operations	(1,371,035)	--	(1,371,035)	(364,280)	--	(364,280)
Total income for the year attributable to the shareholders	12,339,311	1,382,370	13,721,681	3,278,522	35,609,363	38,887,885
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	12,339,311	1,382,370	13,721,681	3,278,520	35,609,365	38,887,885

32. SUPPLEMENTARY INFORMATION (CONTINUED)

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
OTHER COMPREHENSIVE INCOME						
ITEMS THAT MAY BE CLASSIFIED TO INCOME STATEMENT SUBSEQUENTLY						
Share of foreign currency translation reserve of an associate	--	3,036,196	3,036,196	--	(1,961,580)	(1,961,580)
Total comprehensive income for the year	12,339,311	4,418,566	16,757,877	3,278,520	33,647,785	36,926,305

Statement of cash flows

	For the year ended 31 December 2018			For the year ended 31 December 2017		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
OPERATING ACTIVITIES						
Total income for the year	13,710,346	1,382,370	15,092,716	364,280	38,887,885	39,252,165
Adjustments to reconcile net income for the year to net cash from operating activities:						
Employees' end of service benefits	1,567,038	--	1,567,038	2,155,915	--	2,155,915
Depreciation of property and equipment	1,288,227	873,530	2,161,757	2,744,532	--	2,744,532
Realized gains on investments held at fair value through income statement	(1,568,285)	890,687	(677,598)	(188,053)	(1,151,270)	(1,339,323)
Unrealized loss / (gains) on investments held at fair value through income statement	367,808	(3,828,225)	(3,460,417)	(3,930,642)	(46,017,732)	(49,948,374)
Share of profit of associate	--	(2,303,238)	(2,303,238)	--	(165,962)	(165,962)
Provision for doubtful receivable	(1,574,768)	--	(1,574,768)	333,440	--	333,440
Operating income / (loss) before changes in operating assets and liabilities	13,790,366	(2,984,876)	10,805,490	1,479,472	(8,447,079)	(6,967,607)

Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

32. SUPPLEMENTARY INFORMATION (CONTINUED)

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the year ended 31 December 2018			For the year ended 31 December 2017		
CHANGES IN OPERATING ASSETS AND LIABILITIES:						
Premiums receivable, gross	160,422,319	--	160,422,319	(177,246,910)	--	(177,246,910)
Accrued insurance premiums	(37,690,443)	--	(37,690,443)	(109,747,852)	--	(109,747,852)
Retroceded share of unearned premiums	84,598,294	--	84,598,294	(113,921,087)	--	(113,921,087)
Unearned premiums	(81,317,607)	--	(81,317,607)	155,009,512	--	155,009,512
Retroceded share of outstanding claims	(138,543,510)	--	(138,543,510)	34,882,994	--	34,882,994
Retroceded share of claims incurred but not reported	46,013,296	--	46,013,296	(90,072,491)	--	(90,072,491)
Deferred acquisition costs	449,553	--	449,553	(18,640,011)	--	(18,640,011)
Deferred excess of loss premiums	2,868,169	--	2,868,169	3,216,816	--	3,216,816
Prepaid expenses, deposits and other assets	(73,907,605)	(30,859,116)	(104,766,721)	(54,687,953)	(183,293)	(54,871,246)
Accounts payable	3,279,446	--	3,279,446	(1,568,946)	--	(1,568,946)
Retrocession balances payable	(206,865,265)	--	(206,865,265)	177,844,442	--	177,844,442
Accrued retroceded premiums	7,948,442	--	7,948,442	7,815,672	--	7,815,672
Outstanding claims	216,513,371	--	216,513,371	12,214,312	--	12,214,312
Claims incurred but not reported	(84,618,233)	--	(84,618,233)	168,824,714	--	168,824,714
Unearned commission income	(1,132,059)	--	(1,132,059)	6,694,054	--	6,694,054
Accrued expenses and other liabilities	1,817,463	(2,083,054)	(265,591)	1,836,403	767,323	2,603,726
	(86,374,003)	(35,927,046)	(122,301,049)	3,933,141	(7,863,049)	(3,929,908)

32. SUPPLEMENTARY INFORMATION (CONTINUED)

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the year ended 31 December 2018			For the year ended 31 December 2017		
Zakat and income tax paid	--	(12,089,919)	(12,089,919)	--	(15,731,478)	(15,731,478)
Employees' end of service benefits paid	(702,340)	--	(702,340)	(384,682)	--	(384,682)
Net cash used in operating activities	(87,076,343)	(48,016,965)	(135,093,308)	3,548,459	(23,594,527)	(20,046,068)
INVESTING ACTIVITIES						
Time deposits	33,856,124	(196,235,246)	(162,379,122)	9,548,475	112,456,507	122,004,982
Accrued special commission income on time deposits	460,361	(1,668,007)	(1,207,646)	201,282	2,187,992	2,389,274
Accrued special commission income from bonds and sukuk	--	1,167,091	1,167,091	--	312,744	312,744
Purchase of property and equipment	(1,214,686)	--	(1,214,686)	(767,737)	--	(767,737)
Additions in investments held at fair value through income statement	(21,000,000)	(36,078,728)	(57,078,728)	(51,000,000)	(154,342,957)	(205,342,957)
Investment in associate	--	--	--	--	(93,750,000)	(93,750,000)
Proceeds from disposal of investments held at fair value through income statement	72,416,163	301,294,002	373,710,165	42,250,000	167,339,479	209,589,479
Statutory deposit	--	(21,500,000)	(21,500,000)	--	--	--
Net cash from / (used in) investing activities	84,517,962	46,979,112	131,497,074	232,020	34,203,765	34,435,785
FINANCING ACTIVITIES						
Due to / from reinsurance / shareholders' operations*	21,157,336	(21,157,336)	--	6,821,928	(6,821,928)	--
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	18,598,955	(22,195,189)	(3,596,234)	10,602,407	3,787,310	14,389,717
Cash and cash equivalents at the beginning of the year	53,494,191	31,737,579	85,231,770	42,891,784	27,950,269	70,842,053
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	72,093,146	9,542,390	81,635,536	53,494,191	31,737,579	85,231,770

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



Financial Statements & Independent Auditors' Report

Notes to the Financial Statements For the year ended 31 December 2018

33. COMPARATIVE FIGURES

Certain figures for the prior year have been reclassified to conform to the presentation made in the current year, however the impact of such reclassifications was not material to the overall presentation of the financial statements.

34. APPROVAL OF THE FINANCIAL STATEMENTS

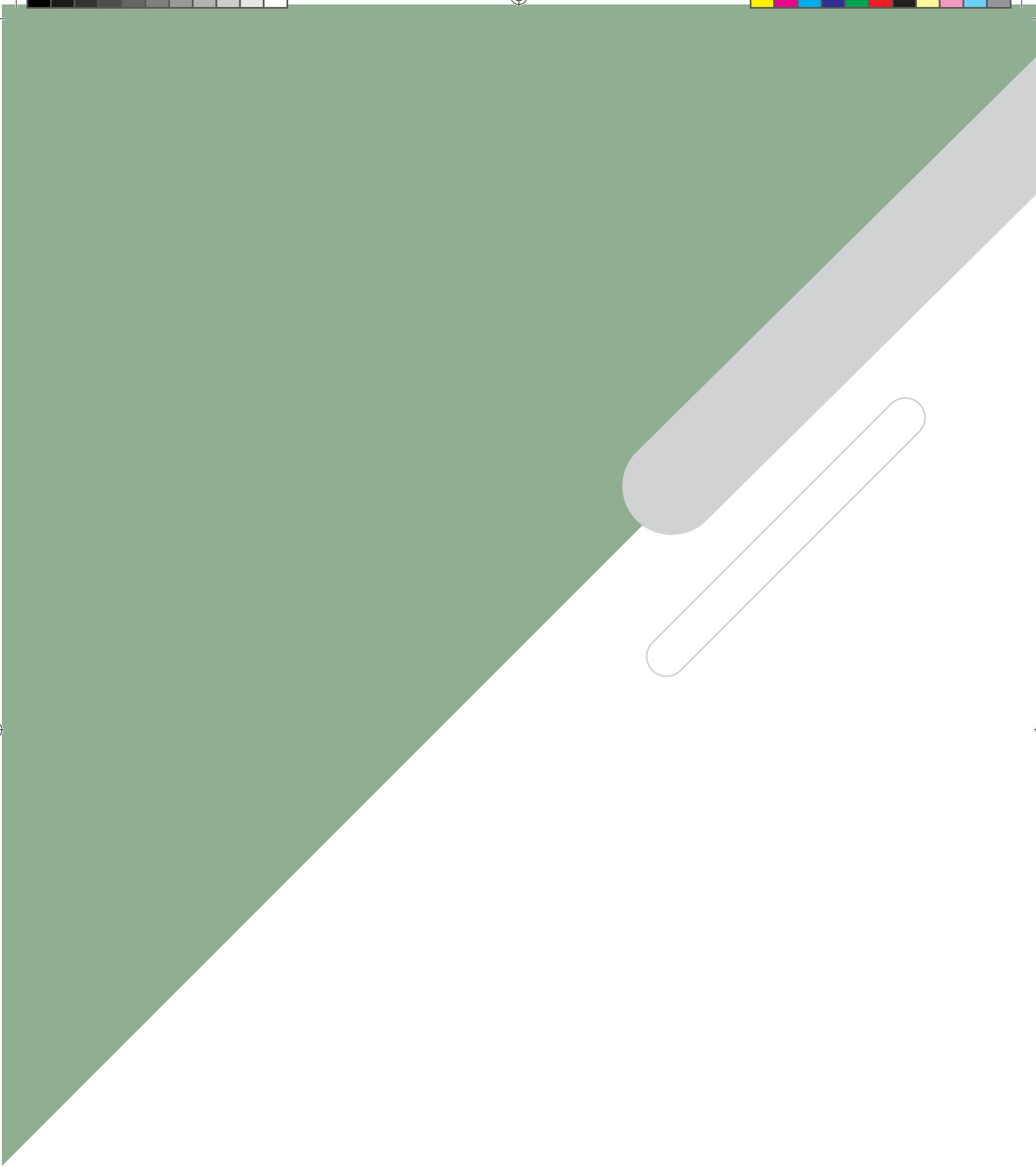
The financial statements have been approved by the Board of Directors on 23 Rajab 1440H corresponding to 30 March 2019.





saudire.net







إعادة
Saudi Re

