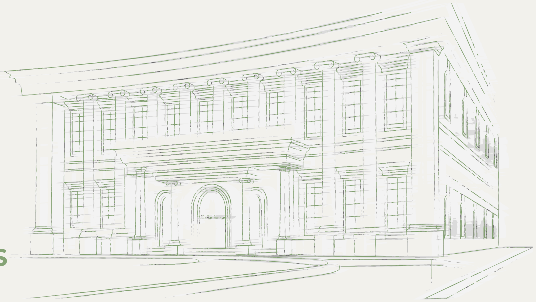
15 YEARS OF PROGRESS



إعادة
Saudi Re

ANNUAL REPORT
2023

15 Years of Progress

Standing tall and steadfast, Saudi Re has cultivated a legacy rooted in trust and unwavering stability over an illustrious 15-year journey. Just as a tree's foundation is nurtured by years of resilience, our growth has been fortified by a sound framework, allowing us to navigate the challenges of our industry and emerge even stronger. Like branches outstretched towards new horizons and opportunities, Saudi Re reaches new heights through expansion, partnership, and innovation. Amidst this growth, we remain deeply anchored to our core values, serving as a beacon of reliability in an ever-evolving landscape. With each passing year, we continue to grow, evolve, and adapt, positioning ourselves not only as leaders in our domain but also poised and ready for a promising future.

إعـــادة
Saudi Re

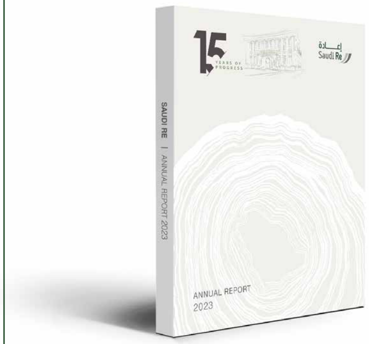
15 YEARS OF PROGRESS

Contents

This Report is available in the following formats:
pdf, and end-to-end comprehensive online HTML

https://saudire.net/AnnualReports/2023/index.html

1. About this Report



https://saudire.net/AnnualReports/2023/index.html

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pdf, and end-to-end comprehensive online HTML

Saudi Re’s Annual Report for 2023 adheres to the principles of Integrated Reporting, maintaining its established practice of presenting a Financial Report, a Sustainability Report, and a Directors’ Report. The primary aim of this report is to provide a concise overview of Saudi Re's strategy, governance, performance, and outlook in the context of the operational environment.

1.1 REPORT BOUNDARY →

Unless explicitly stated otherwise, this report encompasses the operations of Saudi Re. The financial reporting boundary comprises Saudi Re and its affiliated companies.

1.2 REPORTING PERIOD →

This report covers the period commencing 1 January 2023, and concluding 31 December 2023. It is in alignment with Saudi Re’s previous practices for financial and sustainability reporting, in addition to the Directors’ Report. Adoption of IFRS 17 (Insurance Contracts) and IFRS 9 (Financial Instruments), as endorsed in Saudi Arabia, starting 1 January 2023, with retrospective application, has materially changed the presentation of financial results for periods starting Q1 2023 onwards with the comparative periods restated under the new standards. The Directors’ Report, Sustainability Report, and Financial Report presented here all pertain to the fiscal year concluding on 31 December 2023.

Saudi Re’s Annual Report for 2023 is presented in both English and Arabic; in the event of any disparities between the two versions, the Arabic version will take precedence.

1.3 COMPLIANCE →

The Report has been prepared in compliance with all applicable rules, regulations, and standards of the Insurance Authority (IA), the Capital Market Authority (CMA), and the Ministry of Commerce (MOC), and other regulatory bodies.

1.4 FINANCIAL STATEMENTS →

The financial statements for the fiscal year ending 31 December 2023, conform to the International Financial Reporting Standards (IFRS) adopted within the Kingdom of Saudi Arabia (collectively known as IFRS endorsed in KSA). Additionally, these statements adhere to other standards and directives issued by the Saudi Organization for Certified Public Accountants (SOCPA).

1.5 QUERIES →

Investor Relations Department

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Email: Invest@saudi-re.com

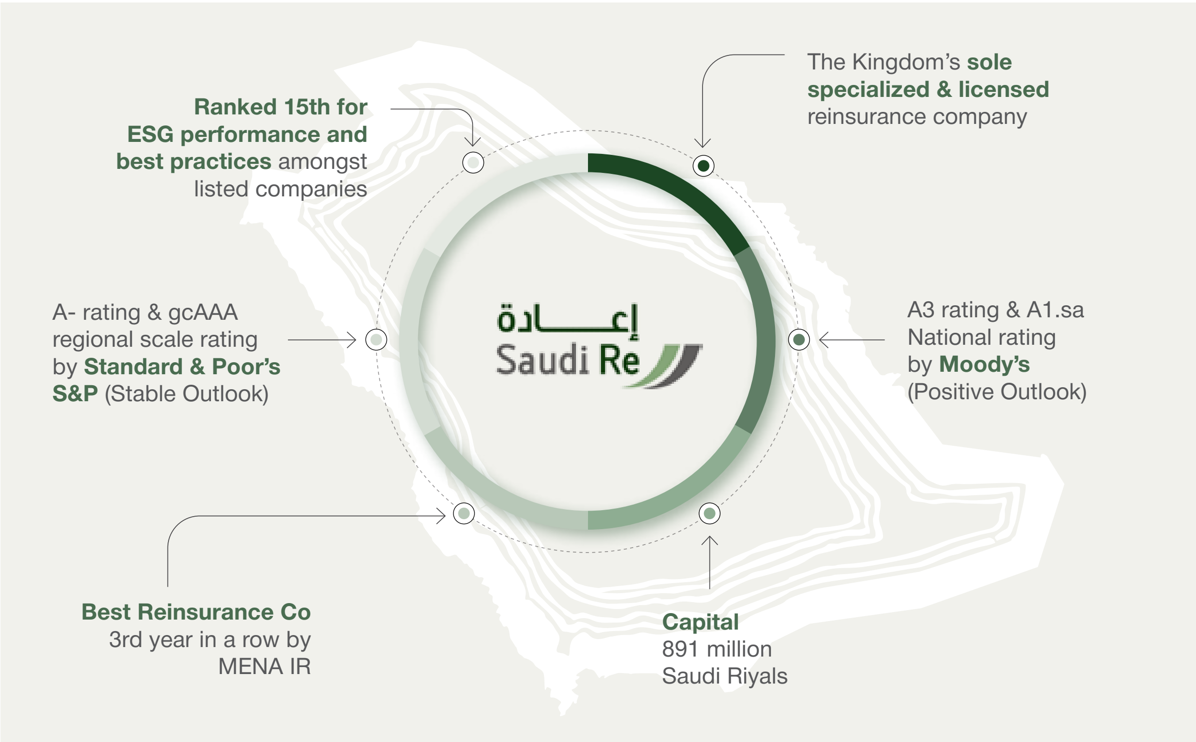
Phone: +966 11 510 2000 Ext: 181

Website: www.saudire.net

IR App: IOS-Android

2. About Saudi Re

2.1 WHO WE ARE →



Established in 2008, Saudi Re is the sole licensed and specialized reinsurance company in The Kingdom of Saudi Arabia and Among the top performing reinsurance companies in MENA region, functioning under the regulatory oversight of the Insurance Authority (IA) that provides reinsurance solutions in various lines of business. We operate in a G20 economy, which boasts one of the world's most rapidly expanding insurance markets, offering us substantial prospects for advancement and growth.

Being a publicly listed company on the Saudi stock exchange and boasting a diverse investor base, Saudi Re is strategically positioned to chart a sustainable path of growth, ensuring its long-term success within the dynamic reinsurance industry.

In 2023, Saudi Re maintained a rating of "A-" for its long-term issuer credit and insurer financial strength. Furthermore, the Company continued to hold a "gcAAA" regional scale rating, with a stable outlook, as assessed by Standard & Poor's Global Ratings (S&P). Additionally, of capital adequacy levels continued to surpass the "AAA" threshold within S&P's assessment model. Moody's reaffirmed Saudi Re's rating at A3 Insurance Financial Strength Rating (IFSR) on the international scale and at A1.sa on the national scale IFSR, with a positive outlook.

The Company's robust financial ratings can be attributed to multiple key factors: strong brand presence, leading market position in Saudi Arabia, the Company's expanding footprint in strategic markets, including Asia,

2. About Saudi Re →

Africa, and Lloyd's. Saudi Re's financial strength is underpinned by: a strong asset portfolio, sound capital adequacy levels, and financial flexibility. Notably, the company also maintains a conservative investment portfolio, has low exposure to natural catastrophe risks, and maintains non-existent leverage with favorable access to capital markets in Saudi Arabia. Additionally, Saudi Re benefits from a unique advantage within the Saudi market – a right of first refusal on a portion of premiums ceded by primary carriers. These factors play pivotal roles in shaping its positive rating.

In the development of strategies and policies, Saudi Re adheres to a sustainability framework that aligns with globally recognized standards. This comprehensive approach ensures the integration of Environmental, Social, and Governance (ESG) principles and sustainability mandates throughout all areas of the Company's operations. Saudi Re is a Sharia-compliant company.

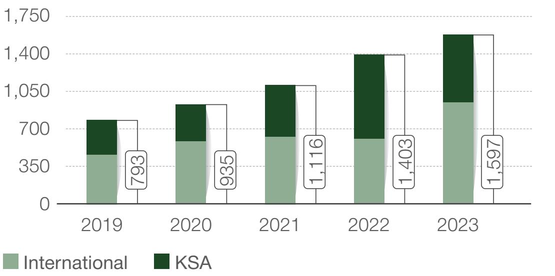
2.2 WHAT WE DO →

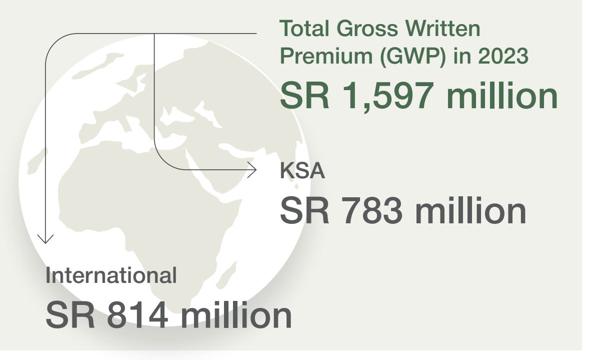
Saudi Re specializes in providing facultative and treaty reinsurance solutions across a range of insurance classes, including property, engineering, liability, marine, motor, life, and health. The Company remains committed to advancing Saudi Arabia's Vision 2030 objectives by actively contributing to the growth of the non-oil sector and non-oil exports. Moreover, Saudi Re aims to enhance the localization of reinsurance activities and ensure premiums remain within the Kingdom.

Saudi Re places a strong emphasis on fostering client relationships, via direct and broker channels. These relationships are managed by market-based underwriting teams, supported by a robust technological and analytical infrastructure. The Company's underwriting proficiency, coupled with formidable analytical and actuarial capabilities, contributes to prudent risk assessments and pricing strategies. Additionally, Saudi Re has cultivated valuable partnerships with retrocession reinsurers, which play a pivotal role in mitigating risks in the event of catastrophic events.

Gross Written Premium (GWP)

(SR million)





2.3 OUR MARKET PRESENCE →

REINSURANCE REVENUE GEOGRAPHICAL DIVERSIFICATION (SR '000)

Total
2023 –
SR 627,187
2022 – 696,998

ME
2023 –
SR 67,953
2022 – 82,534

Asia
2023 –
SR 196,874
2022 – 201,319

KSA
2023 –
SR 216,821
2022 – 255,592

Other Territories
2023 –
SR 129,173
2022 – 125,043

Africa
2023 –
SR 16,366
2022 – 32,510

2.4 VALUE DRIVERS: 2023 AT A GLANCE →

NET PROFIT
2023
SR 124.43 million
2022 – SR 76.05 million

UNDERWRITING RESULTS
2023
SR 85.14 million
2022 – SR 85.07 million

INTERNATIONAL BUSINESS
2023
51%
2022 – 44%

TOTAL ASSETS
2023
SR 2,690 million
2022 – SR 2,256 million

SHAREHOLDERS' EQUITY
2023
SR 1,147 million
2022 – SR 1,017 million

COUNTRIES IN OPERATION
2023
40+
2022 – 40+

GROSS WRITTEN PREMIUM (GWP)
2023
SR 1.5 billion
2022 – SR 1.4 billion

COMBINED RATIO
2023
84.38%
2022 – 92.21%

CREDIT RATINGS
A- S&P & A3 Moody's

EARNINGS PER SHARE
2023
SR 1.40
2022 – SR 0.85

ROE
2023
12.23%
2022 – 7.96%

2.5 AWARDS AND RECOGNITION →

- Saudi Re took third place for Best IR Reporting in the Digital Category, at the 2023 Middle East Investor Relations Association (MEIRA) Awards.
- In 2023, Saudi Re was recognized as General Reinsurance Company of the Year, for the third consecutive year.
- Ranked 15th for ESG performance and best practices amongst listed companies.

2.6 FINANCIAL SUMMARY →

	31 December 23	31 December 22
Reinsurance revenue	**627,187,025**	696,997,918
Reinsurance service expenses	**(509,774,279)**	(591,168,190)
Net income/expenses from retrocession contracts	**2,349,500**	(22,240,463)
Reinsurance service result	**119,762,246**	83,589,265
Net investment income	**60,387,647**	8,379,423
Net financial result	**25,762,001**	9,863,817
Net insurance and investment result	**145,524,247**	93,453,082
Net Income for year before zakat & tax	**158,562,123**	91,317,887
EPS	**1.40**	0.85
Total Comprehensive income for the year	**126,444,998**	59,046,824
Total shareholders' equity	**1,146,822,039**	1,017,183,510

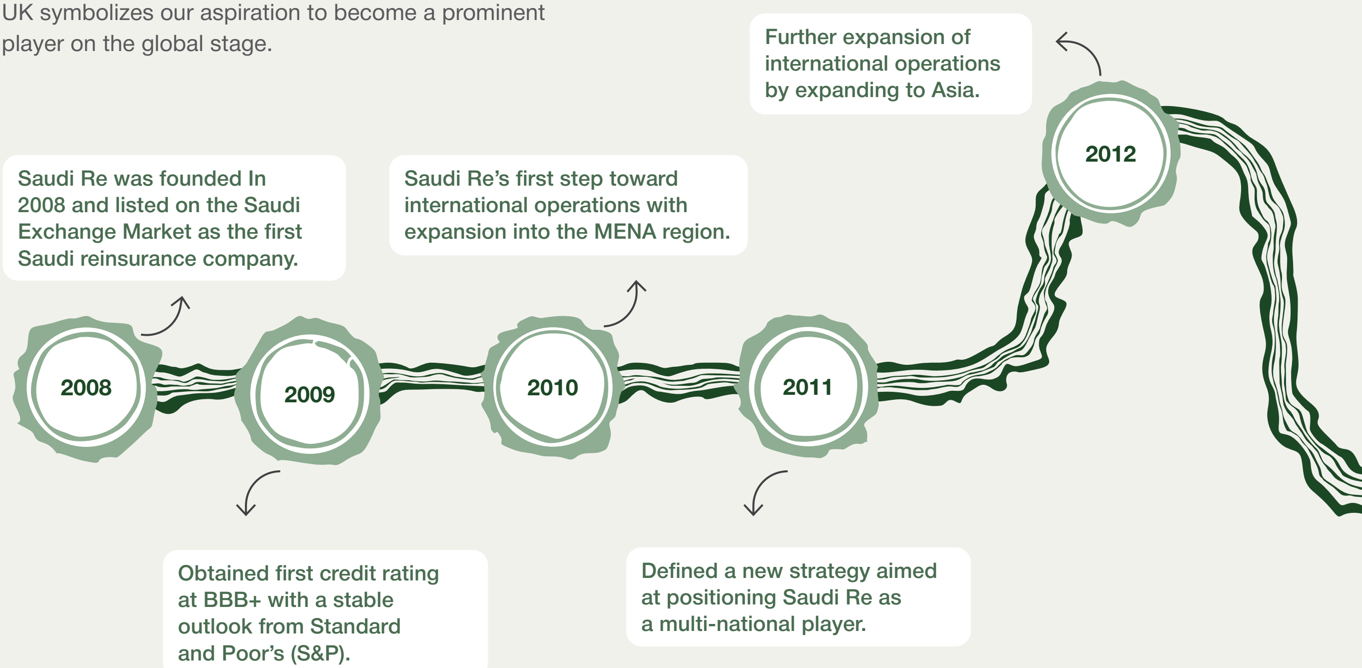
3. Our Growth Journey Over 15 Years

In 2008, the seeds for fruitful endeavor were sown. Saudi Reinsurance Co., embarked on a remarkable journey by finding our roots in the domestic market. This initial phase allowed us to establish a presence within the Kingdom of Saudi Arabia, while laying a foundation that would support our future reach towards expansive horizons.

Fueled by foresight and financial strength, our growth has been characterized by proactive investment. We have consistently channeled resources into cultivating our internal capabilities, fortifying our operational infrastructure, and broadening our service offerings. This intentional approach not only cemented our position as a market leader but also paved the way for a blossoming portfolio, catering to evolving client needs in a dynamic landscape.

Our success stems from our ability to adapt and respond to the ever-shifting winds of the reinsurance industry. As a testament to our flourishing, our reach now extends beyond our national borders. We have strategically unfurled our branches across diverse regions, including the Middle East, Africa, and Asia. Furthermore, our collaboration with the prestigious Lloyd's Market in the UK symbolizes our aspiration to become a prominent player on the global stage.

Today, we stand as the sole specialized Reinsurance Company in the Kingdom and rank among the top performers in the MENA region, demonstrating the depth of our roots and flourishing presence within the industry ecosystem. In 2023, our dedication to ESG principles was reflected in our rankings. Saudi Re placed 15th among all listed companies on Tadawul and achieved the top spot amongst Saudi insurance companies. This achievement serves as a testament to the fruits borne from our commitment to excellence, innovation, and client-centricity. As we reflect on our achievements, our resolve remains steadfast: to explore new frontiers, embrace budding opportunities, and strengthen our legacy of leadership and distinction within the reinsurance landscape.



3. Our Growth Journey Over 15 Years →

2013

Strengthened technical reserves to align with the Company's expansion plans.

2014

Opening of Saudi Re's first branch outside Saudi Arabia – in Malaysia to support expansion in the Asian market.

2015

Participation as a third party capital provider in the Lloyd's Market, the world largest insurance market.

2016

Saudi Re continued to scale, reaching the SR 1 billion GWP milestone.

2017

Acquired 49.9% of the shares of Probitas Holdings (Bermuda) Limited, which invests in Probitas Syndicate 1492, a syndicate of Lloyd's at London specializing in property, construction and casualty (re)insurance solutions.

2018

Moody's assigns Saudi Re its insurance financial strength rating of A3, with stable outlook; indicating robust asset quality with a conservative investment portfolio, and strong capital adequacy and financial flexibility.

2019

Saudi Re achieved a significant milestone with international business from 40+ markets representing 60% of the overall portfolio.

2020

Saudi Re obtained exclusive rights/ privilege to act as the lead reinsurer for the Saudi Arabian Inherent Defects Coinsurance Program for five years.

2021

Increased capital to SR 891 million, converted SR 81 million of retained earnings into capital through a 1-for-10 bonus share distribution; which strengthened Saudi Re's capital base and supports expansion plans for better returns and greater shareholder value.

2022

S&P noted that Saudi Re continued to strengthen its competitive position via profitable business growth and diversification in recent years, thanks to local and international expansion. At the same time Saudi Re's exposure to catastrophe and other large risks is relatively modest and the company maintains capital adequacy above the "AAA" level in S&P model.

2023

- Signed a non-binding Memorandum of Understanding (MoU) with the Public Investment Fund (PIF), paving the way for PIF to become a strategic shareholder.
- Saudi Re was ranked 15th for ESG best practices amongst listed companies in the Saudi Arabian financial market (Tadawul). The Company continues to be the highest-rated insurer, with an ESG ranking surpassing last year's performance.

4. Chairman's Statement

Continuation of the profit pace by achieving SR 124.4 million, an increase of 64%.

In 2023, the world grappled with significant macroeconomic challenges, including the ongoing Russia-Ukraine conflict and a cost-of-living crisis, leading to a decline in global growth. Key drivers of GDP struggled to recover to pre-pandemic levels with forecasts indicating continued economic decline in the upcoming year. Global inflation began to ease due to stringent monetary policies and declining commodity prices, putting strain on the global housing, banking, and industrial sectors. Complex geopolitical dynamics among countries are likely to cause further instability in 2024. Moving forward, global monetary frameworks will play a crucial role in stabilizing inflation, but sustained higher policy rates could increase financing costs, intensifying economic pressures worldwide.

In the Middle East, the deceleration in economic growth was mainly due to decreased oil production, compounded by disruptions in the global landscape. Nonetheless, the non-oil sector displayed resilience and robust growth with economic activity in the Middle East and North Africa region projected to rebound gradually in the next few years as factors hindering growth diminish.

The newly established Saudi Insurance Authority (IA) officially commenced operations on November 23, 2023, functioning as an independent regulator. With a mission to regulate the insurance sector in the Kingdom, the IA aims to enhance its efficiency and stability, aligning with the objectives of Saudi Vision 2030. Among its goals, the Authority will regulate and supervise the insurance sector, safeguard the rights of policyholders, establish principles of insurance contracts, promote innovation in insurance products, and elevate insurance awareness. Furthermore, the IA is expected to focus on enhancing competitiveness to improve service quality and create an appealing investment environment, thereby supporting the insurance sector's role in the national economy. Existing regulations, rules, and instructions pertaining to the insurance sector will remain in effect until further directives are issued. Current insurance policies, claims, channels, and operations will continue uninterrupted, in accordance with relevant regulatory provisions.

The company achieved a net profit before Zakat and tax of SAR 158.6 million in 2023, compared to SAR 91.3 million in 2022, marking a 74% increase from the previous year. The profits after Zakat and Tax increased by 64% to SAR 124.4 million, compared to SAR 76.1 million in the previous year. Additionally, the total shareholders' equity exceeded SAR 1.146 billion by the end of 2023, representing a 13% increase from the previous year, while the earnings per share increased by 65% to SAR 1.4. The company also achieved a 14% increase in gross written premiums, with a total of SAR 1.59 billion in 2023

4.1 A STRATEGIC OUTLOOK →

Saudi Re's robust performance and resilience during challenging periods reflect the effectiveness of our strategy, which is based on key factors such as the evolving (re)insurance regulatory landscape, global reinsurance trends, the goals of the Kingdom's Vision 2030, and the creation of shareholder value. Our refreshed strategic approach "Strategy Towards 2028", provides a blueprint that will enable the company to play an anchoring role in domestic retention while driving innovation to assess and adapt to new and emerging risks in local and international markets.

Diversification remains a cornerstone of Saudi Re's strategy, evident in our expansion into various business lines with a balanced approach to proportional and non-proportional contracts. Geographical diversification has been a priority, with our portfolio now spanning 40 markets: underscoring our ability to strengthen our global presence, even in turbulent times.

4.2 CAPITAL STRENGTHEN →

Saudi Re has considered number of options to strengthen the company's capital base and support its future expansion activities. On 4 March 2024 the Company announced signing a share purchase agreement for the sale of its entire stake in Probitas Holdings (Bermuda) Limited (PHBL) with Aviva Insurance Limited for consideration of GBP120 million, to be paid in cash.

4. Chairman's Statement →

The Company also announced signing a non-binding Memorandum of Understanding ("MoU") with the Public Investment Fund ("PIF") pursuant to which PIF intends to subscribe to new cash shares in Saudi Re by way of capital increase with suspension of preemptive rights.

We believe these major steps would strengthen Saudi Re's market position, providing a solid foundation to capitalize on emerging opportunities that align with the Company's growth strategy. Furthermore, they will enhance Saudi Re's credibility and reputation among investors and stakeholders and contribute to our longterm success and sustainability in the reinsurance industry.

4.3 OUR ESG JOURNEY →

Saudi Re places a strong emphasis on sustainability, recognizing its importance in meeting the evolving demands of our stakeholders. Our sustainability approach is guided by national and international standards such as the United Nations Sustainable Development Goals (UN SDGs) and the Principles for Sustainable Insurance (PSI), reflecting our commitment to responsible business practices. As a pioneering reinsurer in the Middle East, we strive to set a benchmark for sustainable practices in the industry by voluntarily disclosing our Environmental, Social, and Governance (ESG) performance. As a Sharia-compliant company, we uphold the principles of sustainability in our business operations and investments. Additionally, we continuously invest in the development and wellbeing of our workforce, as well as in uplifting our communities through our Corporate Social Responsibility (CSR) activities. Our efforts during 2023 demonstrate our dedication to integrating ESG factors into our decision-making processes and promoting sustainable practices across our organization.

4.4 STRENGTHENING OUR GOVERNANCE →

During 2023, a new Board of Directors was elected for a three-year term and the committees emanating from the board were restructured. The board will strive effectively to lead the Company to new horizons and develop its business with the aim of maximizing shareholder value and fulfilling their aspirations, while adhering to the highest governance standards.

During the year, we also worked to approve charters and policies including those related to IFRS 17. We believe that these essential developments to the Internal Audit Charter and Manual, Compliance Policy, Remuneration and Compensation Policy, AML/CTF Policy, and the Business Continuity Management System (BCMF) Policy; will hold Saudi Re in good stead as we navigate changes to the operating environment.

4.5 A FUTURE FOCUS →

Saudi Re is strategically positioned for remarkable growth opportunities, leveraging our competitive position in the Kingdom and expanding our presence both domestically and globally. We are actively pursuing organic and inorganic avenues to enhance our operations and scale while prioritizing value creation for our shareholders. With a focus on sustainable and diversified growth, we remain steadfast in our commitment to serving the interests of all our stakeholders.

4.6 ACKNOWLEDGEMENTS →

As we celebrate the momentous milestone of 15 years in operation, I extend my heartfelt gratitude to our dedicated employees for their unwavering efforts.
I am profoundly thankful to the regulatory bodies for their invaluable guidance and advice, and to our investors for their continued trust in our vision.
My appreciation also goes to our clients and partners worldwide for their collaboration and confidence in us.
As we look to the future, we remain steadfast in our commitment to creating value and serving all our stakeholders to the best of our ability.

Abdullatif Al-Fozan
Chairman of the Board

5. Chief Executive Officer's Review

Our refreshed strategic direction, Strategy Towards 2028, will strengthen Saudi Re's position as a leading reinsurer in the Middle East.

5. Chief Executive Officer's Review →

In 2023, the global landscape witnessed a confluence of geopolitical shifts, macroeconomic challenges, and natural disasters, which introduced further volatility and uncertainty across markets. Despite these complexities, the Kingdom of Saudi Arabia demonstrated resilience and adaptability, remaining steadfast in its pursuit of strategic initiatives aligned with Vision 2030.

Regionally, the insurance market experienced fragmentation, rising claims inflation, and tax rates, as well as intense competition, making securing business more challenging, particularly in business lines like motor and medical insurance, which constitute a significant portion of Gross Written Premiums (GWP) in the region. The new International Financial Reporting Standard 17 (IFRS 17), which was adopted in January 2023, required insurers to significantly overhaul existing frameworks and processes.

A notable theme in both the insurance and reinsurance sectors was the reversal of pricing cycles. The reinsurance sector, in particular, experienced a rapid escalation in pricing dynamics, as reinsurers prioritized capital preservation and made adjustments to reinsurance arrangements and structures. Despite the persistent challenges and market losses, the sector showed significant improvement.

During the year, our strong domestic position and formidable brand presence proved to be a solid foundation. With unwavering commitment to our strategic vision and dedication to creating value for our shareholders, we navigated challenges with resilience and agility. We delivered yet another commendable performance, marked by 14% growth in Gross Written Premium (GWP) and a notable increase in total assets by SR 433 million. Shareholder equity also grew by 14%, reflecting the Company's profitability improvement.

5.1 OUR FINANCIAL PERFORMANCE →

Retaining our growth momentum, GWP reached SR 1.5 billion by the end of 2023 recording a 14% increase in gross written premiums. Reinsurance revenue in 2023 amounted to SR 627 million, reflecting a 10% reduction YoY. Despite this, most business lines showed growth and witnessed improved results and positive performance.

Leveraging the national initiatives including the regulatory local cessions and Inherent Defects Insurance (IDI) program, Saudi Re has invested in strengthening its competitive position in its primary market in the Kingdom. Contributing to these initiatives will enable us strengthen our presence in the local markets and play a pivotal role in developing the insurance and reinsurance sectors.

The profits after Zakat and Tax increased by 64% to SR 124.4 million, compared to SR 76.1 million in the previous year achieving a balanced performance between investment and technical operations. Success of our underwriting strategy resulted in a 43% increase in the Reinsurance Service Result, and improvement across most business lines.

The results of 2023 come in the context of a consistent profitable growth trajectory for the Company. Saudi Re achieved a CAGR exceeding 18% for written premiums from 2019 to 2023, and a net profit CAGR of 28% for the same period, confirming the Company's competitiveness and its ability to maintain a rapid growth pace while achieving substantial profitability rates.

5.2 STRATEGIC FOCUS →

Central to our success has been a forward-looking and growth-focused strategy. After carefully evaluating market trends and analyzing both local and international growth opportunities, we embarked on refreshing our strategy – Strategy Towards 2028 – through which we aim to expand the company's operations, capabilities, and enhance scale Our direction remains rooted in both organic and inorganic growth, ensuring diversification and sustainability. We are confident that making steady progress against our strategy will reinforce our position as one of the leading reinsurers in the Middle East region, and ensure we serve the interests of all our stakeholders diligently.

5.3 OUR ACHIEVEMENTS →

After diligent efforts throughout the year to ensure a seamless transition, we successfully adopted IFRS 17 and IFRS 9, as per regulatory requirements in the Kingdom. With the material change to presentation of financial results, we have restated comparative financial data under the new standards.

In 2023, Saudi Re sustained its "A-" rating for both long-term issuer credit and insurer financial strength. The company also maintained a "gcAAA" regional scale rating with a stable outlook, as evaluated by Standard & Poor's Global Ratings (S&P). Additionally, its capital adequacy levels remained above the "AAA" threshold within S&P's assessment model. Moody's reaffirmed Saudi Re's rating at A3 for Insurance Financial Strength Rating (IFSR) on the international scale and at A1.sa on the national scale IFSR, with a positive outlook.

These achievements serve as indicators of solvency, creditworthiness, and the capacity to fulfill obligations to policyholders and creditors. Comprehensive evaluations of strategy, governance, financial performance, and risk management further inform investment decisions. Furthermore, it reflects our strong brand and market leadership in Saudi Arabia, alongside our expanding footprint in targeted regions such as Asia and Africa. Moreover, it solidifies Saudi Re's advantageous position, bolstered by the right of first refusal on a portion of premiums from primary insurers. The recognition of our conservative investment portfolio highlights our commitment to maintaining strong asset quality, which in turn strengthens our competitive stance through profitable expansion, diversification, and growth in both local and international markets.

Saudi Re received several prestigious accolades in 2023. For the third consecutive year, the Middle East Insurance Review honored us with the title of General Reinsurance Company of the year. Additionally, our commitment to transparency and excellence in corporate reporting was acknowledged at the Middle East Investor Relations (MEIRA) IR Awards, where we received recognition for the second consecutive year. Notably, our annual reports were awarded 2nd place in the Digital category and 3rd place in the Print category. Saudi Re also joined the MSCI small cap index in 2023.

Throughout the year, Saudi Re continued efforts to further human resource development and upgrade technological infrastructure. Our initiatives aimed to streamline operations and advance digital transformation. As the only regional reinsurer with analytical and actuarial capabilities to comprehend uncertainties through risk – and region-specific catastrophe modeling, we solidified our position as a leader in the industry.

5. Chief Executive Officer's Review →

5.4 REACHING A MILESTONE →

In 2023, Saudi Re celebrates its 15th year of remarkable success. Established in 2008 and listed on the Saudi Exchange Market, we emerged as the pioneering reinsurance company catering to the local insurance market.

Guided by strong foundational pillars, strategic foresight, and growing financial strength, we not only achieved a market-leading position but also embarked on a journey of international expansion in 2010. Our steadfast commitment to maintaining a strong credit rating, has positioned us to capitalize on global market opportunities and broaden our reach.

Our ability to thrive amidst evolving industry dynamics stems from our adaptability and responsiveness. Throughout our journey, we have strategically expanded across the Middle East, Africa, Asia, and beyond, solidifying our presence on the global stage and emphasizing our commitment to achieving global prominence.

5.5 IN CONCLUSION →

I extend my sincere appreciation to our dedicated team for their outstanding performance this year, their contribution has been instrumental in driving our growth. We also commend the efforts of regulatory bodies, particularly the Insurance Authority, in driving industry advancement and improving market practices, which not only fortify the domestic landscape but also provide Saudi Re with opportunities for global expansion, aligning with our vision to rank among the top 50 reinsurers worldwide.

I extend my sincere gratitude to our shareholders for their continued support and trust in our vision. I would also like to take this opportunity to express appreciation to our valued customers and business partners, whose contributions have been instrumental to our success. As we look ahead, we are confident that our commitment to our stakeholders, combined with our agile and strategic approach, will empower us to navigate challenges and capitalize on opportunities in the dynamic global landscape. As we commence 2024, we remain dedicated to pursuing shared goals and delivering exceptional value.

Fahad Al-Hesni
Chief Executive Officer

BUSINESS CONTEXT, STRATEGY AND PERFORMANCE

6. Market Review

6.1 THE GLOBAL CONTEXT →

In 2023, the global economic environment experienced notable shifts due to a confluence of macroeconomic disruptions, culminating in subdued growth rates and escalated inflationary trends.

Fundamental drivers of global GDP, encompassing both investment and consumption, encountered obstacles in returning to their pre-pandemic trajectories. A combination of factors - including the enduring impacts of the pandemic, geopolitical tensions such as the Russia-Ukraine conflict, and a pronounced cost-of-living escalation - contributed to tepid economic recuperation. The global growth trajectory moderated from 3.5% in 2022 to 3% in 2023, with forward-looking indicators projecting a further contraction to 2.9% in 2024.

International financial markets managed to defy pessimistic forecasts in 2023. Equities surged, and bonds rebounded from earlier declines, shifting sentiment from recession apprehension to increased confidence despite US interest rates rising to a 22-year high. Global inflation declined from 8.7% in 2022 to 6.9% in 2023, and future projections suggest a rate of 5.8%[i] for the upcoming year. Although a moderation in core inflation is anticipated, attainment of optimal inflationary benchmarks remains unlikely until 2025. Moderation can be attributed to stringent monetary policy frameworks and consequential adjustments in global commodity pricing structures.

The year 2023, and outlook for 2024 saw a mix of economic uncertainty, simmering geopolitical tensions, and the advent of rapid technological change that is reshaping and redefining the risk environment. The World Economic Forum (WEF) Global Risk Report identified propagation of emerging technologies such as Artificial Intelligence (AI), without suitable checks and balances, to be a major factor in the risk landscape for 2024/25 and the next decade. Potential adverse effects of AI and other frontier technologies includes the spread of misinformation and disinformation, which was seen as the most severe global risk anticipated over the next two years. Similarly, Cyberattacks and resulting insecurity was noted amongst the top five current risks, with potential to remain a significant factor in the next two years.

6.2 PROSPECTS FOR THE FUTURE →

Within this evolving economic setting, the efficacy of global monetary policy is paramount to anchoring inflationary expectations. Moreover, the overarching economic trajectory is significantly contingent upon the outcomes of sustained elevated policy rates, which could further escalate financing costs for consumers and capital for enterprises, thereby amplifying systemic pressures on the international economic landscape.

Growth in advanced economies is expected to slow from 1.5% in 2023 to 1.4% in 2024 as policy measures start to take effect amidst heightened geopolitical uncertainties, less favorable credit conditions, the residual effects of Central Bank tightening cycles, and inflation rates surpassing targets. Emerging market and developing economies are projected to maintain growth at around 4% in 2024.

Global energy consumption is set to grow by 1.8% in 2024, largely driven by strong demand in Asia. Despite high prices and continued supply chain disruptions, the demand for fossil fuels is expected to reach record levels, even as demand for renewable energy continues to rise by an estimated 11% in 2024.

If Brent crude oil averages at USD 80/bbl, oil-exporting sovereigns in the Middle East and North Africa (MENA) will benefit, bolstering their credit metrics. MENA oil-exporting nations are expected to experience enhanced growth in 2024, supported by advancements in non-oil real GDP and stabilization in oil production following the reductions observed in 2023. However, if global growth remains sluggish in 2024, there might be considerations for additional OPEC+ production cuts, especially if the oil market transitions to a surplus. Although non-oil growth is projected to decelerate compared to 2023, persistently high oil prices are expected to maintain.

[i] *International Monetary Fund 2023. World Economic Outlook Update, October 2023.*

With escalating situation in the war on Gaza, regional geopolitics continue to pose risks to sectors like tourism, trade, and investment.

6.3 THE INSURANCE AND REINSURANCE SECTORS →

Over the past year, a significant narrative in the insurance and reinsurance sectors has been the reversal of pricing cycles. Throughout 2023, prices in the majority of commercial insurance lines sustained their upward trajectory, marking the fifth consecutive year of a hardening market cycle. However, when viewed on an indexed basis, the rate of annual increases has started to taper off.

The expectation of buyers for a shift back to more lenient conditions was challenged by unprecedented inflation levels and substantial losses stemming from natural disasters. Nevertheless, despite significant market losses experienced this decade and the capital impairments in 2023, returns within the sector have seen a notable improvement.

In 2024, buyers should anticipate a mixed landscape within the insurance sector. While certain segments like property insurance might experience challenges due to adverse loss experiences and increasing claims inflation, other areas will likely witness abundant capacity. Insurers are expected to focus on expanding sectors where performance remains robust, thereby creating a dichotomy in market dynamics.

In contrast, the reinsurance sector observed a swift escalation in pricing. Reinsurers demonstrated a heightened focus on capital preservation due to six successive years of elevated catastrophe losses. This translated into increased retentions, more stringent terms, and diminished frequency coverage, including adjustments to aggregates, reductions in excess-of-loss layers, and modifications to quota shares.

Escalating demand-side pressures, coupled with a pronounced capacity shortage, were exacerbated as capital providers pulled back, while others opted merely to sustain existing allocations. Such developments heightened liquidity and credit risks for specific reinsurers, especially amid increased uncertainties surrounding claims.

The convergence of geopolitical upheavals, macroeconomic challenges, and devastating natural disasters such as Hurricane Ian, the second most costly natural disaster in history, as well as two destructive earthquakes that hit Turkey and Syria in February, and Morocco in September, has injected notable volatility into the market. Despite these challenges, Fitch Ratings has upgraded its global reinsurance sector outlook from “neutral” to “improving”, reflecting the sector’s enhanced financial resilience expected to continue in 2024. The sector’s combined ratio is forecasted to reach 94% and near-term return on capital is expected to exceed cost of capital.

In the near term, price escalations are expected to surpass the growth in claims costs, leading to underwriting margins peaking in the upcoming year. Concurrently, escalating reinvestment yields and a robust demand for reinsurance are anticipated to bolster earnings progressively. Pricing related to natural catastrophe risks will more accurately reflect the implications of climate change on claims. This shift is especially evident as numerous reinsurers curtail coverage for mid-scale natural catastrophe risks, thereby reducing pricing competitiveness.

S&P raised reinsurance sector view to stable from negative on higher price and increasing investment income, while Fitch raised its global reinsurance sector outlook to “improving” from “neutral”. The sector is anticipated to uphold robust capital adequacy levels, following an estimated 13% recovery in 2023 where global reinsurance capital exceeded USD 635 billion.

With institutional investors showing renewed interest owing to anticipated higher returns, there could be an inflow of alternative capital into the sector. Fitch anticipates that the surplus of both traditional and alternative capital will contribute to a gradual softening of the reinsurance market starting in 2025.

6.4 REINSURANCE/INSURANCE IN THE REGION →

The GCC region has demonstrated resilience in its recovery from the pandemic-induced slowdown and the decline in oil prices, maintaining growth momentum fueled by increased domestic demand, ongoing reform initiatives, positive tourism sentiment, and a rebound in the hydrocarbon market.

6. Market Review →

The Gulf Cooperation Council (GCC) insurance market is poised for significant growth, with a projected compound annual growth rate (CAGR) of 5.3% expected to propel it to USD 44.4 billion by 2028, up from USD 34.3 billion in 2023. This expansion will be driven by a variety of factors, including robust economic growth, population increase, rapid technological and digital advancements, heightened demand for health and life insurance, extensive infrastructure projects, strengthened regulations, mandatory insurance schemes, and a spike in mergers and acquisitions (M&A). Government efforts toward economic diversification are expected to drive spending on sustainable and alternative infrastructure projects, consequently boosting insurable assets and driving demand for property and liability insurance.

However, the market is characterized by fragmentation and intense competition, which poses a threat to insurers' profit margins as they strive to secure business. Rising claims inflation and tax rates present additional challenges to insurers, particularly in core business lines like motor and medical insurance, which constitute a significant portion of Gross Written Premiums (GWP). Despite prevailing challenges, the notable increase in M&A activities serve as a strategic avenue for companies to pursue inorganic growth.

Regulatory bodies in the GCC have implemented rules and standards, including the adoption of International Financial Reporting Standard 17 (IFRS 17) in January 2023, aimed at enhancing transparency, accountability, and fairness within the insurance industry. This required insurers to overhaul their existing frameworks and processes significantly. Coupled with heightened capital requirements, the transition presents particular challenges for medium-sized providers with limited resources and capacity.

Additionally, GCC governments are prioritizing personal data protection in response to rising cyber threats, creating opportunities for new products such as cyber insurance. Moreover, there is a growing demand for credit insurance in the region, spurred by the complexities of global trade and economic uncertainties.

GCC insurers heavily rely on reinsurance, with a substantial portion of premiums ceded to international reinsurance markets. However, a hardening reinsurance market poses risks to the financial performance of GCC insurers.

Despite growth, insurance penetration in the GCC is projected to remain between 1.6% and 1.7%, with density expected to increase from USD 597.6 in 2023 to USD 699.5 in 2028. Penetration rates across all segments in the GCC insurance sector fall below global standards, indicating untapped potential. Addressing this requires concerted efforts and strategic initiatives to raise awareness and build consumer confidence in the region's insurance products.

6.5 THE LOCAL CONTEXT →

The Kingdom remains steadfast in its pursuit of the ambitious Vision 2030, achieving numerous milestones ahead of predetermined timelines. Several initiatives, particularly those that initiated early-stage restructuring within key state sectors are beginning to yield tangible results.

According to estimates from the General Authority for Statistics (GASTAT), real GDP of Saudi Arabia decreased by 0.8% during 2023[ii], primarily driven by a 9.0% decline in oil activities. Non-oil sectors are estimated to have grown by 4.4%, and government activities by 2.1% in 2023. Financial, Insurance and Business Services activities recorded a growth of 6.8%. Gross Domestic Product at current prices amounted to SR 4,003 billion in 2023, with crude petroleum and natural gas activities continuing to provide the highest contribution to GDP with a share of 25.4%[ii].

The International Monetary Fund (IMF) raised its growth projections for the Kingdom to 4% in 2024, while the preliminary budget statement from the Ministry of Finance has said that real GDP is expected to grow by 4.4%. The Kingdom has continued to increase its expenditure, allocating a budget exceeding SR 1.2 trillion for 2024, accompanied by prudent revenue forecasts. Geopolitical shifts can present either challenges or opportunities for the Kingdom.

ii General Authority for Statistics (GASTAT). 2023. GDP and National Accounts Fourth Quarter of 2023. Riyadh, KSA.

Reports from the newly established Insurance Authority (IA) indicate that the Kingdom's insurance sector grew by 26.9% in 2022, with total Gross Written Premium (GWP) reaching SR 53.4 billion during the same period. The year 2023 continued this steady trend with 21.8% growth in GWP over the first nine months, when compared to the same period the previous year.

In developments during 2023: January saw SAMA issue a circular mandating phased reinsurance cession to the local market from 1 January 2023, targeting a minimum of 30% reinsurance cession offered to the local market by the beginning of 2025. This is likely to impact the local insurance industry in the medium to long term. Amendments were introduced to the Unified Compulsory Motor Insurance Policy, making it mandatory for all vehicles in the Kingdom to have at least third-party liability insurance. Additionally, changes were made to the Comprehensive Motor Insurance Rules to fortify the regulatory framework and safeguard the rights of beneficiaries. SAMA announced the licensing of the first foreign health insurance company branch in Saudi Arabia. This move aimed to encourage foreign direct investment, while stimulating competition in the sector. In August, the Insurance Authority (IA) was established to regulate and supervise the insurance sector in Saudi Arabia, taking over responsibilities previously held by SAMA. The IA has been set up with the aim of enhancing the sector's effectiveness and promoting stability, while protecting rights and strengthening contractual principles. This significant development in regulatory supervision, bringing with it the potential for legal reform, happens at the same time as issuance of new Insuretech rules governing online reinsurance brokerage; signaling new opportunities for the Kingdom's reinsurance sector. Marine Insurance Coverage instructions were issued to help develop a regulatory framework for compulsory and non-compulsory marine insurance in the Kingdom. Furthermore, two insurers obtained their final regulatory approvals for their on-market merger, marking the sixth merger in the Kingdom's insurance market, in line with the goal to create fewer and stronger companies capable of meeting market expectations.

Projections for the forthcoming year are shaped by multiple elements, encompassing the developments of 2023 and the strategic initiatives undertaken by the Kingdom aiming to counterbalance potential vulnerabilities in the global oil markets. Anticipations suggest a continued uptick in revenues for 2024 attributed to the increasing participation of the private sector, stimulated by diverse governmental initiatives and strategies aligned with Vision 2030. Saudi Arabia is also poised to host Expo 2030 and the 2034 World Cup, leading to the anticipation of numerous extensive infrastructure projects in Riyadh.

The Kingdom has exhibited agility and adaptability in navigating economic and political challenges in recent times. Unlike many nations, it remained largely insulated from pandemic-induced inflation and adeptly managed the effects of global geopolitical tensions. The Kingdom proactively launched initiatives targeting global supply chain issues. This forward-thinking approach is anticipated to persist into the upcoming year, with strategic measures in place to safeguard its economic and strategic priorities. Benefiting from a resilient economy and strong international partnerships, the Kingdom is poised to pursue its national endeavors aimed at elevating key sectors.

6.6 SAUDI RE'S RESPONSE →

As a result of our efforts to widen the scope of our operations, especially in the local and Middle Eastern markets, Saudi Re has achieved positive results and notable growth in performance throughout 2023. Our business activities have reinforced our position as a leading company and opened new doors of opportunity and growth both locally and globally. We have also maintained remarkable financial and technical performance and a robust financial position, which resulted in the Company maintaining its A- credit rating from S&P with stable outlook, while Moody's reevaluated the Company, resulting in an A3 rating and raising the outlook from stable to positive.

With increasing risks of natural disasters, the Company undertakes thorough procedures to monitor and evaluate its risk exposure rates, investing in advanced tools and technologies to analyze and manage risks, and utilizing actuarial forecasting and prototyping methodologies. For instance, Saudi Re operates state-of-the-art actuarial systems from RMS, which are considered among the world's most effective natural disaster management technologies.

6. Market Review →

Reflecting the ever-changing and diversifying catalog of international risks, we continuously strive to update our risk management strategy, consolidating our ability to identify areas of risk and handle them preemptively, and scaling up our readiness to handle any crisis. Our business continuity framework was also refreshed, and comprehensive procedures were put in place to respond to a diverse array of risks, which ensures operational resilience and the continual provision of services to our clients. Additionally, we have placed a special focus on mainline activities, safeguarding the Company's success and ability to adapt with a changing reinsurance market. With all in place, attention was paid to the preemptive management and enhancement of claims activities – considering the rising rates of global inflation – and to capitalizing on advanced analytics and accrued statistical experience, limiting risks and ensuring effective claims management.

Saudi Re's general strategy was likewise updated to align with market and regulatory environment developments through conducting a complete review of business goals, market trends, and growth opportunities. This strategic orientation strengthens our capacity to accommodate emerging trends and improve our operational, technical, and human capabilities, maintaining the pace of growth and achieving greater performance overall. Moreover, and owing to our commitment to our ambitious growth strategy, we worked towards finding solutions to support and bolster our capital base and attract strategic investors to maximize the Company's future operational output. We have also reached an agreement to sell our share in Probitas for 120 million AUD, enabling us to reinforce our competitive foothold and redirect monetary resources into new local and international growth opportunities.

At Saudi Re, we focus on the vital importance of ESG to achieving sustainability, confirming our steadfast commitment towards sustainable business practices through maximizing economic value, creating positive environmental impact, and supporting sustainable social development. Sustainability continues to represent a key pillar in Saudi Re's strategy; therefore, our achievements have been recognized by being awarded first place in 2023 Saudi insurance sector's sustainability rankings for the second consecutive year. As for governance, we adhere to a robust structural system that is designed to protect shareholder and other stakeholders' interests, while ensuring compliance with laws, regulations, and guidelines of regulatory agencies, and as a sharia-compliant company, we avoid investments that could lead to adverse societal impacts, and continually advocate for equality, inclusion, and economic prosperity.

Opportunities	Saudi Re's response
Change in regulations	**Refresh Saudi Re's strategy**
Developing economies grows by 4% in 2024	
Global energy consumption grows by 1.8% in 2024	
Renewable energy rises by 11% in 2024	
Inflow of alternative capital	

Risks	Saudi Re's response
Geopolitical tensions	• **Refresh BCM framework** • **Manage and optimize claims cost**
Enduring impacts of the pandemic	
Cost-of-living crisis	
Cyberattacks	
AI-generated misinformation and disinformation	
Attacks on critical infrastructure	
Global inflation	
Advanced economies growth slow	
Regional conflict	
Geopolitical upheavals	
Climate change issues	

7. Strategic Direction

Our vision is "To evolve into a large and diversified reinsurer contributing to the growth of our economy aiming to be ranked among the top 50 global reinsurers" which is anchored at the core of our activities. Saudi Re has developed Strategy Towards 2028; a strategic blueprint that will enable the company to play an anchor role in increased domestic retention and drive innovation to better capture new and emerging risks in local and international markets.

Our "Strategy Towards 2028" is strongly aligned with the overarching Saudi Vision for the insurance sector:

VISION رؤيـــة 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Increase GDP diversification/non-oil GDP growth

Develop highly specialized talent pool of Saudi Nationals

De-risk the KSA economic growth by providing local content solutions to retain and absorb risks locally

Support the emergence of new insurance solutions for poorly covered risks

Saudi Re focuses on leveraging extensive domestic prospects while expanding internationally to foster diversification, ultimately establishing ourselves as a prominent global reinsurer within the global top 50.

Driven by the dedication to solidify its status as a national champion, Saudi Re pursues two primary strategic objectives aimed at sustaining profitable growth locally and internationally:

Capitalizing on the growth potential of the Saudi economy and leveraging our advantageous presence in the Kingdom to:

- Support Saudi Vision 2030 and de-risking economic growth
- Play an anchor role in increased domestic market retention and absorption of risks
- Drive innovation to better capture new and emerging risks

Maintaining a well-balanced portfolio with healthy composition of local and international business by:

- Becoming a prominent exporter of reinsurance capacity through the prudent underwriting of international risks
- Harnessing existing global reach to advance into new markets and vital capabilities.

7. Strategic Direction →

The strategy continues to evolve around the following five pillars:

Scale

We prioritize the pursuit of scale, which involves expanding our economic scale, earnings, and capital base, as well as enhancing our resilience to major losses.

Diversification

Our strategy includes diversification, both geographically and in terms of risk type, to ensure a well-balanced portfolio.

Technical and Operational Capabilities

We are dedicated to continuously improving our technical and operational capabilities, which include risk management, technological advancements, and human capital development.

Relationships

We place a high value on building strong relationships, particularly with cedants, brokers, partners, and regulators. Our corporate brand is also an essential factor in fostering positive relationships.

Financial Soundness

Maintaining financial soundness is critical to the strength and stability of our business. We strive to maintain technical profitability, adequate capitalization, and favourable returns on investment.

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

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

Diversification is a crucial element of our strategic approach, enabling us to minimize correlated risks, concentration risks, and accumulation risks: ensuring a more balanced reinsurance portfolio is maintained with reduced volatility. As per the recent Saudi Re rating review by S&P, the benefits of risk diversification also contributes in reducing the capital requirements. Our efforts to diversify globally have resulted in a sound portfolio that consists of over 40 markets in the Middle East, Asia, and Africa. At present, our international business accounts for 51% of our portfolio.

Saudi Re also continually strives to build strong capabilities that span the entire gamut of operations in the reinsurance industry. Our underwriting team possesses strong professional skills and an in-depth understanding of the regional risk profile, guided by clearly defined risk appetite parameters. Actuarial and analytical teams work closely with the underwriters to judiciously to better manage our underwriting portfolios, while our streamlined claims management, supported by technical accounting, ensures efficient operations. Saudi Re actively utilizes retrocession to manage risk exposure and mitigate the impact of volatility. Furthermore, our growth and decision-making processes are supported by our advanced capital modelling capabilities, allowing us to make informed and effective decisions.

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

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

Our strategy involves building and strengthening long-term relationships with clients and brokers, which is managed prudently by our skilled underwriting teams. We seek to establish strong links with high-value counterparties, and our markets in Asia are served by the branch in Kuala Lumpur. Brokers are also integral to our business process. Through leveraging the strong links, we have established with retrocession insurers, we are able to increase our capacity by reducing risk.

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

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

7.1 OVERVIEW OF NEW DEVELOPMENTS IN 2023 →

Capital increase

In October 2023, the Board of Directors made the recommendation to increase the Company's capital through a direct offering from an anchor investor the PIF; that will subscribe to new cash shares representing a significant minority ownership in Saudi Re to strengthen Saudi Re's capital base and support its future expansion activities.

Saudi Re has progressed in finalizing due diligence activities and regulatory submissions requirements and it is expected that transaction will be concluded in second quarter 2024 subject to signing the binding agreement. Al Rajhi Capital was appointed as a financial adviser to Saudi Re and GIB was appointed as a financial adviser to PIF.

7.2 PROGRESSING ON LOCAL CESSION REGULATION →

Local cession was mandated by article 40 of the Implementing Regulations of the Cooperative Insurance Companies Control Law by the Saudi Central Bank. Insurance and reinsurance companies operating in Saudi Arabia are required to maintain a minimum of 30% of reinsure premium at least with a local provider, unless granted approval by the regulatory authority.

In October 2022, SAMA introduced a new mechanism aiming at improving the enforcement of local retention of reinsurance premiums within the Kingdom and increasing the insurance sector's contribution to the local content. This new mechanism requires insurance companies to cede a share of all their reinsurance treaties, proportional and non-proportional, to the local resonance market with effect from 1 January 2023.

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

Following a successful implementation of the enforcement of treaty regulation cession, it is expected that a similar mechanism will be soon introduced for facultative business which represents about 40% of reinsurance premium.

7.3 INHERENT DEFECTS INSURANCE (IDI) PROGRAM →

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

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

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

The IDI program underwent various implementation phases and during the year 2022 the program witnessed and improved enforcement. Saudi Re has booked SR 385 million of gross written premiums (GWP) under IDI class of business and represented 24% of Saudi Re's 2023 GWP. IDI program is among the key strategic initiatives as the advancement of IDI implementation stimulates growth for Saudi Re and reflects on its financial performance.

7.4 CREDIT RATINGS →

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

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

Moody's affirmed Saudi Re's "A3" Insurance Financial Strength Rating (IFSR), with a Positive outlook, in 2023. The rating reflects the Company's strong brand and market position in Saudi Arabia as the sole reinsurer and its growing presence in the target markets of Asia, Africa, and Lloyd's. It also reflects Saudi Re's preferential position in the Saudi market and its strong asset quality evidenced by its conservative investment portfolio. The rating also reflects the Company's strong capital adequacy, non-existent leverage, and good access to capital markets in Saudi Arabia, given its listing on the Saudi stock market, in addition to a broad investor base. The expanded capital base is expected to provide a platform that helps Saudi Re strengthen its market position in the broader Middle East region while providing additional capacity to support insurance market growth in Saudi Arabia and pursue further international expansion opportunities to diversify its business in line with the Company's strategic plan.

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

7.5 PERFORMANCE AGAINST OUR STRATEGY →

	Gross written premium growth	Combined ratio %	Investment return %	Return on equity (ROE) %	Expense ratio %	Credit rating	Solvency ratio %	Regional reinsurance ranking
2022	1,403,281	92.21	2.27	7.96	-0.2	A- S&P A3 Moody's	SAMA 291 S&P 133	Among Top 3 Regional Reinsurers
2023	1,597,000	84.38	7.47	12.3	5.5	A- S&P A3 Moody's	SAMA 299 S&p 127	Among Top 3 Regional Reinsurers

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

Success factors	Description	Saudi Re's progress
Clear strategy and proposition	• Clear value proposition boosts market perception. • Established role with brokers and cedants ensures steady premium income from targeted segments.	• Evolving into a large and well diversified reinsurance company. • Strong and responsive relationships with brokers and cedants.
Geographic diversification	• Diversification across business lines and geographies improves capital efficiency and reduces loss volatility.	• Portfolio is diversified over 9 lines of business and spread across 40+ markets.
Scale benefit	• Expanding size and profitability, enhancing capital base, and improving resilience to loss events.	• Strong growth momentum, recording 19% CAGR 2019-2023. • Strengthen capital base from the expected gain of the sale of the entire Saudi Re share in Probitas and possible involvement of PIF.
Strong client/ distribution relationships	• Strong ties with leading international brokers and global distribution platforms ensure ongoing business. • Skilled underwriters improve business generation capabilities.	• Well-established ties with high value counterparties. • Named "reinsurer of the year" by Middle East Insurance Review. • Market-dedicated underwriting teams prudently manage the client relationships.
High limits/ line leader	• Increased limits and underwriting capacity increase attractiveness of reinsurers.	• Growing ample underwriting capacity and prudently engaging as a lead reinsurer.
Active broad range of risks	• Writing a wide range of risks increases visibility with brokers. • Exercising flexibility on terms improves relationship with brokers.	• Engaging in the development of new products and offering main lines of business in life and non-life, both in Treaty and Facultative.
"A-rated" capital	• Required to compete for desirable business. • Favored by cedants and brokers.	• Obtained an "A-" long-term issuer credit and insurer financial strength rating by S&P, with a stable outlook. • Maintaining "A3" Credit rating by Moody's, with a positive outlook.
Robust technical capabilities and operational effectiveness	• Strict underwriting, cycle management, and controls drive strong technical and investment returns. • Strong focus on operational efficiency leads to lower operating costs.	• Investing in technical and technological capabilities while maintaining operating expense within acceptable range.

8. Financial Review

8.1 PROSPECTS AND OUTLOOK →

PERFORMANCE HIGHLIGHTS:

- Net profit before Zakat and tax of SR 158.6 million in 2023, compared to SR 91.3 million in 2022, marking a 74% increase from the previous year.
- Net profit after Zakat and tax increased by 64% to SR 124.4 million, compared to SR 76.1 million in the previous year, achieving a 28% CAGR during the period from 2019 to 2023.
- Earnings per share increased by 65% to SR 1.4.
- Gross Written Premiums increased by 14%, recording SR 1.59 billion in 2023, with a 19% CAGR during the period from 2019 to 2023.
- Total shareholders' equity exceeded SR 1.146 billion by the end of 2023, representing a 13% increase from the previous year.

Saudi Re continues to demonstrate a robust performance driven by the Company's long term strategy and forward-looking approach to leverage opportunities in its key classes of business and develop revenue streams across domestic and international markets. The key strategic approach involves client-centricity, commitment to market development and diversification, and adherence to sustainable business practices. This is evident in the results of operations and growth in business volumes recorded during the year.

The Company captures the local opportunities via reinsurance exclusivity of Inherited Defect Insurance (IDI), and continuing the 30% local retention strategy. Internationally, Saudi Re cautiously develops its business in preferred and profitable territories and capitalizing on business mix diversification.

Saudi Re exhibits its capital adequacy and solvent position via achievement of S&P "A-" credit rating with stable outlook and, "A3" rating from Moody's with positive outlook. Saudi Re's credit rating opened additional profitable opportunities in new international markets, especially in Asia. Moreover, Saudi Re's strategy enabled the Company to capitalize on the international market hardening, which contributed positively to performance.

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

Saudi Re continues to maintain a well-balanced underwriting portfolio with 51% international business, while keeping focus on risk selection which in turn reflects positively on underwriting performance. The Company has recorded decent growth on the back of business written in other markets, especially in Saudi Arabia and Asia, and this opens up further opportunities in the region.

In line with Saudi Re's strategy, the Company aims to strengthen its capitalization to unlock new expansion opportunities. To that effect, Saudi Re announced the signing of a non-binding memorandum of understanding with the Public Investment Fund (PIF) pursuant to which PIF intends to subscribe to new cash shares in Saudi Re by way of capital increase with suspension of preemptive rights. A subsequent event occurred on 4 March 2024, as the Company announced signing a share purchase agreement for the sale of its entire stake in Probitas Holdings (Bermuda) Limited (PHBL), consideration of GBP 120 million, to be paid in cash, subject to final closing adjustments and applicable regulatory approvals.

The global reinsurance market has shown considerable hardening on account of inflation, rising interest rates, reducing retrocession and reinsurance capacities, and geopolitical tensions.

Notwithstanding the retrocession capacity shortage, these market conditions have been favorable to Saudi Re and resulted in price correction in certain markets. However, and by virtue of cyclicality, the reinsurance market may possibly soften in the medium term. Saudi Re aims to sustain positive through-the-cycle performance by managing volatility and risk exposures and reinforcing its foothold in high growth and profitable market segments.

Furthermore, Saudi Re plans to continue to capitalize on favorable regulatory and market conditions in its home market, which for example are represented by the enforcement of local retention of reinsurance premiums within the Kingdom. This increased retention of reinsurance premiums is expected to develop local content, strengthen the financial stability of the sector, and enable the national reinsurance market to play a more active role.

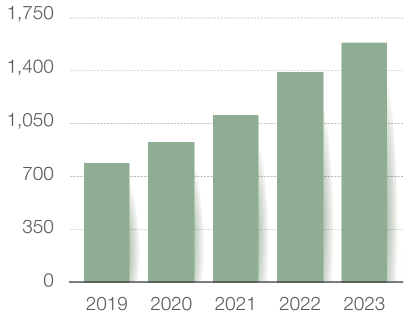
8.2 REVENUE →

Saudi Re has adopted IFRS 17 (Insurance Contracts) and IFRS 9 (Financial Instruments), as endorsed in Saudi Arabia, starting 1 January 2023, with retrospective application, which has materially changed the presentation of the financial results for periods starting Q1 2023 onwards with the comparative periods restated under the new standards.

Saudi Re illustrated a strong 5-year growth momentum that was maintained with a 14% increase in GWP, reaching SR 1.6 billion in 2023. The IDI, which represents 25% of Saudi Re's GWP in 2023, also indicates upbeat future prospects based on the Company retaining exclusive privilege to reinsure the mandatory IDI program. This is the highest premium recorded by Saudi Re, and holds the Company in good stead with regard to its plans for continued growth and expansion.

The 2023 GWP in the following graph is unaudited IFRS 4 figures and for illustration purposes only.

Gross written premium (IFRS 4)
(SR '000)



In 2023, Reinsurance Revenue reached SR 627 million, which demonstrates a 10% deterioration compared to the year 2022. Though there was a growth in most of the business lines, the deterioration was mainly due to non-renewal of major non-performing contracts, essentially for medical and motor, and that is demonstrated through improvement in the reinsurance service result that increased by 43% compared to the last year. Moreover, the net financial results have boosted by 163%, and net income after Zakat & Tax increased by 80% to reach SR 139.85 million.

Reinsurance highlights (IFRS 17)

	2023 (SR '000)	2022 (SR '000)
Reinsurance revenue	**627,187**	696,998
Reinsurance service result	**119,762**	83,589
Net investment income	**60,388**	8,379
Net financial result	**25,762**	9,864
Share of profit of equity accounted investee	**40,071**	33,105
Net income after zakat and tax	**124,429**	76,052

8. Financial Review →

Revenue highlights (IFRS 4)

	2022 (SR '000)	2021 (SR '000)	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)
Gross written premiums	1,403,281	1,115,880	935,114	792,848	721,605
Retroceded premiums	462,920	123,898	123,898	127,844	72,997
Net written premiums	898,599	958,968	772,639	645,605	616,896
Net earned premiums	927,891	854,730	647,120	642,535	613,615
Total revenues	942,706	874,406	659,814	660,711	630,083

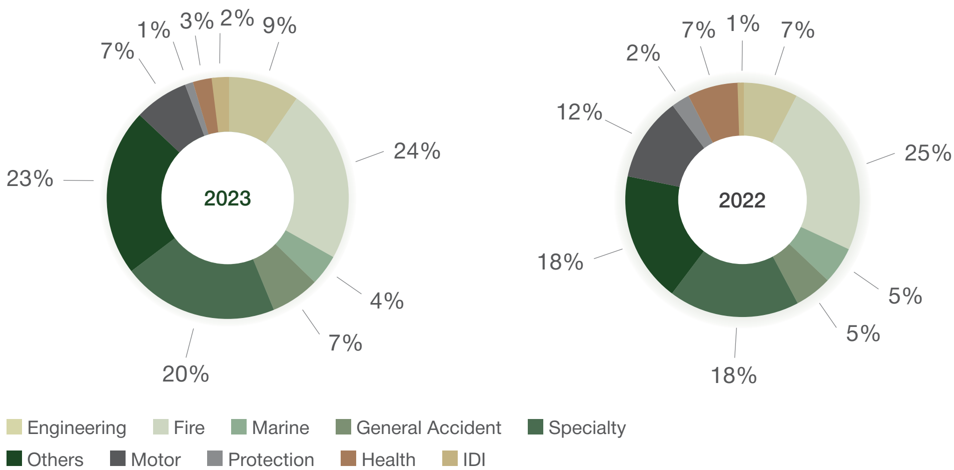
8.3 REINSURANCE REVENUE →

As indicated earlier, Saudi Re implemented a strategy to revive its business and improve the performance of business lines: capturing advantages from international market hardening and upgrading of credit ratings. This triggered an underwriting plan that involves penetrating new international business lines. In addition, Saudi Re reconsidered and improved its reinsurance terms for some business lines. On the other hand, the strategy implies non-renewal of part of the book of business mainly in marine, protection, medical and motor that were underperforming.

Revenue by lines of business

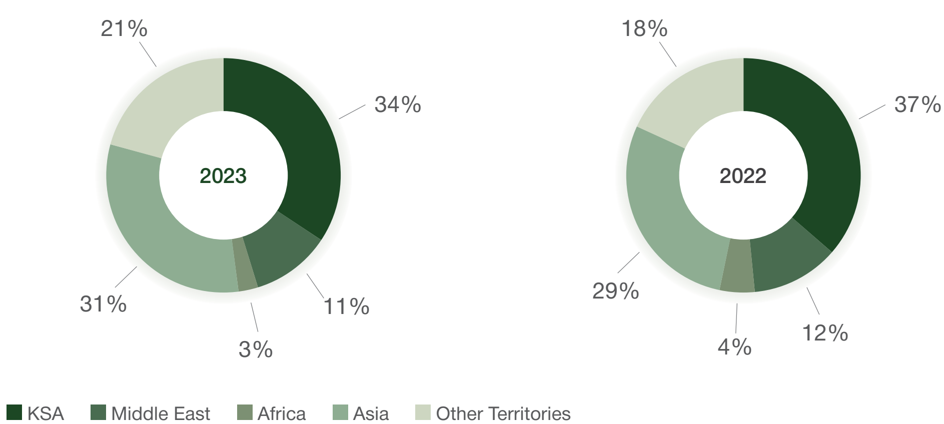
	2023 (SR '000)	2022 (SR '000)
Engineering	**58,866**	51,613
Fire	**150,416**	172,447
Marine	**26,100**	36,142
General accident	**40,380**	35,536
Specialty	**127,997**	122,410
Others	**143,819**	127,909
Motor	**44,815**	82,155
Protection	**6,564**	17,207
Health	**16,336**	48,196
IDI	**11,893**	3,383
Total	**627,187**	696,998

Reinsurance revenue by lines of business



Reinsurance revenue by geography

	2023 (SR '000)	2022 (SR '000)
KSA	**216,821**	255,592
ME	**67,953**	82,534
Africa	**16,366**	32,510
Asia	**196,874**	201,319
Other territories	**129,173**	125,043
Total	**627,187**	696,998



Reinsurance service results by line of business

Saudi Re's underwriting strategy can be demonstrated in a 43% improvement of the Reinsurance service result, and improvement in most business lines. Major improvement was in the Fire business line mainly due to reaching claims settlements with counterparties that was less than claims provisioned. Moreover, Saudi Re avoided renewing underperforming fire contracts.

In contrast, the motor business showed the most deterioration with 77% reduction compared to 2022, mainly due to incurred claims from the unfortunate Jeddah flood event that occurred in October 2022. In addition, the Company contracted its business in the motor business line. Saudi Re trusts that IDI performance will pick up in future years, as this particular business line has a long-term earning phase.

	2023 (SR '000)	2022 (SR '000)
Engineering	**13,796**	10,440
Fire	**16,675**	(22,798)
Marine	**13,895**	9,526
General Accident	**5,596**	5,498
Speciality	**26,263**	31,350
Others	**33,949**	23,883
Motor	**4,352**	18,724
Protection	**494**	766
Health	**7,603**	4,436
IDI	**(2,861)**	1,764
Total	**119,762**	83,589

Reinsurance service results by geography

Saudi Re's strategic decision to not renew underperforming reinsurance contracts in Saudi and Asian markets, coupled with favorable market hardening and an international credit rating upgrade, contributed significantly to success.

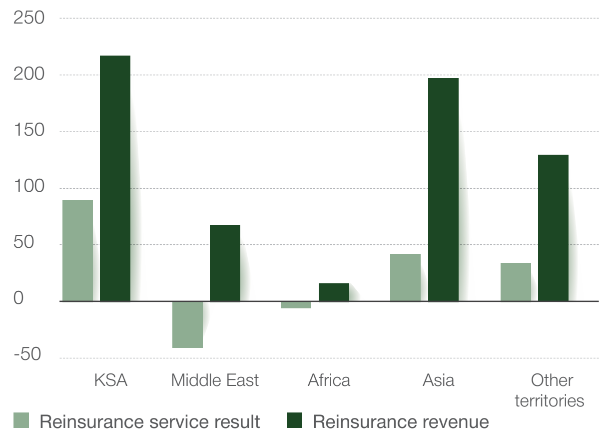
As part of Reinsurance business, the unfortunate earthquake events in Turkey and Morocco caused the deterioration in the Middle East and Africa regions.

In this regard, Saudi Re's strategy of continued business diversification has contributed to reaching 43% growth in overall results.

	2023 (SR '000)	2022 (SR '000)
KSA	**86,807**	51,134
Middle East	**(37,722)**	25,739
Africa	**(8,266)**	18,388
Asia	**50,352**	(46,639)
Other territories	**28,590**	34,966
Total	**119,762**	83,589

Reinsurance revenue and results of performance by geography – 2023

(SR million)



Reinsurance service expenses by line of business

Although the business grew compared to last year, reinsurance service expenses demonstrated a 14% reduction compared to last year. This was mainly due less claims due to Saudi Re's strategy of underperforming business non-renewals. Increase in reinsurance expense for the Marine business line was due to one major account that was mostly retroceded.

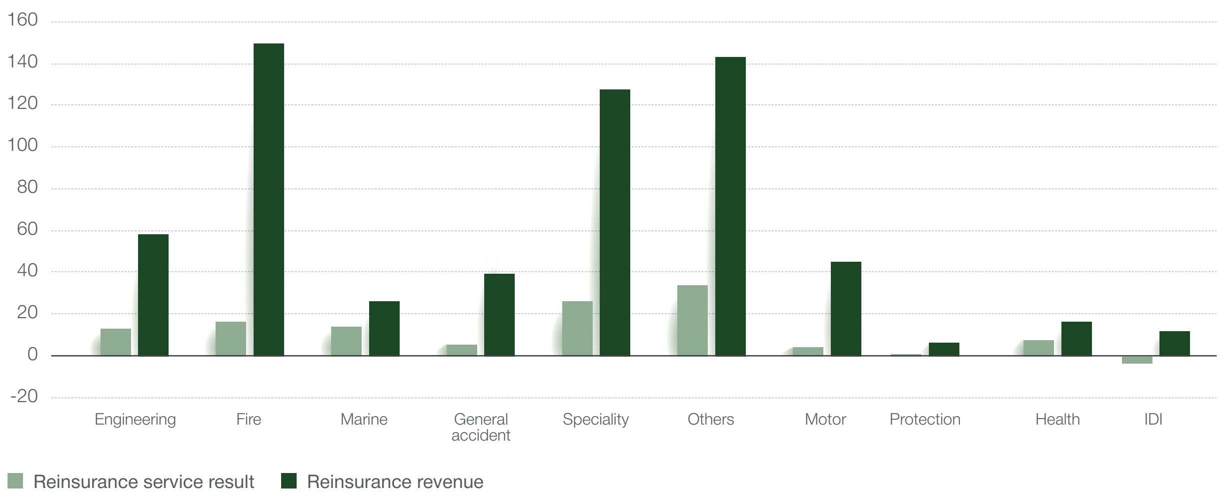
	2023 (SR '000)	2022 (SR '000)
Engineering	**(19,849)**	(24,860)
Fire	**(147,376)**	(211,532)
Marine	**(50,029)**	3,192
General accident	**(31,588)**	(24,569)
Speciality	**(101,734)**	(91,061)
Others	**(73,550)**	(113,337)
Motor	**(40,424)**	(63,420)
Protection	**(5,702)**	(15,973)
Health	**(8,733)**	(43,760)
IDI	**(30,790)**	(5,849)
Total	**(509,774)**	(591,168)

Reinsurance service expenses IFRS 17

	2023 (SR '000)	2022 (SR '000)
Incurred claims and other directly attributable expenses	**611,206**	597,537
Changes that relate to past service – adjustments to the LIC	**(249,212)**	(83,069)
Losses on onerous contracts and reversal of those losses	**132,877**	65,268
Reinsurance acquisition cash flows amortisation	**14,903**	11,432
	509,774	591,168

Reinsurance revenue and results of performance by line of business – 2023

(SR million)



Underwriting costs and expenses (2019-2023) IFRS 4

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

Net reinsurance finance (expense)/income

	2023			2022		
	reinsurance contracts (SR '000)	**retrocession contracts (SR '000)**	**net (SR '000)**	reinsurance contracts (SR '000)	retrocession contracts (SR '000)	net (SR '000)
Interest accreted	**(41,524)**	**2,414**	**(39,110)**	(29,344)	3,909	(25,435)
Effect of changes in interest rates and other financial assumptions	**(25,849)**	**115**	**(25,733)**	(11,906)	2,536	(9,370)
Effects of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	**8,285**	**17,674**	**25,959**	42,491	(17,584)	24,908
Foreign exchange differences	**4,237**	**22**	**4,259**	11,966	(584)	11,381
Total	**(54,851)**	**20,225**	**(34,626)**	13,207	(11,723)	1,484

	2023 (SR '000) IFRS 17	2022 (SR '000) IFR17	2021 (SR '000) IFRS 4	2020 (SR '000) IFRS 4	2019 (SR '000) IFRS 4
Net income for policyholder operations	**9,924**	5,359	2,571	3,432	3,518
Net income for shareholders operations before Zakat	**158,562**	91,318	53,315	60,692	45,444

Investment income

Investment income increased due to the high interest environment which increased returns from investments in the money market and fixed-income investments. Investment assets were also actively allocated between money market funds and listed equity into fixed term deposits to lock in higher yields for longer.

	2023 (SR '000)	2022 (SR '000)
Investment income from financial investments not measured at FVIS	**58,460**	38,728
Net income/(loss) from financial investments measured at FVIS	**6,243**	(25,289)
Investment management expenses	**(4,208)**	(3,719)
Provision for expected credit losses	**(108)**	(1,340)
Net investment income	**60,388**	8,379
Share of profit of equity accounted investee	**40,071**	33,105
Total net investment income	**100,458**	41,484

8.4 NET INCOME →

	2023 (SR '000)	2022 (SR '000)
Total income for the year before Zakat and tax	**158,562**	91,318
Zakat and tax charge for the year	**(33,948)**	(15,266)
Net income for the year after Zakat and tax attributable to the shareholders	**124,429**	76,052
Basic and diluted earnings per share for the year (SR)	**1.4**	0.85

8.5 COMPREHENSIVE INCOME →

	2023 (SR '000)	2022 (SR '000)
Net income for the period after Zakat and tax attributable to shareholder	**124,429**	76,052
Financial investments at FVOCI – net change in fair value	**711**	(8,285)
Re-measurement loss on employees' end of service benefit obligations	**(3,734)**	(462)
Share of foreign currency translation reserve of an equity accounted investee	**5,038**	(8,258)
Total comprehensive income for the year	**126,445**	59,047

8. Financial Review →

8.6 ASSETS →

The Company's growth was also reflected in assets, which increased by SR 433 million compared to last year. This rise is mainly attributed to improved liquidity, a strengthened investment portfolio, increased insurance activities, enhanced equity investments, and overall financial growth.

	31 December 2023 (SR '000)	Restated 31 December 2022 (SR '000)	Restated 01 January 2022 (SR '000)
Cash and bank balances	**87,905**	31,557	27,807
Financial investments at fair value through income statement	**154,456**	272,654	762,723
Financial investments at fair value through other comprehensive income	**141,633**	119,921	92,871
Financial investments at amortized cost	**1,127,330**	1,030,134	496,236
Reinsurance contract assets	**77,827**	105,037	76,794
Retrocession contract assets	**439,593**	189,246	211,549
Prepaid expenses, deposits and other assets	**303,917**	199,272	136,319
Property and equipment, net	**37,139**	36,379	37,156
Investment in an equity accounted investee	**208,990**	160,687	132,580
Statutory deposit	**89,100**	89,100	89,100
Accrued income on statutory deposit	**22,057**	22,084	20,962
Total assets	**2,689,947**	2,256,070	2,084,097

8.7 LIABILITIES →

The Company's total liabilities grew by 25%, due to business growth during the year.

	31 December 2023 (SR '000)	Restated 31 December 2022 (SR '000)	Restated 01 January 2022 (SR '000)
Margin loan payable	**56,797**	56,797	56,797
Reinsurance contract liabilities	**1,287,902**	919,992	864,300
Retrocession contract liabilities	**190**	12,156	–
Accrued expenses and other liabilities	**112,072**	195,322	159,608
Provision for employees' end of service benefits	**18,633**	13,868	12,288
Provision for Zakat and tax	**41,548**	17,533	15,266
Accrued commission income payable to SAMA	**25,982**	23,219	20,962
Total liabilities including reinsurance operations' surplus	**1,543,125**	1,238,887	1,129,222

8.8 EQUITY →

Shareholder equity increased by 13% from SR 1 billion to SR 1.146 billion by end of 2023 reflecting profitability improvement.

	31 December 2023 (SR '000)	Restated 31 December 2022 (SR '000)	Restated 01 January 2022 (SR '000)
Share capital	**891,000**	891,000	891,000
Statutory reserve	**67,931**	43,045	34,750
Retained earnings	**194,358**	94,815	27,058
Other reserves	**(6,468)**	(11,677)	2,067
Total equity	**1,146,822**	1,017,184	954,875

8.9 DIVIDENDS →

No cash dividends were distributed for 2023.

Dividend Policy

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

(1) Distribution of cash dividends to the shareholders taking into consideration the financial position of the Company, solvency margin requirements, available credit lines, and the general economic situation.

(2) Stock dividends taking into consideration the requirements and conditions related to retained earnings and other stockholders' equity in the balance sheet.

(3) Shareholders who are registered at the end of trading before the General Assembly at which dividend preeminent is approved will be entitled for the dividends.

(4) The Company pays the profits to be distributed to the shareholders at the dates specified by the Board of Directors. According to the Articles of Association of the Company, profits are distributed according to the decision of the General Assembly, and this is done as follows:

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

8.10 ZAKAT, TAXES, FEES, AND OTHER CHARGES

Description	Reasons	Paid amount (SR '000)	Outstanding amount at end of financial period (SR '000)
Zakat and income tax	The Company's share according to Zakat and tax regulations in the Kingdom	**10,117**	41,548
WHT	The Company's share according to Zakat and tax regulations in the Kingdom	**14,064**	9,360
VAT	The Company's share according to Zakat and tax regulations in the Kingdom	**69,086**	23,203
IA fees	Supervision fees for the Insurance Authority	**8,642**	218
GOSI	Social insurance contributions for Company employees to the General Organization for Social Insurance	**3,275**	310

8.11 SOLVENCY AND RATING

Capital adequacy

Solvency Margin

299% (SAMA)	**127%** (S&P)

Credit ratings

S&P Global

long-term issuer credit and insurer financial strength **A-**	regional scale rating **gcAAA**

Moody's

Insurance Financial Strength Rating (IFSR) international scale **A3**	Insurance Financial Strength Rating (IFSR) National scale **A1.sa**

Saudi Re has continued its trajectory of strengthening its competitive position through profitable business growth and diversification, both domestically and internationally.

The Company has maintained its exposure to catastrophe and other large risks at relatively modest levels, while ensuring its capital adequacy remains above the "AAA" level in S&P's model.

The stable outlook persists, indicating S&P's confidence that Saudi Re will uphold its excellent capital adequacy and sustain profitable expansion and diversification over the coming years.

S&P continues to view Saudi Re's governance practices as effective and appropriate, with consistency in strategy and management expertise contributing positively to the Company's operations.

Saudi Re's financial rating reflects several key factors: (i) Its strong brand and market position in Saudi Arabia, where it operates as the sole professional reinsurer, coupled with a growing presence in targeted markets across Asia, Africa, and Lloyd's. (ii) The Company's preferential position in the Saudi market due to its right of first refusal on a portion of premiums ceded by primary carriers. (iii) Strong asset quality demonstrated by a conservative investment portfolio. (iv) Good capital adequacy, supported by robust capital levels and a relatively modest exposure to natural catastrophe risk. (v) Strong financial flexibility characterized by non-existent leverage and favorable access to capital markets in Saudi Arabia, facilitated by its listing on the Saudi stock exchange and broad investor base.

8.12 RETURN ON INVESTMENT IN PHBL →

On 6 October 2017, Saudi Re acquired 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL") for a total of USD 25 million (SR 94 million). Subsequently in June 2020 a further USD 985,840 (SR 3.7 million) was invested in PHBL. Saudi Re has accounted for this investment as an associate (equity accounted investee). The carrying value of the investment as at 31 December 2023 is SR 208.9 million. PHBL operates in insurance and reinsurance businesses including Lloyd's market in London, United Kingdom. Probitas Group via its wholly owned subsidiary Probitas Corporate Capital Limited (PCCL) provides capital to Syndicate No. 1492 which is a syndicate at Lloyd's of London specializing in property, construction and casualty (re)insurance solutions. Probitas Managing Agency Ltd. which is a wholly owned subsidiary of Probitas Group manages the Syndicate 1492.

In addition to its investment in PHBL, Saudi Re also writes reinsurance contracts from PCCL, During the financial year these contracts had an estimated reinsurance revenue value of SR 127.9 million. Contribution of these contracts to the underwriting profitability of Saudi Re's book is shown within the Segmental Information under the headings; Specialty in Business Segments and Other Territories in Geographical Segments.

Representing Saudi Re Mr Abdullatif Al-Fozan, Chairman and Mr Fahad Al-Hesni, Managing Director are holding Non-Executive Director positions of PHBL and its Subsidiaries (Probitas Group) Boards. By virtue of these Board memberships an indirect interest is present in the reinsurance contracts written by Saudi Re from PCCL. (As disclosed in the Related Party Transaction section on page 107).

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

	2023 (SR '000)	2022 (SR '000)
Percentage ownership interest (%)	**49.90**	49.90
Total assets	**1,333,804**	1,123,931
Total liabilities	**944,322**	831,244
Net assets (100%)	**389,482**	292,684
Company's share of net assets (49.90%)	**194,351**	146,049
Goodwill	**14,638**	14,638
Transition to IFRS 17	**–**	–
Carrying amount of interest in associate	**208,990**	160,687
Profit from continuing operations	**80,302**	66,342
Other comprehensive income – Impact of foreign currency exchange	**10,096**	(16,550)
Total comprehensive income (100%)	**90,398**	49,792
Company's share of profit	**40,071**	33,105
Company's share of Other comprehensive income – Impact of foreign currency exchange	**5,038**	-8,258
Company's share of total comprehensive income (49.90%)	**45,109**	24,846

On 4 March 2024 (corresponding to 23/08/1445H), Saudi Re announced signing a share purchase agreement for the sale of its entire stake in Probitas Holdings (Bermuda) Limited (PHBL). Saudi Re has signed a share purchase agreement with Aviva Insurance Limited for consideration of GBP 120 million, to be paid in cash, subject to final closing adjustments.

ESG REPORT

9. Sustainability Strategy

We are devoted to propelling Saudi Re to the forefront of the regional reinsurance landscape. Our tireless commitment to fostering financial strength and sustainability is fueled by a profound desire to continually create enduring and substantial value for our esteemed shareholders and valued clients.

9.1 OUR SUSTAINABILITY APPROACH →

Saudi Re aims to be a regional leader in sustainability, aligning our strategic vision with principles that encompass Environmental, Social, and Governance (ESG) considerations. In keeping with our Islamic values, our commitment extends beyond immediate stakeholders to include protecting the environment, supporting communities, developing our human capital, and actively participating in global initiatives to address climate change. Through this comprehensive approach, our goal is not only to enhance economic value for the Company and our clients but also to establish a precedent for responsible business practices in the region.

Our customer relations are guided by the Saudi Re Code of Professional Conduct and Ethics, ensuring fair and ethical treatment of clients. Anchored by a robust Sustainability and Social Responsibility Policy, approved at the Annual General Meeting (AGM) in 2022, we integrate core sustainability principles into our policies, procedures, and practices. This approach guides our sustainability journey and reflects our dedication to corporate responsibility.

In order to actively contribute to the objectives of Saudi Vision 2030, Saudi Re places a strategic emphasis on fostering economic growth through proactive efforts to create opportunities for citizens.

Our focus on gender equality is evident in our empowerment of women in senior roles. We promote Saudization across our workforce; through annual increments in Saudization ratios, we foster a dynamic and skilled workforce, while furthering the nation's developmental goals.

Saudi Re's sustainability strategy further contributes to the Kingdom's development as we strive to maximize local content contribution by retaining reinsurance premiums within the Kingdom, representing Saudi Arabia in the international market, and contributing to the non-oil GDP.

Sustainability is integral to our Vision and Mission, shaping our decision-making process as a Sharia-compliant company. Upholding ethical duties, we safeguard people and businesses against significant risks, building a framework of unwavering commitment toward transparency, accountability, and environmental and social consciousness.

9. Sustainability Strategy →

9.2 SUSTAINABILITY PILLARS →

PEOPLE AND COMMUNITY CARE

14 Develop talent of workforce and sector

15 Create a diverse and inclusive work environment

16 Prioritize health and well-being of workforce

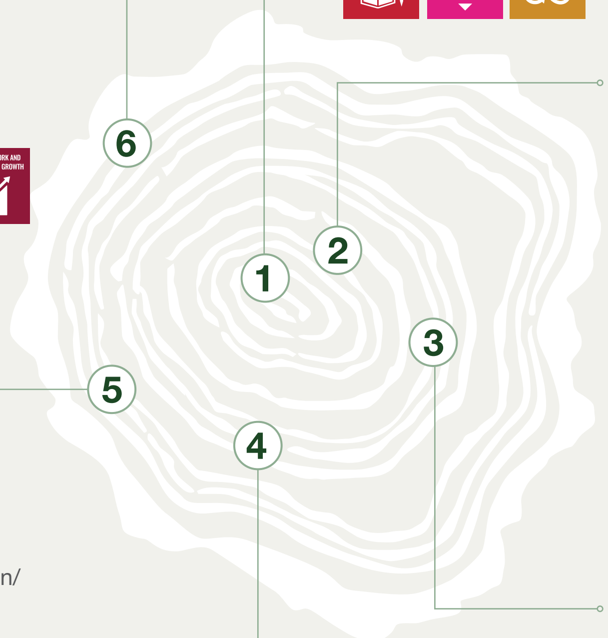
17 Investment in community development

18 Foster relationships with key stakeholders

NATIONAL CONTRIBUTION

1 Contribute to Saudi Vision 2030

2 Carry out sustainable procurement



STRONG GOVERNANCE AND ECONOMIC PERFORMANCE

3 Operate with transparency, openness and accountability

4 Foster an ethical and compliant culture

5 Strive for sound financial performance

SUSTAINABLE INSURANCE

11 Integrate ESG criteria in underwriting

12 Invest responsibly

13 Improve financial inclusion/ access to insurance

RESPONSIBLE CUSTOMER RELATIONS

6 Maintain high standard of client service and satisfaction

7 Introduce innovative and sustainable products and services

8 Ensure adequate data protection and data privacy

ENVIRONMENTAL PROTECTION

9 Climate change and energy transition

10 Environmental management

9.3 SHARIA GOVERNANCE →

Saudi Re strives to adhere to Sharia Governance practices through the establishment of a Sharia Committee to ensure independent administration and Sharia reporting.

To achieve this, we have appointed Shariyah Review Bureau (SRB) who helps facilitate Sharia related discussions, product research, and Sharia reporting while working with the heads of functions to augment Sharia principles and rulings at different levels of the organization. SRB will also help ensure that the members of the Sharia Committee operate with independence and autonomy that warrants effective decision-making and Sharia assurance practices.

Some of the specific requirements that SRB will manage are:

- Help establish a robust Sharia governance mechanism including the formulation and management of the Sharia Committee and liaising with them to ensure that all products and services are duly accredited and in line with the rulings of the Sharia Committee.
- Assist in establishing a qualified and independent Sharia Committee and a competent Sharia audit resource.
- Coordinate with various departments, heads of functions and taskforces on Sharia issues, and provide support during Sharia audits.
- Contribute to the development and enhancement of products and new offerings, coordinating with relevant stakeholders for feedback.
- Ensure that all products and services offered by us are approved and certified by the Sharia Committee.
- Supervise the internal Sharia audit to verify compliance with Sharia principles and standards.
- Disclose relevant information to management regarding the Sharia governance framework, Sharia Committee rulings, product (non-compliance) risks, Zakat verification and purification of non-permissible income.

SHARIA COMMITTEE →

For the purpose of effective Sharia governance, two renowned and qualified Sharia scholars have been assigned. The Sharia Committee independently issues pronouncements and these rulings are binding on the Company. The names of the Sharia Committee members are provided below:

1. Mohammed ElGari
2. Salah Shalhoob

SHARIYAH
REVIEW BUREAU

ABOUT THE SHARIYAH REVIEW BUREAU (SRB) →

SRB is a Middle East-based firm with an international scholarly platform of +37 scholars covering 4 major school of jurisprudences and spreading over 16 countries including Saudi Arabia, Bahrain, UAE, Malaysia, Pakistan, UK, Germany and Russia. SRB is licensed and regulated by the Central Bank of Bahrain and has been serving the Islamic financial industry for almost 20 years and is committed to empowering Sharia compliance for businesses around the world.

9.4 STAKEHOLDER ENGAGEMENT →

Stakeholders play a pivotal role in Saudi Re's sustainability, success, and value creation. Our sustainability strategy is built on the importance we attribute to all stakeholders: clients, brokers, shareholders, analysts, investors, employees, regulatory bodies, suppliers, and business partners. This commitment is evident in the formulation of our Sustainability and Social Responsibility Policy and how we identify and prioritize material matters.

9. Sustainability Strategy →

Stakeholder	Mode of engagement	Frequency of engagement
REGULATORY BODIES	• Internal audit • Audit committee • External audit • Compliance department • Technical committee • Business risk committee • Annual reports	As per regulatory requirement, or on an annual basis.
CLIENTS AND BROKERS	• Social media channels including LinkedIn • Customer service helpdesks • Market webinars • Regional/International industry events • Cybersecurity framework	Regular and routine engagement.
SHAREHOLDER, ANALYSTS AND INVESTORS	• Annual reports • General Assembly Meetings • Financial results in a quarterly basis • Press releases • Investor conferences and one-on-one meetings • IR Mobile App • Risk Appetite Framework	Continuous engagement through open and transparent formal channels maintained with shareholders
SUPPLIERS AND BUSINESS PARTNERS	• Procurement departments • Annual reports • Credit agency reports	Regular and routine engagement.
SOCIETY	• Community donation drives • Event sponsorship • Training sessions/workshops	Event/project based engagement and responsive engagement.
EMPLOYEES	• Human Resources team • Training sessions and workshops • Career development programs • Employee engagement program • Whistleblowing policy • Saudi Re's intranet • Health and life scheme coverage	Continuous engagement through transparent and open communication Channels.

9.5 SUSTAINABILITY POLICY →

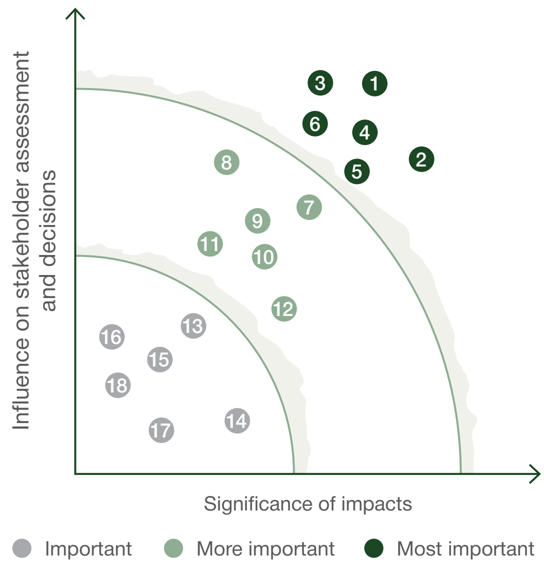
Saudi Re's Sustainability and Social Responsibility Policy serves as the compass for managing material topics. With the Company and its stakeholders in focus, we prioritize Environmental, Social, and Governance (ESG) considerations. Corporate governance heads our list of material factors, followed by cybersecurity, talent development, alignment with the national strategy, ethics and financial performance, and customer satisfaction. Other critical considerations are inclusivity, integration into the insurance sector, innovation, responsible investing, and access to insurance. Additionally, we underscore the significance of sustainable products, community investment, well-being, environmental management, and sustainable procurement.

9.6 MATERIAL MATTERS →

Saudi Re ensures the currency and relevance of its policies for managing material topics through regular review cycles, stakeholder engagement, monitoring industry trends, risk assessments, benchmarking, legal compliance checks, internal audits, and periodic materiality assessments. This proactive approach ensures policies remain aligned with the Company's objectives, evolving risks, and stakeholder expectations.

To ensure compliance with material topics, Saudi Re documents and communicate clear policies, conduct regular training, monitor and report compliance, perform internal audits, assess risks, establish accountability, seek external certifications, continuously improve processes, engage stakeholders, use technology, and stay updated on legal and regulatory changes.

The following table and materiality map visually present the key material topics of Saudi Re, presented in order of importance:



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

10. Sustainability Performance

10.1 OUR NATIONAL CONTRIBUTION →

Saudi Re remains deeply committed to advancing the objectives outlined in Saudi Vision 2030. As a Saudi national business with a presence in over 40 countries worldwide, we take pride in our active role in contributing to global economic growth and diversification. We play a pivotal role in creating employment opportunities, fostering the training and development of Saudi nationals, and cultivating expertise within the insurance and financial sector.

Continuing our efforts to increase the Saudization Ratio annually, we align closely with the Vision 2030 goals for local workforce development. Our recruitment strategies prioritize the inclusion of Saudi citizens, and we are dedicated to providing avenues for their career progression through ongoing training initiatives. In particular, we focus on empowering and encouraging female professionals to assume leadership roles within the Company, thereby fostering a more inclusive corporate culture.

Through specialized training programs and workshops, we contribute to enhancing technical knowledge in the insurance and reinsurance industry, thereby supporting the broader development of professionals in the financial services sector across the region.

Our commitment to the Kingdom's development is further exemplified through our robust ESG and sustainability initiatives. In January 2023, Saudi Re launched the Future Leaders Program, which identifies and grooms promising individuals for leadership roles. This program aligns with Vision 2030's objective of cultivating skilled and capable leaders for the future.

Saudization 2023

80%

2019	2020	2021	2022
71	71	75	78

Saudization rate of Senior Management (2023)

83%

2019	2020	2021	2022
57	77	83	80

Total National employees (FTE) (2023)

91%

2019	2020	2021	2022
45	46	54	60

Area of focus	Our contribution for 2023	Highlights
LOCAL CONTENT	Saudi Re is committed to aligning its objectives with the aim of growing the insurance sector's role in boosting local content for risk coverage.	In alignment with the circular issued by the Insurance Authority (IA) on 26 October 2022, pertaining to the implementation of the new Reinsurance Cession mechanism in the Local Reinsurance Market, the directive marks the commencement of the initial phased cession plan. This plan involves a progressive increment to a minimum of 20% in 2023, 25% in 2024, and 30% in 2025 for all Reinsurance Treaties, encompassing both proportional and non-proportional arrangements, taking effect from 01 January 2023.

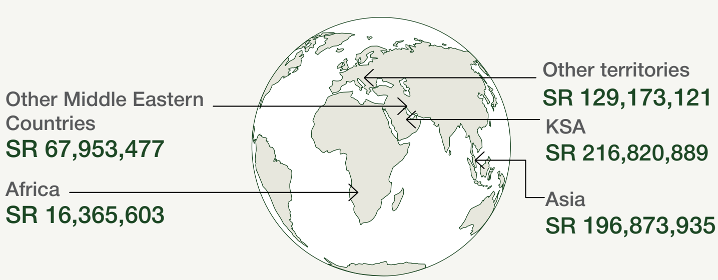
SERVICE EXPORT

- Saudi Re made substantial advancements in bolstering the Kingdom's non-oil GDP by retaining reinsurance premiums within the country, supporting local content development, and also exporting reinsurance services. This effort is in keeping with the national objective of boosting non-oil GDP, as outlined in Saudi Vision 2030.
- Implementation of local session started at 20% in 2023, and is expected to progressively increase to 30% by 2025.

Total reinsurance revenue

KSA vs International

	2023 SR	2022 SR
KSA	**216,820,889**	255,591,946
Other Middle Eastern Countries	**67,953,477**	82,534,270
Africa	**16,365,603**	32,509,953
Asia	**196,873,935**	201,319,245
Other territories	**129,173,121**	125,042,504



Total Reinsurance Revenue
(2023)
SR 627,187,025

10. Sustainability Performance →

Area of focus	Our contribution for 2023	Highlights

TRAINING AND EDUCATION

Ongoing training and development of staff is a priority for Saudi Re, for new and existing employees.

Value invested in training and education 2023

SR 700,000

(2022 – SR 690,890)

55 hours per employee

Supported employees to obtain specialized professional certificates

Sponsored a number of conferences on insurance and actuarial services

YOUTH DEVELOPMENT AND SAUDIZATION

- In 2023, 80% of Saudi Re's workforce consisted of Saudi nationals, and 30% of them were under the age of 30; reflecting our commitment to Saudization and youth development.
- The Future Leaders Program was launched in 2023 to contribute to the development of young talent.

Percentage of employees below 30 years of age (2023)

30% (2022 – 23%)

Saudization 2023

80%

PRODUCT DEVELOPMENT AND INNOVATION

- In 2023, Saudi Re remained focused on preparing its infrastructure to embrace the new accounting standard, IFRS 17. Through diligent efforts, it ensured compliance and operational efficiency, meeting all required deadlines.
- Saudi Re continues to play a vital role in supporting the local market by actively participating in the development of new high-capacity products. One notable example is Insurance for Decreasing Income (IDI), where Saudi Re has been instrumental in both product development and offering reinsurance support. This underscores Saudi Re's ongoing commitment to fostering innovation and bolstering the insurance landscape in the region.

- IFRS 17 has been successfully adopted,. Comprehensive training has been provided to all relevant departments, including Management, the Board of Directors, Underwriting, Actuarial, Finance, and IT. The adaptation process is now complete, and the organization is fully complaint with the requirements of IFRS 17.
- A newly implemented Disaster Recovery (DR) setup has been put in place, boasting simplified DR management, significantly reduced Recovery Time Objective (RTO), and Recovery Point Objective (RPO). This overhaul ensures heightened business resilience, offering assurance that Saudi Re will seamlessly serve its clients even amidst disasters. Notably, the system is designed to activate disaster recovery within an impressive 5-minute timeframe, ensuring minimal disruption to operations and swift restoration of services.

10.2 SUSTAINABLE SUPPLY CHAIN →

At Saudi Re, our commitment is anchored in sustaining an ethical supply chain that prioritizes sustainability and responsibility in our procurement processes. We uphold transparency in our selection procedures, maintaining high standards through comprehensive evaluation and documentation of all our business partners prior to engaging in any transactions.

Throughout 2023, Saudi Re strengthened engagement with the Middle East Investor Relations Association (MEIRA), Middle East Insurance Association, and the General Arab Insurance Federation (GAIF).

Saudi Re ensures the following measures are in place, to improve procurement practices, strengthen the supply chain, and promote sustainability amongst suppliers and partners.

Data protection and cybersecurity measures instituted by the Company for suppliers, as outlined in the SAMA Cybersecurity Framework, are described in the Client Relations sections on page 57.

At Saudi Re, our approach to procurement extends beyond conventional practices, incorporating a thorough assessment of the sustainability impact of the products we purchase. Our focus on local content development and meticulous measurement of local spending reflects our dedication to advancing the objectives of Saudi Vision 2030. Through prioritizing local sourcing, we not only establish reliable partnerships but also actively contribute to the growth of our economy. This strategic approach not only aligns with our sustainability

- Continuation of the **Digital Signature Project**, ensuring the authentication, integrity, and non-reproduction of documents; with an ongoing reduction in paper usage.
- **Training** for all Saudi Re staff on the Code of Conduct.
- **Credit rating assessments** to evaluate the financial standing of Saudi Re's reinsurance business partners.
- Continuous improvement of **supplier screening and assessment criteria** to ensure higher standards and reliability.
- Streamlined procurement process for enhanced efficiency and cost-effectiveness through increased **automation and integration** with related functions.
- **Screening** of all suppliers by the Compliance Department to ensure selection of reputable vendors.
- Suppliers provided with **cybersecurity awareness** to enhance their security posture.

commitment but also positions us as a key player in driving positive change and economic growth within our community and the broader national landscape.

Total procurement spending 2023

SR 58,934,701

2019 – 17,287,799/ 2020 – 17,821,956/
2021– 22,274,905/ 2022 – 11,195,370

Number of local suppliers 2023 (Nos.)

98

2019 – 92/ 2020 – 82/
2021– 146/ 2022 – 81

GRI 204-1 Percentage of total procurement spending on local suppliers 2023

47%

2019 – 77/ 2020 – 81/
2021– 77/ 2022 – 84

Amount spent on local suppliers 2023

SR 27,905,761

2019 – 13,229,777/ 2020 – 14,517,512/
2021– 17,085,163/ 2022 – 9,385,932

10.3 CORPORATE GOVERNANCE →

Saudi Re is dedicated to maintaining the highest standards of Corporate Governance, in alignment with the Company's status as a leading reinsurer with a global presence and its legacy as the first reinsurance company established in Saudi Arabia.

The Company is steadfast in its pursuit of compliance both in letter and in spirit, adhering to national and international regulations. Saudi Re actively cultivates a culture and environment within the organization that fosters trust, transparency, and accountability. The governance framework at Saudi Re centers on the competency and accountability of the Board of Directors and Executive Management, ensuring the protection of the rights of all stakeholders.

BOARD EXPERTISE →

Leading the Company is a seasoned Board of Directors entrusted with the implementation and continuous review of stringent controls across all operations. Saudi Re's Board diligently oversees and ensures the integrity of financial reporting and internal control systems, evaluates the appropriateness of the disclosure process, and approves key policies.

Comprising of 3 Non-Executive, 7 Independent, and 1 Executive member, the Board collectively holds an impressive track record of over 20+ years of experience and expertise across a number of fields and disciplines. Their wealth of experience steers the Company within the framework of regulatory requirements.

POLICY FRAMEWORK →

The operational activities and culture of compliance at Saudi Re are regulated by the following policies:

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

ANNUAL REVIEW →

- The Nomination and Remuneration Committee performed its annual evaluation of the Board's independence and assessed related-party contracts and transactions.

- Saudi Re implements a thorough induction process for new Board members, ensuring a comprehensive understanding of their roles, responsibilities, and legal and regulatory requirements.
- Saudi Re updated its Corporate Governance Policy during the last year, aligning it with shifts in market conditions and regulatory demands. The Company remains committed to conducting comprehensive reviews of all foundational policy-level materials, including Corporate Governance policies, charters, and related documents.
- The Corporate Governance policy was reviewed and received approval from the Board of Directors. The Compliance Department simultaneously monitors governance to ensure compliance with policies and regulations.

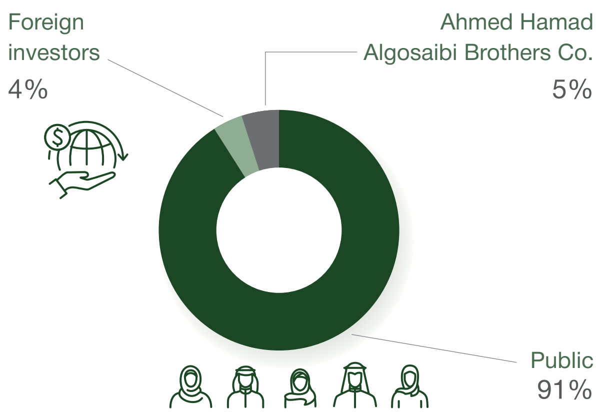
Shareholder engagement

Saudi Re maintains an unwavering commitment to building reliable and transparent relationships with investors and key stakeholders, through a proficient Investor Relations function. Acknowledging the pivotal role investors play in our success, we prioritize the delivery of timely and accurate communications. Our dedicated team ensures consistency in updates, financial disclosures, and interactive engagements to empower informed decision-making. In continuously meeting new industry standards, Saudi Re shows a commitment to surpassing investor expectations, thereby reinforcing trust and confidence in our Company.

In 2023, the Company employed numerous measures and platforms to actively engage with stakeholders. These channels included:

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

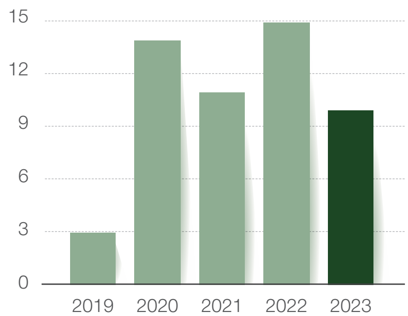
Ownership structure



Direct investor engagements

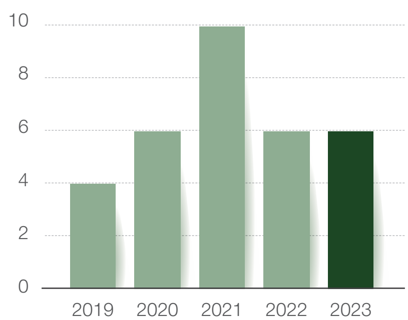
Investor meetings

(Nos.)



Investor conferences/calls

(Nos.)



10.4 BUSINESS ETHICS AND COMPLIANCE →

The workforce at Saudi Re adheres to a rigorous and proactive Code of Professional Conduct and Ethics. This code mirrors the Company's unwavering commitment to a robust anti-corruption and anti-bribery culture, outlining the expected ethical conduct of employees.

To ensure awareness, commitment, and compliance among employees, the Compliance Department, supported by the Legal Department, assumes pivotal roles. The Compliance Department engages in ongoing communication with employees, fostering awareness, and delivering essential training to uphold and reinforce adherence to ethical standards.

In 2023, Saudi Re implemented the following measures in accordance with the Company's policies:

Process and process improvements	Employee awareness and compliance	Certification and Licenses	Policy and management support
Implemented a new Know Your Customer (KYC) approval process through the system.	Conducted training programs, reaching all staff; Anti-Money Laundering (AML), Combating Terrorism Financing (CTF)/CTF and the new Companies Law.	Shariya Certificate	Renewed Anti-Money Laundering (AML) Policy with modifications to cover all laws and regulations.
Utilized Saudi Re Portal for communicating critical information regarding laws and regulations to all staff.	All new recruits underwent a criminal record screening process.		Updated Underwriting, Claims, and Technical Accounting policies and the related controls.
Shared all relevant market information, circulars, and regulatory updates with respective departments, to keep them informed about upcoming developments in the insurance market.	All new recruits underwent an induction process whereby new employees take a rotation with Compliance and AML before commencing work.		
Utilized Saudi Re Portal for sharing and raising awareness on the Company's Code of Ethics.	Communicated importance of ethics via regular emails and/or employee meetings. And conducted training sessions on Ethics, for entire organization.		

To foster a culture of compliance and ethics within the Company, Saudi Re has implemented the following policies:

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

To uphold compliance with both national and international regulations, as well as best practices, Saudi Re's policies and practices are guided by and adhere to the following:

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

	2023	2022	2021	2020	2019
Employees dismissed and/or disciplined for corruption (Nos.)	**0**	0	0	0	0
Percentage of operations assessed for risks related to corruption (%)	**0**	0	0	0	0
Percentage of employees trained on risks related to corruption (%)	**98**	98	97	90	85
Percentage of employees trained on risks related to money laundering and financial crime (%)	**98**	98	95	93	91

Saudi Re's Internal Audit Department conducts an annual review of internal controls, based on the insights gathered from a comprehensive, company-wide risk-based audit. Simultaneously, the Compliance and Risk Management function is actively engaged in educating employees, establishing standards, and ensuring adherence to relevant regulations. The Company is dedicated to fostering an ethical and compliant culture, integrating best practices and effectively managing inherent risks across its business lines.

Non-compliance with laws and regulations

	2023	2022	2021	2020	2019
Total incidents of non-compliance with laws and regulations (Nos.)	**1**	1	1	0	0
Total number of non-monetary sanctions (Nos.)	**0**	0	0	0	0
Total amount of legal and statutory fines and settlements (SR)	**0**	0	0	0	0
SASB Metric (FN-IN-270a.1) Value of any monetary losses as a result of legal proceedings (SR)	**40,000**	20,000	0	0	0

Commitment to strengthening compliance

Saudi Re has established dedicated departments and functions to secure the buy-in, engagement, and commitment of Senior Management, ensuring the ongoing advancement of the Company's culture of ethical conduct and compliance. This commitment to compliance with regulations and best practices aligns with the Company's broader dedication to promoting sustained, inclusive, and sustainable economic growth within the Kingdom. These efforts extend to providing full and productive employment, fostering decent work, and aligning with the overall vision to strengthen the means of implementation and revitalize the global partnership for sustainable development.

SYSTEMIC RISK MANAGEMENT

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

SASB-FN-IN-550a.3

APPROACH TO MANAGING CAPITAL:

Saudi Re has its own Risk Appetite, which is as follows:

Saudi Re should ensure the available capital is above the highest of the followings:

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

APPROACH TO MANAGING LIQUIDITY:

The Company's Investment Policy Statement (IPS) dictates how the Company should invest, including the liquidity of each asset invested and the overall liquidity of the investment.

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

Refer the Risk Management section on page 108 for more information on the Company's approach to managing risk.

10.5 FINANCIAL PERFORMANCE →

2023 marked a pivotal year for Saudi Re. Our primary focus remains establishing ourselves as a regional leader by delivering innovative and technically advanced reinsurance solutions tailored to our clients' specific needs. Our dedication to this vision has translated into a remarkable year of growth a robust financial performance.

Gross Written Premium (GWP) for 2023 experienced an increase of 14%, reaching SR 1.6 billion.

This growth was accompanied by strong credit ratings, further solidifying our position in the market. Our forward looking strategy enabled us to capitalize on opportunities within key business classes, while simultaneously expanding revenue streams across both domestic and international markets. The Reinsurance service result for the year 2023 showcased a rising to SR 119.7 million from SR 83.5 million in 2022.

We attribute our growth trajectory to a diverse product portfolio and extensive geographic reach. While the Saudi market remains as an important component of our business, we have achieved a solid international presence of 66% is spread across Asia (31%), Africa (3%), the Middle East (11%), and Other Territories (21%)

To learn more about the specific breakdown of our geographical distribution and a detailed analysis of our financial performance, please refer to the Financial Review section of our Annual Report on page 30.

10.6 OUR CLIENTS IN FOCUS →

At Saudi Re, delivering outstanding service to our clients is fundamental to fostering strong relationships and achieving greater client satisfaction. Our approach prioritizes providing efficient and effective claims processes, while ensuring transparency and fair treatment in all client interactions.

In 2023, we recorded significant growth in our books, and we strengthened our presence in strategic markets and partnerships compared to the previous year. Additionally, Saudi Re led a greater number of treaties in 2023, with no complaints registered.

Throughout the year, we implemented several initiatives to enhance customer relations. We engaged with clients to review portfolio performance and offer more attractive terms, while continuously monitoring performance and improving service quality. Saudi Re also continued to invest in automated service delivery processes supported by several performance dashboards: for claims and for partner registration. Additionally, we conducted regular market visits and held one-to-one meetings with clients. Furthermore, we organized a training session on "Reinsurance Simulation" for 30 clients of our Labuan branch.

Service Level Standards (SLS) were applied to ensure regular claims were approved and processed within seven working days, and within three working days for cash calls and special settlements. Developed and implemented procedure for managing aged and dormant claims, which led to significant reduction of outstanding claims and reflected on IBN(E)R provisions.

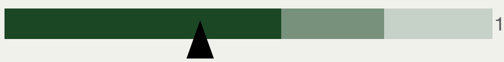
Saudi Re took further steps to deliver value to clients by strategically recruiting and deploying qualified staff throughout the organization. We expanded the underwriting support unit in Kuala Lumpur to cover both facultative and treaty reinsurance contracts. Additionally, we established a dedicated financial line and casualty team within the underwriting department, comprising highly skilled and experienced professionals, to offer expanded services to Saudi Re clients.

10. Sustainability Performance →

In 2023, we consistently met our SLAs and improved our internal capabilities in both personnel and technology. Saudi Re also received multiple awards, further solidifying trust in the Company's financial standing.

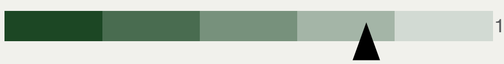
Net Promoter Score

40%



Customer satisfaction score

74%



In 2023, we conducted a customer satisfaction survey to gain deeper insight into the needs and preferences of our valued clients. Saudi Re achieved a net promoter score of 40% and a customer satisfaction score of 74%, both surpassing global benchmarks.

Key findings from the survey indicated that customers favoured Saudi Re expanding its risk appetite and offering training and workshops to clients. The survey further highlighted Saudi Re's reputation as a trusted partner, with 95% of respondents preferring Saudi Re as their primary choice for reinsurance coverage.

Data privacy and security assurance

At Saudi Re, cybersecurity remains a key priority. We continually assess our position using multiple dashboards and Key Performance Indicators (KPIs), both internally and externally. Throughout 2023, we consistently maintained an "A" security rating for external cybersecurity exposure, with a cyber space index rating consistently above 90%.

In efforts to further bolster our security measures, we launched a cybersecurity awareness campaign and maintained an active threat management team that promptly addressed over 1,500 alerts from various threat intelligence sources within the SLA. Our cyber security infrastructure was strengthened by introducing the rights management system (SECLORE) to secure data sharing internally and externally. We also conducted several internal and external cybersecurity reviews. As a result of our efforts, our brand protection score remained above 95, and no cybersecurity incidents were recorded in 2023.

	2023	2022	2021	2020	2019
Number of clients	**503**	314	293	308	266
Number of claims requested to be settled during the year	**2,281**	2,855	2,083	2,032	2,271
Number of claims settled during the year	**2,281**	2,855	2,083	2,032	2,271
Percentage of settled claims during the year (%)	**100**	100	100	100	100
Number of client new claims during the year	**3,024**	2,935	3,020	2,811	3,831
Percentage of claims settled within 7 working days (%)	**98**	97	97	98	98
Value of claims paid (SR)	**528,907,756**	537,845,426	471,215,536	481,191,479	436,701,320

10.7 SUSTAINABLE INSURANCE →

Saudi Re places a strong emphasis on Environmental, Social, and Governance (ESG) considerations in its business operations. Recognizing the significance of sustainable insurance practices, Saudi Re integrates ESG considerations into reinsurance services, providing risk transfer solutions that contribute positively to the community and the environment.

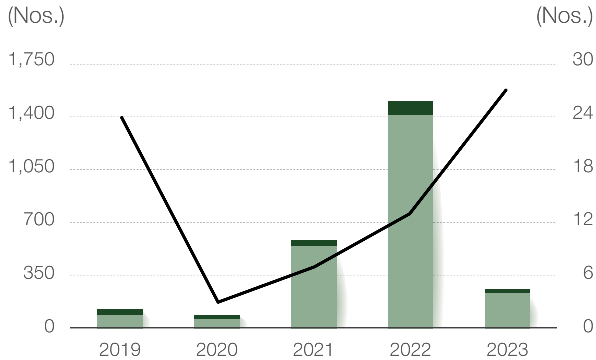
> Taking a significant step forward in 2023, as part of our sustainability journey, we have assessed and disclosed a number of metrics with regard to our induced impact as a catalyst for sustainable practices across a variety of sectors, our contribution to building the strength and resilience of communities, and the sustainability of our systems in the face of climate change and related natural catastrophes.

Promoting financial/insurance literacy

To grow insurance accessibility, Saudi Re initiates insurance literacy programs, sponsors events to raise awareness about reinsurance, and conducts technical training programs that uplift the sector. Collaborating with university Departments of Actuarial Sciences, we also provide student traineeships, further contributing to the development of talent in the field.

In 2023, Saudi Re organized a Reinsurance Simulation Training in Kuala Lumpur, catering to priority clients and partners in the Asian markets. The three-day event offered a practical learning experience, utilizing a world-class, interactive simulation to apply reinsurance concepts in a simulated business environment. Twenty-six clients and six Saudi Re employees participated in the training, which covered various reinsurance topics, including planning and structuring reinsurance, reinsurance pricing, and decision-making processes in reinsurance.

Promoting financial literacy/ insurance literacy



Managing environmental/climate risk

Saudi Re maintains a moderate exposure to environmental risk, primarily in the context of physical climate risk within our Global Property Catastrophe Reinsurance lines. The escalating frequency and severity of climate and weather-related catastrophic events pose challenges, but Saudi Re employs effective mitigants such as annual policy repricing, catastrophe model updates, retrocessional protection, continuous business diversification, and strong capitalization.

Reinsurance Simulation Training in KL Branch

10. Sustainability Performance →

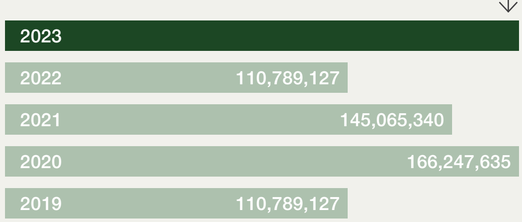
As a result of the strategic focus of our lines of business being on regions with fewer natural catastrophes, Saudi Re holds a comparatively lower exposure level to physical climate risk in relation to global reinsurance peers.

Climate change poses significant material risks for the insurance/reinsurance sector as the frequency of extreme weather events and magnitude of natural disasters impact entire communities and countries across the globe. Part of our responsibility in promoting sustainability across our operations and the wider insurance/reinsurance sector is the consideration of climate risks. As the climate crisis escalates, we continue to assess and monitor climate risks as part of our risk management processes. In 2023, we expanded our disclosure to cover metrics recommended by the Sustainable Accounting Standards Board (SASB), which is a part of the IFRS Foundation. These metrics examine the intersection of the re/insurance sector and the onset of climate-related natural catastrophes.

[SASB – FN-IN-450a.1]

Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes (SR)

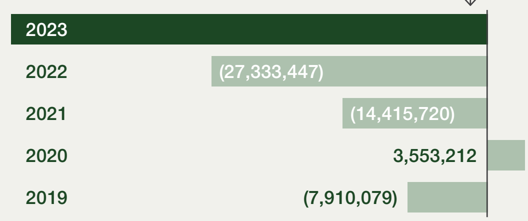
SR 166,247,635



[SASB FN-IN-450a.2]

(a) Total amount of monetary losses attributable to insurance payouts from modeled natural catastrophes

SR (47,120,448)



[SASB – FN-IN-450a.2]

(b) Total amount of monetary losses attributable to insurance payouts from non-modeled natural catastrophes

SR (2,113,044)

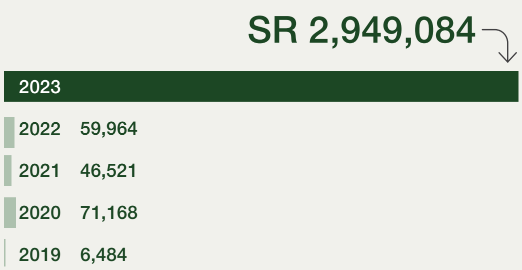
Incentivizing sustainable practices

Incorporating sustainability across various areas of operation, Saudi Re prioritizes financial and social inclusion, environmental protection, ethical procurement, and sustainable investment. However, going a step further, we acknowledge the potential positive impact that our reinsurance operations can have by aligning our efforts to support the energy transition and decarbonization. In line with this, we worked to analyze and report against SASB Standard metrics in 2023.

Fast-tracking the energy transition was one of the key aims of the recent COP28 UN Climate Change conference held in the United Arab Emirates. At the heart of this energy transition are new and cleaner technologies with broad social and environmental impact. Insurers and reinsurers are working to match the increasing pace of investment in clean energy, renewables, and low-carbon technologies, and take up underwriting opportunities that emerge in new markets, technologies, and lines of business. Saudi Re is aware of the potential for global capital flows to induce a shift toward cleaner, low-carbon business models, and we are working to align with this transition.

[SASB - FN-IN-410b.1]

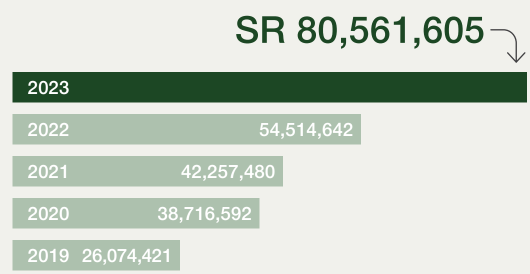
Net premiums written related to renewable energy, energy efficiency, cleaner production, low-carbon technology (SR)



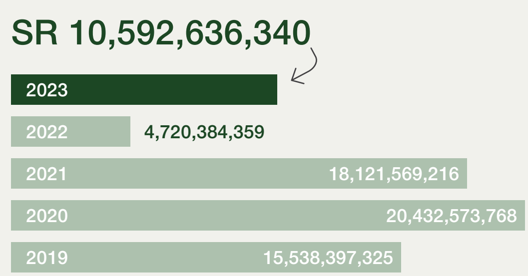
Protecting communities

Saudi Re's commitment to corporate social responsibility is incorporated in our core business of reinsurance. We recognize the potential for social good that the insurance/reinsurance sector extends in reducing uncertainty and providing safety and security for institutions, industries, and individuals. In 2023, our portfolio included reinsurance for natural catastrophe and life and health policies, which benefit a variety of sectors and communities.

Value of natural catastrophe premiums (SR)



Value of life and health policies (in force) reinsured (SR)



Responsible investment

As a Sharia-compliant organization, sustainability plays a pivotal role in our investment decisions. We work to ensure avoidance of investments that may have adverse societal impacts, while actively promoting equality and inclusion in all transactions.

	2023 IFRS 9	2022 IFRS 9	2021 IFRS 4	2020 IFRS 4
Total invested assets (SR '000) (differentiated by industry and asset class)				
Reinsurance Operations Investments	**682,534**	645,291	560,257	355,498
Shareholders Investments	**956,460**	932,094	926,746	974,455

10.8 SUPPORTING OUR COMMUNITIES →

Saudi Re actively engages in targeted social and philanthropic activities, aligning with our commitment to advancing the socioeconomic development of the communities in which we operate. The overarching direction for our Corporate Social Responsibility efforts is outlined in the Company's Code of Professional Conduct and Ethics, along with related policies.

Our focus areas encompass addressing basic needs, enhancing quality of life, and meeting other identified needs within local communities. Saudi Re is committed to respecting the traditions and ethical aspects of the communities where we operate. Over the years, our contributions have yielded a positive impact by fostering economic growth, creating job opportunities, improving education, providing healthcare services, supporting youth development, and facilitating philanthropic activities.

Our current goal revolves around cultivating an internal culture of social responsibility: harnessing the strengths of our workforce to make meaningful and sustainable contributions that reach beyond the numbers, and positively impact the community.

In 2023, we uplifted our communities in the following ways:

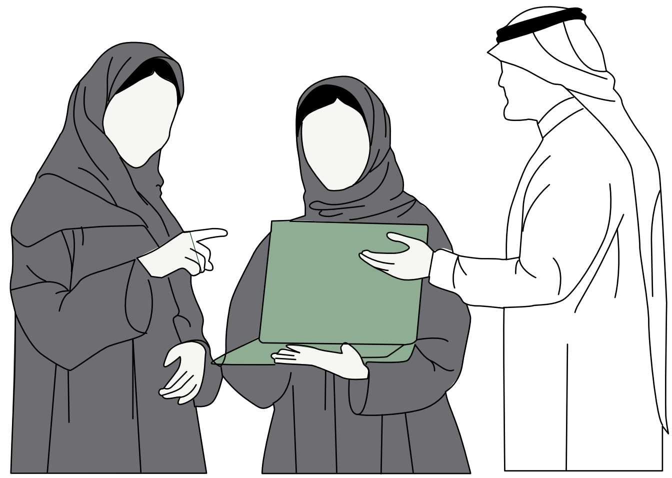
- A driving simulation campaign, "Be Aware, Drive with Care," was conducted with a focus on safety and well-being.
- To commemorate Saudi and International Volunteer Day, an internal campaign was carried out to emphasize the importance of volunteering.
- Employees actively participated in charitable programs, donating second-hand computers, laptops, and other equipment to charities in need.
- Aid was provided to deserving charities that address critical social issues, through both direct and indirect channels.
- Saudi Re places a special focus on skill development and employment creation for new graduates. The Company designs and implements specialized development programs for young professionals and leaders, such as internships and summer jobs for students.

- Saudi Re sponsors a diverse range of initiatives, including sports events, insurance events, and workshops that promote general development of the community.
- The Company offers regular health checkups for employees, thereby contributing to the overall health of communities.
- Saudi re family day.
- Investing in the ongoing prosperity of communities through Zakat.
- Saudi Re hosted a Reinsurance Simulation Training in Kuala Lumpur, organized for Saudi Re valued clients and partners in the Asian markets, as part of an effort to raise awareness about reinsurance and provide technical training programs that benefit the sector. As part of our contribution to the Saudi Vision 2030, Saudi Re participated as a national reinsurer exporter in the second edition of the Saudi Made exhibition, which aims to promote Saudi Made products and services at both local and global levels.
- To make our female employees aware of breast cancer, an awareness campaign, and free medical checkups were arranged for all female employees.

The driving simulation campaign, "Be Aware, Drive with Care"

10.9 OUR PEOPLE OUR PRIDE →

The employees of Saudi Re are fundamental to the Company's success. Their expertise and experience significantly bolster the strength, growth, and adaptability of our business.



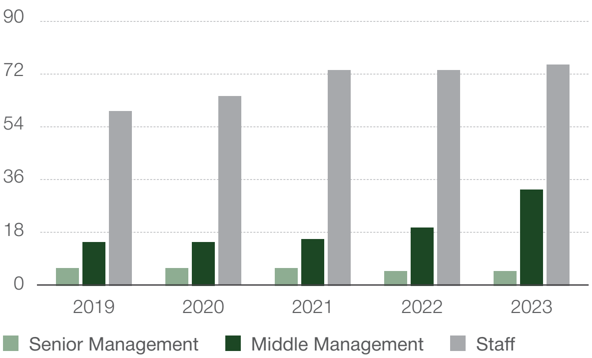
TOTAL NUMBER OF EMPLOYEES (FULL TIME) 2023

114

2022 – 99

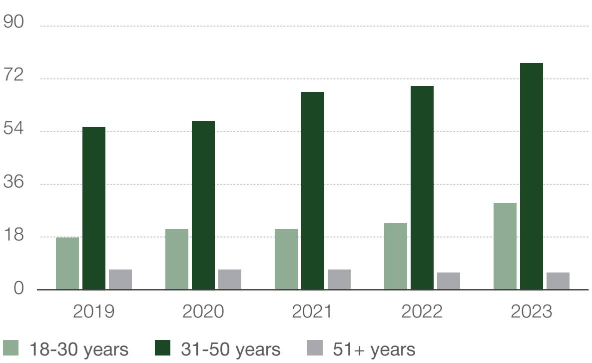
Employees by employment level

(Nos.)



Age analysis of employees

(Nos.)



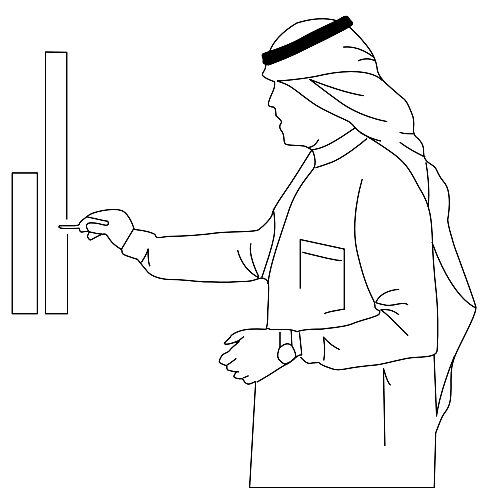
TRAINING AND DEVELOPMENT

SR 700,000

invested in staff training and development

6,357 hours

of training provided



Ensuring a consistent regimen of training and development remains a cornerstone of Saudi Re's enduring commitment to its workforce. Guided by the Saudi Re Development Program (SRDP), we identify and address skill gaps aligned with our medium to long-term aspirations. Our initiatives in talent and knowledge development are designed to cultivate essential skills and enhance individual performance, aligning with the Company's strategic goals.

Throughout the year, Saudi Re allocated resources to several training programs covering priority areas including international Reinsurance Training Programs (RTPs) in Switzerland, the UK and the UAE.

- Job rotations: 24
- In-house workshops: 20
- Technical training: 75
- Soft skills training: 7
- Professional qualifications: 21

Key training areas covered in 2023

- AML/CTF
- Corporate governance and code of conduct
- Pricing, claims, and underwriting
- Governance
- Cybersecurity
- IFRS 17
- Actuarial
- Reinsurance
- Language development
- Character building
- CSR

Professional certifications achieved in 2023

- Information Systems Auditor
- Associate in Risk Management
- Cert CII
- ACII
- Project+

Future leaders program

Saudi Re's accelerated development program aims to empower Saudi graduates to become the next generation of leaders in the (re) insurance industry.

The one-year program offers an engaging learning experience led by industry experts. It focuses on building a solid foundation of technical knowledge and business skills through a combination of classroom instruction, practical on-the-job training, and character-building workshops.

The program offers candidates who demonstrate commitment and high potential the chance to obtain a professional insurance qualification and develop a rewarding career in a growing sector with exciting opportunities.

Future leaders program graduation

A continuous orientation program is in place to acquaint new hires with the Company's operational processes and protocols. The Saudi Re Competency Framework Project serves as a valuable resource, allowing employees to acquire essential skills to enhance performance and advance in their respective careers.

At the executive level, we prioritize succession planning, particularly for pivotal financial management roles. This comprehensive approach involves specialized training for high-performing individuals, preparing them to navigate the complexities of an ever-changing business landscape effectively. Periodic performance assessments and career development discussions are integral components that are carried out at all organizational tiers.

DIVERSITY AND INCLUSION →

37%

female employees

100%

return-to-work rate and retention rate for 2023

Saudi Re is committed to fostering a fair and inclusive workplace culture for every employee. Governed by our Code of Conduct, Whistleblowing Policy, and a structured Grievance Handling mechanism, we diligently address any instances of misconduct, harassment, or discrimination. Our policies, including the Model Work Organization Regulation, Physical Security Procedure, and Incident Procedure, serve as foundational pillars, ensuring a conducive workplace for all. 2023 saw no reported cases of discrimination or harassment.

Diversity and inclusion remain central to our organizational ethos. In the year under review, the Saudi Re workforce comprised professionals from diverse regions and over ten nationalities. We actively focused on improving gender diversity, resulting in 37% female representation within the Company, up from 32% in 2022. Female employees accounted for 38% of total training hours. Additionally, we proudly note a 100% return-to-work and retention rate, with four employees availing themselves of parental leave entitlements during the year. The Saudi Re Ladies' Outing and other targeted initiatives carried out during the year were a resounding success contributing to employee engagement and helping build a conducive workplace for our diverse team.

EMPLOYEE ENGAGEMENT →

In 2023, Saudi Re undertook various initiatives aimed at enhancing employee engagement and morale. Events like the Family Day, Annual Gathering and the Saudi Re Ladies' Outing fostered team spirit and fellowship among our staff members. Furthermore, our collaboration with welfare organizations and charitable institutions for CSR activities served to inspire and motivate our team, rallying them around meaningful causes.

To promote personal growth, we offered coaching sessions and job rotation opportunities for our employees. Additionally, we observed all statutory and religious holidays of significance, including Ramadan, ensuring all necessary provisions for our staff. The Company also instituted mechanisms to acknowledge outstanding performances and initiatives. Achievements were celebrated through email announcements, fostering a culture of recognition. Through the WalaPlus Engagement Program, employees and their families were offered exclusive discounts and offers on various products and services, complemented by attractive loan and credit card facilities. In addition, Saudi Re regularly gauges employee satisfaction and engagement levels through periodic surveys.

Saudi Re's Family Day

HEALTH AND WELL-BEING →

Saudi Re prioritizes the health and well-being of its employees by fostering optimal working conditions and promoting a balanced work-life dynamic. Medical insurance coverage is extended to all employees and their families. Additionally, our Physical Safety Procedure reinforces workplace safety protocols.

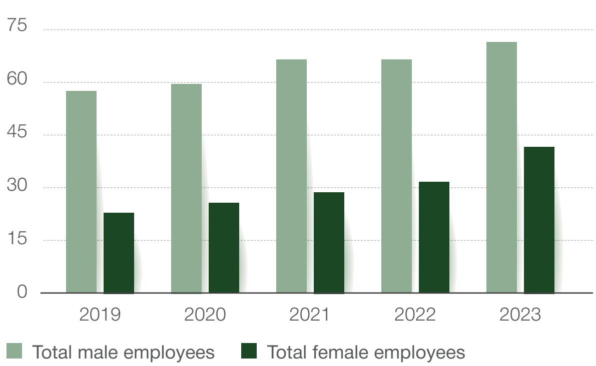
Responsibility for upholding health, safety, and security standards rests with the HR Department, Risk Management Department, and Business Continuity Teams. These departments collaborate to mitigate potential risks and maintain exemplary safety standards. To instill a culture of health consciousness, Saudi Re conducts regular educational campaigns, including first aid training and annual flu vaccination campaigns ahead of flu season. Employees benefit from informative emails featuring health advisories, tips, and guidelines.

The working hours of Saudi Re employees are aligned with safe labor practices and legislation. We emphasize work-life balance by facilitating remote working arrangements, offering flexible leave policies, and granting paid vacation days. Saudi Re also provides additional support, including financial assistance for educational expenses. Furthermore, through the WalaPlus Engagement Program, our staff and their families enjoy exclusive benefits such as discounts on gym memberships and nutritious food options.


Yearly medical check up for Saudi Re's staff

Employees by gender

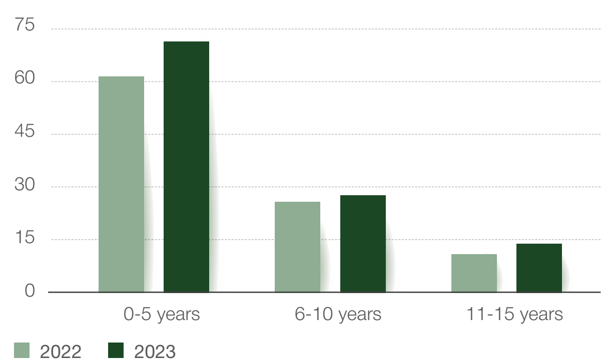
(Nos.)

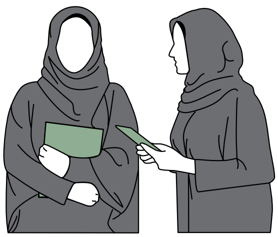


SERVICE ANALYSIS →

Years of service

(Nos.)





37%
Female employees 2023

2019	2020	2021	2022
28%	30%	30%	32%

80%
Saudization rate 2023

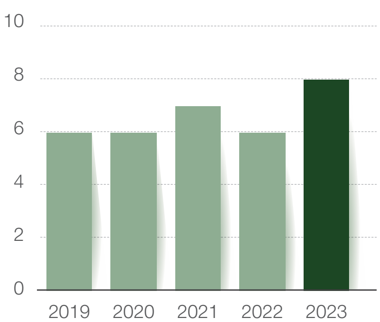
2019	2020	2021	2022
68%	71%	75%	78%

RECRUITMENT →

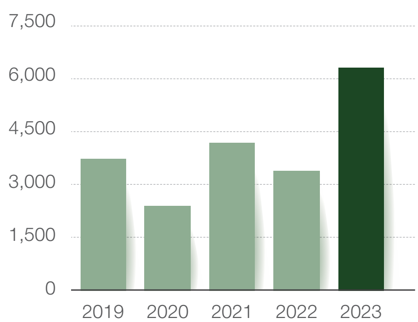
	2023	2022	2021	2020	2019
Total recruitments	**35**	26	18	10	19
GRI 401-1 New recruitments (Nos.)	**35**	24	18	6	12
Saudi nationals amongst new recruits (%)	**80**	65	78	78	63
GRI 404-3 Employees receiving regular performance and career development reviews (%)	**100**	100	100	100	100

EMPLOYEE DEVELOPMENT →

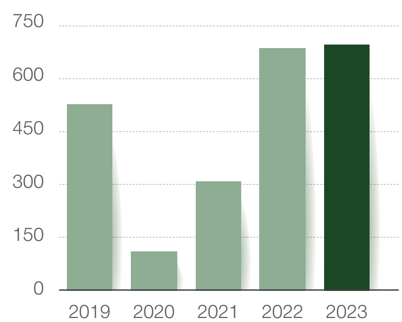
Average training man-days per employee (days)
(Days)



Total hours of training for employees
(Hours)



Investment on employee training and development
(SR '000)



EMPLOYEE TURNOVER →

	2023	2022	2021	2020	2019
GRI 401-1 Employees who left the Company (Nos.)	17	16	5	1	7
Turnover ratio (%)	16	16	5	1	9
Average tenure (years)	**5**	5	5	4.5	–

10.10 PROTECTING OUR PLANET →

Saudi Re's commitment to minimizing our environmental footprint remains steadfast, despite our direct impact on the environment being minimal due to the nature of our business model.

Our commitment extends to integrating ESG principles into our core business activities. We recognize the importance of managing environmental risks, promoting sustainable practices, and making responsible investments in clean and sustainable technologies to positively influence the preservation of our planet.

Adopting a forward-thinking approach, we evaluated innovative strategies to modernize our processes and infrastructure. In 2023, Saudi Re implemented several initiatives aimed at improving water and energy efficiency and refining waste management practices across all areas of the Company:

- Incorporation of energy-efficient devices, including motion-activated lighting systems.
- Responsibly upgrading electronic equipment with higher energy efficiency to replace those with elevated energy consumption.
- Engaging with non-profit entities specializing in refurbishing and distributing electronics to charitable institutions, including educational and social welfare organizations.
- Minimization of paper usage by implementing innovative processes and consistently utilizing electronic signatures to reduce paper consumption in approval workflows.
- In 2023, Saudi Re launched the "Recycle for a Good Cause" campaign, wherein recycled materials were donated to charitable organizations to be used for fundraising purposes.
- Implementation of water-conserving devices like faucet aerators to enhance efficiency and reduce water consumption.
- Implementation of paper recycling practices that contribute to the reduction of greenhouse gas (GHG) emissions.

Despite having a minimal environmental impact, Saudi Re shows its commitment to its duties as a responsible corporate entity by prioritizing transparency in recording and reporting key environmental metrics.

GRI 305-1

Direct GHG emissions – Scope 1 (2023)

384 tCO_2e

2019	2020	2021	2022
316 tCO_2e	284 tCO_2e	387 tCO_2e	389 tCO_2e

GHG emissions per employee (2023)

4.51 tCO_2e

2019	2020	2021	2022
5.09 tCO_2e	4.36 tCO_2e	5.37 tCO_2e	5.11 tCO_2e

GRI 303

Total water consumption per employee (2023)

20.28 m^3

2019	2020	2021	2022
17.37 m^3	11.10 m^3	20.0 m^3	19.58 m^3

GRI 306-3

Total waste generated (2023)

1,650 kg

2019	2020	2021	2022
2,000 kg	900 kg	1,170 kg	1,455 kg

GRI 306-4

Total waste recycled (2023)

655 kg

2019	2020	2021	2022
600 kg	315 kg	632 kg	640 kg

GRI 301

Total paper consumption (2023)

345 kg

2019	2020	2021	2022
405	270	381	391

GRI 306-4

Total paper recycled (2023)

10 kg

2019	2020	2021	2022
12 kg	4 kg	10 kg	10 kg

Direct energy consumption (operations and vehicles) (2023)

22.94 GJ

2019	2020	2021	2022
27.65 GJ	19.87 GJ	22.86 GJ	22.69 GJ

Total electricity consumption per employee

5,920 kWh

2019	2020	2021	2022
4,964 kWh	4,130 kWh	5,239 kWh	5,508 kWh

GRI 302-1

Total energy consumption (2023)

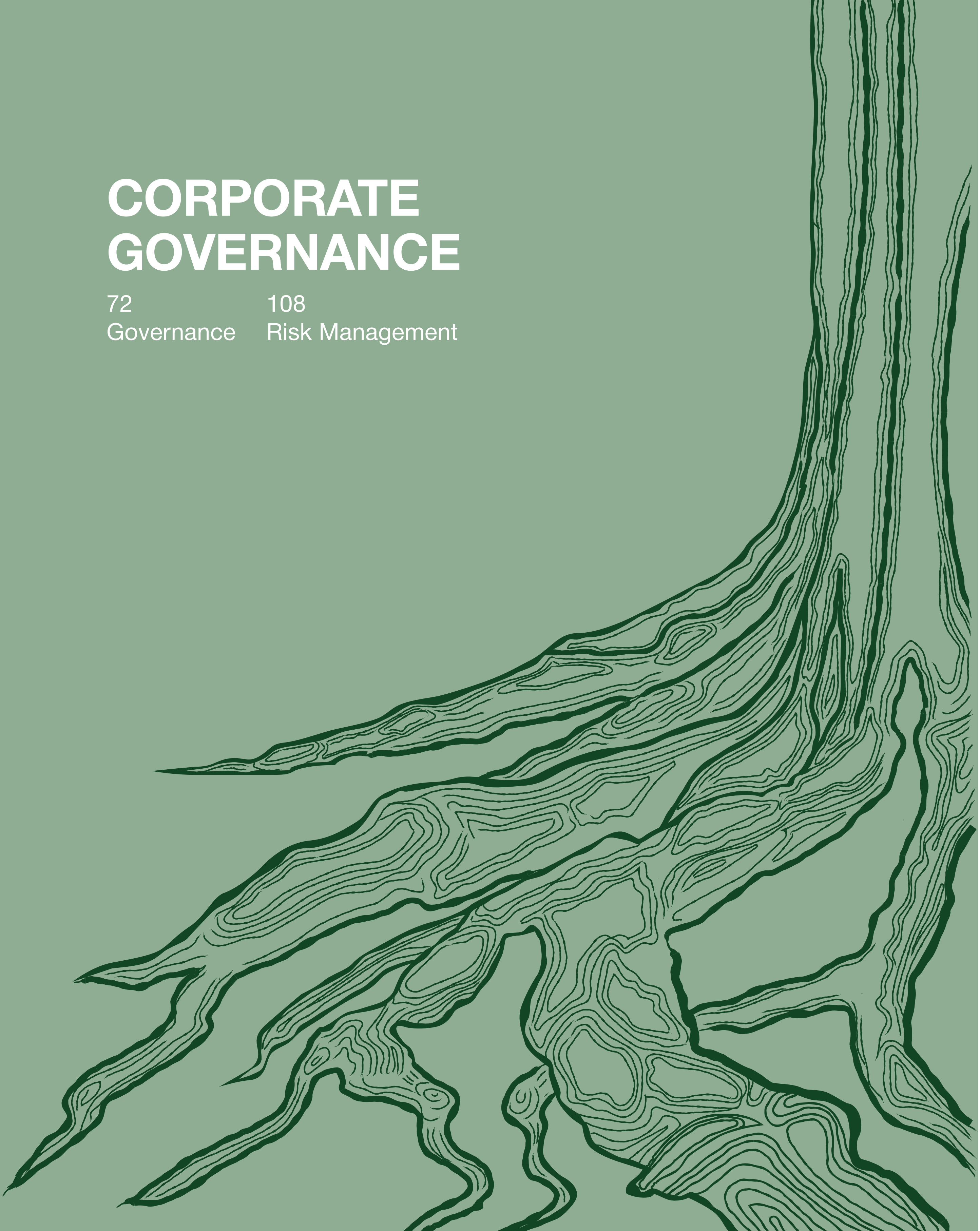
2,452.50 GJ

2019	2020	2021	2022
1,475.15 GJ	1,298.51 GJ	1,833.45 GJ	1,985.74 GJ

** In 2020, Saudi Re prioritized staff safety during the COVID-19 pandemic, promptly implementing work-from-home measures. The year's figures highlight the Company's adaptability and commitment to ensuring workforce well-being amidst unprecedented challenges.*

Saudi Re is committed to implementing initiatives that address climate change, aiming to contribute to a more sustainable future for future generations. This commitment aligns with Saudi Vision 2030 and the Global Goals. Our efforts encompass setting carbon neutrality targets, investing in renewable energy, promoting a circular economy, engaging with communities, adopting innovative technologies, establishing collaborations, and raising employee awareness.

CORPORATE GOVERNANCE



11. Governance

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

The Company has committed to implementing all the articles of the corporate governance regulations issued by the Capital Market Authority during the year 2023, except for paragraph (b) of Article 93, where the Company has committed to disclose the details of the remuneration of senior executives in total and has not disclosed them in detail in accordance with the schedule specified in Annex (1) of the Corporate Governance Regulations, in order to avoid the harm that may be caused by presenting the details to the interest of the Company and its shareholders, based on paragraph (b) of Article 60 of the rules on the offering of securities and continuing obligations.

11.1 COMPLIANCE WITH LAWS AND REGULATIONS →

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

- Laws and regulations issued by Capital Markets Authority (CMA).
- Laws and regulations issued by Insurance Authority, including the Corporate Governance Regulations.
- Zakat and Income Tax Regulations issued by the Zakat and Income Tax Department.
- Labor Law issued by the Ministry of Human Resources and Social Development.
- The Company Law issued by the Ministry of Commerce.

11.2 BOARD OF DIRECTORS →

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

The election of the members of the Board was approved by the shareholders in the Ordinary General Assembly on 11 May 2023.

11.3 MEMBERS OF THE BOARD OF DIRECTORS FROM 2020 TO 2023

Mr Hesham Al-Shaikh
Non-Executive Director

CURRENT POSITIONS
- Chairman of the Board, member of the Executive Committee, and Investment Committee
- Chairman of Mekyal Financial Tech
- Board Member of Probitas Holding Company
- Founder and Chairman of the Board of Watan First Institute

PREVIOUS POSITIONS
- Board Member of Ashmore Saudi Arabia Investments
- Board Member of Saudi Civil Aviation Holding Company
- Board Member of Al Jazira Bank
- Deputy Managing Director of Arab National Bank

QUALIFICATIONS
- Bachelor’s degree in Business Management, Applied Mathematics, and Economics from California University, the USA

EXPERIENCE
- More than 35 years of experience in the banking and investment sectors during which he assumed various leading positions

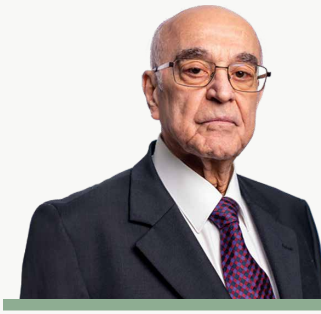
Mr Mishari Al-Mishari
Non-Executive Director

CURRENT POSITIONS
- Vice-Chairman of the Board, Member of the Investment Committee and Nomination and Remuneration Committee
- Board Member of Hana Food Industries Company
- Member of the Boards of several companies in the areas of real-estate development and training and education

PREVIOUS POSITIONS
- Board Member of Saudi Investment Bank and Saudi Development Fund
- Managing Director of Al Jazira Bank, Saudi Arabia

QUALIFICATIONS
- Bachelor’s degree in Business Administration from Oregon State University

EXPERIENCE
- More than 35 years of experience in the banking and financial sectors during which he assumed various leading positions



Mr Ahmed Sabbagh
Non-Executive Director

CURRENT POSITIONS
- Member of the Technical Committee, the Nomination and Remuneration Committee

PREVIOUS POSITIONS
- Member of the Board of Trustees of the Arab Insurance Institute
- General Manager, one of its founders, and member of the Board of Directors of the Islamic Insurance Company in Jordan
- Member, Vice-President and President of the International Federation of Takaful and Islamic Insurance Companies

QUALIFICATIONS
- Bachelor’s degree in Business Administration from Beverly Hills University, California

EXPERIENCE
- More than 45 years of experience in the insurance and reinsurance industry in the Middle East during which he assumed various leading roles
- Published six books about Takaful and Cooperative Insurance in both English and Arabic languages

Mr Jean-Luc Gourgeon
Non-Executive Director

CURRENT POSITIONS
- Chairman of the Technical Committee and member of the Executive Committee
- Board Member of Probitas Holding Company, Bermuda
- Board Member of Probitas Corporate Capital, the UK
- CEO of own consulting company JLG Consulting Ltd.

PREVIOUS POSITIONS
- European General Manager of Everest Re Europe in the UK
- CEO, and CUO of Paris Re in France

QUALIFICATIONS
- Master's degree with Honors in Mechanic's Science from Ecole Centrale de Lyon, Claude Bernard University in France, INSA Lyon
- Political Science degree of Institut d'Etudes Politiques de Paris

EXPERIENCE
- More than 30 years of experience in the insurance and reinsurance industry

Mr Mohammad Omair Al-Otaibi
Independent Director

CURRENT POSITIONS
- Chairman of the Risk Committee and member of the Nomination and Remuneration Committee
- Vice-Chairman of Abdullah Saad Abo Moati Stationary
- Chairman of Zimeen Digital Marketing
- Member of the Audit Committee of Al Mojel Trading and Contracting Co. (Saudi joint stock non-listed company)

PREVIOUS POSITIONS
- Chairman of the National Gas and Industrialization Company
- Board Member of several joint stock companies
- Board Member of Al Yamamah Steel Industries

QUALIFICATIONS
- Master's degree in Business Administration specializing in Finance from Western Michigan University
- Attended the Advanced Management Program in Harvard University in the USA

EXPERIENCE
- More than 34 years of experience in Banking and Marine Shipping Industry during which he assumed different leading positions

Eng. Hussam Al-Suwailem CAIA, FDP, CFE
Independent Director

CURRENT POSITIONS
- Saudi Re Member of the Board of Directors since May 2020
- Saudi Re Member of the Investment Committee since November 2019

PREVIOUS POSITIONS
- International investments analyst covering M&A, venture investments and infrastructure project. SALIC (PIF Subsidiary). (2014 – 2016)
- Credit Portfolio Manager. SAMBA Financial Group, National Commercial Bank, Riyad Bank. (2006 – 2014)

QUALIFICATIONS
- Certified Fraud Examiner (CFE) – Association of Certified Fraud Examiners, 2022, the USA
- Chartered Alternative Investment Analyst (CAIA) – CAIA Association, 2020, the USA
- Chartered Financial Data Professional (FDP) – FDP Institute, 2019, the USA
- Master of Applied Finance, Macquarie University, 2012 – Sydney, Australia
- Bachelor of Electrical Engineering, King Saud University, 2006 – Riyadh, Saudi Arabia.

- **EXPERIENCE**
- Eng. Hussam's experience covers various interrelated disciplines such as corporate governance, asset management, modelling, and structuring investment transactions. Those fields bring about the knowledge Hussam technically employs to achieve optimal strategic resources allocation without compromising risk management frameworks and guidelines

Dr Peter Hugger

Independent Director

CURRENT POSITIONS

- Member of Risk Committee
- Member of the Audit Committee
- Board Member of MSG Global Solutions Zurich
- Adviser to the Board at Innoveo AG Zurich

PREVIOUS POSITIONS

- Chief Executive Officer of Echo Reinsurance Ltd., Zurich
- Senior Executive Vice President of Asia Capital Reinsurance Group Pte Ltd. Singapore

QUALIFICATIONS

- Doctorate degree in Economics from the University of Konstanz, Germany

EXPERIENCE

- More than 35 years of experience in the international insurance and reinsurance market

Mr Marc Maupoux

Independent Director

CURRENT POSITIONS

- Chairman of the Nomination and Remuneration Committee
- Member of the Technical Committee

PREVIOUS POSITIONS

- Led the setup of a start-up reinsurance company based in Zurich, Switzerland
- Head of Property, Non Cat & Engineering World Wide-Axis Re, and Consultant

QUALIFICATIONS

- Actuarial Fellowship from Institut de Science Financiere et d'Assurances (ISFA), France
- Member of the IA (Institut des Actuaires) and of the SAV (Schweizer Aktuar Verein)

EXPERIENCE

- More than 30 years of experience in international insurance and reinsurance

Mr Fahad Al-Hesni
Executive Director

CURRENT POSITIONS
- Managing Director and Chief Executive Officer
- Member of Executive Committee
- Board Member of Probitas Holding Company, Bermuda
- Member of International Insurance Society (IIS)

PREVIOUS POSITIONS
- Vice President of Property and Casualty in Tawuniya

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

EXPERIENCE
- More than 25 years of experience in the insurance and reinsurance industry

Mr Abdullatif Al-Fozan
Non-Executive Director

CURRENT POSITIONS
- Member of the Executive Committee and Investment Committee
- Board Mmeber of Al Fozan Holding
- Chief Operating Officer – Al Fozan Holding Company
- Board Member of Tas'heel Finance
- Board Member of Alpha Capital
- Founder and board member of Ascend Solutions
- Board Member United Electronics Company (Extra)
- Member of the Boards of several companies in the areas of real estate development,nutrition, environmental, and construction

PREVIOUS POSITIONS
- Corporate Investment Director – Al Fozan Holding Company
- Mergers and Acquisitions, Transaction Advisory Services – EY
- Business Development Manager – Al Fozan Holding
- Board Member – The National Company for Glass Industries
- Board Member Retal Residence

QUALIFICATIONS
- Bachelor's degree in Economics from University of Toronto

EXPERIENCE
- More than 10 years of experience in finance and investment

Mr Turki Al-Sudairy
Non-Executive Director

CURRENT POSITIONS
- Member of the Executive Committee and Technical Committee
- Managing Partner and CEO Abdul Latif Jameel Insurance Brokers
- CEO StarCare Insurance Brokers (Owned 100% by Abdul Latif Jameel Insurance Brokerage)
- Board Member Alpha Capital Masar Land Development Fund
- Board Member Alpha Capital Tahaluf Alawaly Fund
- Board Member Alpha Capital Saudi F&B Growth Fund
- Entrepreneurship Committee Member – Chamber of Commerce of Riyadh

PREVIOUS POSITIONS
- Vice Chairman of the General Committee of Insurance and Reinsurance Brokerage Saudi Arabian Monetary Authority (SAMA)
- Board Member Alpha Capital Saudi Real Estate Development Fund 2
- Board Member Alpha Murabaha Fund
- Health Insurance Permanent Committee Member Council of Cooperate Health Insurance
- Endorsement Experts Committee – Alrajhi Humanitarian Foundation

11.4 MEMBERS OF THE BOARD OF DIRECTORS FROM 2023 TO 2026

- Youth Businessmen Committee Member – Chamber of Commerce of Riyadh
- Saudi-French Business Council Member – Council of Saudi Chambers
- Project Coordination Manager of ANM Consortium Riyadh Metro Project
- Project Coordinator Bombardier Aerospace

EXPERIENCE

- More than 10 years' experience between Insurance, Entrepreneurship and Project Management

Mr Abdullatif Al-Fozan

Chairman of Board of Directors

CURRENT POSITIONS

- Member of the Executive Committee and Investment Committee
- Board Member of Al Fozan Holding
- Chief Operating Officer – Al Fozan Holding Company
- Board Member of Tas'heel Finance
- Board Member of Alpha Capital
- Founder and board member of Ascend Solutions
- Board Member United Electronics Company (Extra)
- Board Member Probitas Holdings (Bermuda)

PREVIOUS POSITIONS

- Corporate Investment Director – Al Fozan Holding Company
- Mergers and Acquisitions, Transaction Advisory Services – EY
- Business Development Manager – Al Fozan Holding
- Board Member – The National Company for Glass Industries
- Board Member Retal Residence

QUALIFICATIONS

- Honors Bachelor of Arts (HBA), Double Major: Economics, Employment Relations – University of Toronto

EXPERIENCE

- More than 10 years of experience in finance and investment

Mr Turki Al-Sudairy

Vice Chairman of Board of Directors

CURRENT POSITIONS

- Member of the Executive Committee and Technical Committee
- Managing Partner and CEO Abdul Latif Jameel Insurance Brokers
- CEO StarCare Insurance Brokers (Owned 100% by Abdul Latif Jameel Insurance Brokerage)
- Board Member Alpha Capital Masar Land Development Fund
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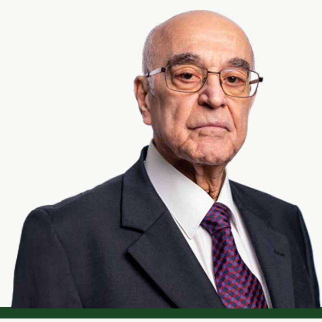
- Youth Businessmen Committee Member – Chamber of Commerce of Riyadh
- Saudi-French Business Council Member – Council of Saudi Chambers
- Project Coordination Manager of ANM Consortium Riyadh Metro Project
- Project Coordinator Bombardier Aerospace

EXPERIENCE

- More than 10 years' experience between Insurance, Entrepreneurship and Project Management



Mr Ahmed Sabbagh

Non-Executive Director

CURRENT POSITIONS

- Member of the Technical Committee, Risk Committee, and Nominations and Remuneration Committee

PREVIOUS POSITIONS

- Member of the Board of Trustees of the Arab Insurance Institute
- General Manager, one of its founders, and member of the Board of Directors of the Islamic Insurance Company in Jordan
- Member, Vice-President and President of the International Federation of Takaful and Islamic Insurance Companies

QUALIFICATIONS

- Bachelor's degree in Business Administration from Beverly Hills University, California

EXPERIENCE

- More than 45 years of experience in the insurance and reinsurance industry in the Middle East during which he assumed various leading roles
- Published six books about Takaful and Cooperative Insurance in both English and Arabic languages

Eng. Hussam Al-Suwailem CAIA, FDP, CFE

Independent Director

CURRENT POSITIONS

- Saudi Re Member of the Investment Committee

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- Credit Portfolio Manager. SAMBA Financial Group, National Commercial Bank, Riyad Bank. (2006 – 2014)

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- Certified Fraud Examiner (CFE) – Association of Certified Fraud Examiners, 2022, the USA
- Chartered Alternative Investment Analyst (CAIA) – CAIA Association, 2020, the USA
- Chartered Financial Data Professional (FDP) – FDP Institute, 2019, the USA
- Master of Applied Finance, Macquarie University, 2012 – Sydney, Australia
- Bachelor of Electronics and Communications Engineering, King Saud University, 2006 – Riyadh, Saudi Arabia.

EXPERIENCE

- Eng. Hussam’s experience covers various interrelated disciplines such as corporate governance, asset management, modelling, and structuring investment transactions. Those fields bring about the knowledge Hussam technically employs to achieve optimal strategic resources allocation without compromising risk management frameworks and guidelines

Eng Abdulaziz Al-Shiekh

Independent Director

CURRENT POSITIONS

- Member of the Investment Committee and the Nominations and Remuneration Committee
- Founding Partner & Managing Director of Al-Taif Pharmaceutical Company
- Vice Chairman of the Board of Directors of “Ayan Investment Company”
- Chairman of the Board of Directors of “Tal Finance Company”

PREVIOUS POSITIONS

- Managing Director, Johnson & Johnson
- General Manager, “Banaja Holding Company”
- Chairman of the Board of Directors of Korn Ferry International

QUALIFICATIONS

- Master of International finance and marketing, American University in Washington
- Master of Business Administration in Finance and Marketing at American University in Washington

EXPERIENCE

- More than 20 years experience in Finance, Investment and medical services

Mr Abdulrahman Al-Jala

Independent Director

CURRENT POSITIONS

- Member of the Executive Committee and the Nominations and Remuneration Committee
- CEO of Dhahran International Exhibitions Company
- Board Member of Retal Urban Development Company
- Board Member of Nesaj Real state development
- Board member of Building construction company (BCC)
- Board member of Tadbeir Limited Company
- Board member of Tadbeir Environmental

PREVIOUS POSITIONS

- Finance, Budgeting and Reporting Section Head Advanced Petrochemical Company
- Secretary General Assistant Ashargia Chamber
- Board member of NABA ALSAHA
- Executive Vice President for Financial Affairs GASCO, National Gas and Industrialization Company

QUALIFICATIONS

- Bachelor’s degree Accounting King Saud University College of Business Administration, Saudi Arabia
- Master of Business Administration (MBA) Management University College of Bahrain

EXPERIENCE

- More than 20 years of experience in energy, petrochemicals and services sectors in private,semi-govermental companies and civil society institutions.

Mr Abdulaziz Al-Bassam
Independent Director

CURRENT POSITIONS
- Member of the Investment Committee
- Chief Investment Officer at Al Jomaih Holding Company
- Chairman of the Board of Directors of Beach Real Estate Development Company
- Member of the Board of Directors of Alujain Company
- Member of the Board of Directors of ANB Capital Company
- Member of the Board of Directors of SAB Invest

PREVIOUS POSITIONS
- Founder and CEO of Oasis Capital Company – the USA
- Member of the Board of Directors of Alawwal Capital Company
- CEO of Abdullah Ibrahim Mohammed Al Subaie Holding Company (Aims Holding)

QUALIFICATIONS
- Master of Business Administration (MBA) from Harvard Business School
- Chartered Financial Analyst, CFA Institute

EXPERIENCE
- More than 16 years of experience in finance, investment

Mr Mosa bin Akresh
Independent Director

CURRENT POSITIONS
- Member of the Investment Committee
- Business Development Manager, Abdulaziz Bin Abdullah Bin Akarsh Company

PREVIOUS POSITIONS
- Advisor to the Minister of Culture and Information, "Saudi Council of Economic and Development Affairs"
- Member of the Board of Directors of "BATC Investment and Logistics Company"

QUALIFICATIONS
- Master of Science (MS) Development Management The London School of Economics and Political Science (LSE)
- PhD in Development Studies and Public Policy in Emerging Economies King's College London

EXPERIENCE
- Mr. Mosa has diverse experience in business strategy, investment analysis, economic research, and government advisory roles.

Ms Kubra Shehabi
Independent Director

CURRENT POSITIONS
- Member of the Risk Committee and the Audit Committee
- Board Member of Procco Financial Services, Bahrain
- Board Member of Tasheel Finance Company, Saudi Arabia
- Partner of Milestone Accounting and Consulting, Bahrain

PREVIOUS POSITIONS
- Senior Executive Director, Head of Risk Management First Eneray Bank, Bahrain
- Senior Vice President. Head of Credit Risk Management, Al-Salam Bank, Bahrain
- Vice President. Head of Credit Department JP Morgan Chase Bank

QUALIFICATIONS
- Master of Business Administration (MBA), Investment and Finance, from University of Hull, the UK
- Certified Public Accountant, from (CPA) Illinois, USA

EXPERIENCE
- More than 30 years of experience in Risk and finance

Mr Waleed Al-Monie

Independent Director

CURRENT POSITIONS

- Member of the Executive Committee and the Nominations and Remuneration Committee
- Member of the Board of Directors, Middle East Paper Company (MEPCO)
- Member Risk & Sustainability Committee, Middle East Paper Company (MEPCO)
- EPMO Director, King Abdullah Financial District Development & Management Company

PREVIOUS POSITIONS

- Governance and Systems Senior Manager, King Abdullah Financial District Development and Management Company.
- Head of Planning and Governance in the Decision Support, Zakat, Tax and Customs Authority

QUALIFICATIONS

- Master's degree in Information Technology Management, Macquarie University, Australia

EXPERIENCE:

- Over 15 years of experience encompasses leadership roles in governance, project management, strategic planning.

Mr Fahad Al-Hesni

Executive Director

CURRENT POSITIONS

- Managing Director and Chief Executive Officer
- Member of the Executive Committee and Technical Committee
- Board Member Probitas Holdings (Bermuda)
- Board Member Probitas Holdings (UK)
- Board Member Probitas 1492 Services Limited

PREVIOUS POSITIONS

- Various Positions Manager – Claims Management (P and C) Vice President – Property and Casualty SBU Tawuniya
- Vice Chairman of the Reinsurance Committee at the Gulf Insurance Federation

QUALIFICATIONS

- Associate Insurance Chartered Insurance Institute (CII)
- Master's degree, Insurance and Risk Management – City, University of London
- Bachelor's degree in Business Administration from King Saud University – Saudi Arabia
- High Performance Boards Program, Stakeholders Management for Boards, Boards and Risks, Teams Dynamics for the Board – IMD

EXPERIENCE

- More than 25 years of experience in the insurance and reinsurance industry

11.5 COMMITTEE MEMBERS FROM OUTSIDE THE BOARD OF DIRECTORS →

Name	Current Positions	Previous Positions	Qualifications	Experience
Mr Hisham Al-Akil Independent external member of Audit Committee* 	• Chief Financial Officer of Al-Bilad Bank	• Positions of banking and insurance supervision in SAMA • Chairman of Audit Committee	• Master's degree in Accounting from the University of Illinois • Associate of the American Institute of Certified Public Accountants (CPA) • Completed the Strategic Financial Leadership Program from Stanford University	• More than 20 years of experience in the banking and finance sector
Mr Abdullah Al Farraj Independent external member of Audit Committee 	• Chief Financial Officer of Human Resources Development Fund	• Vice President for Financial Affairs of the Saudi Public Transport Company • Chief Financial Officer Saudi Ground Services • Chief Auditor – National Commercial Bank	• Master's degree in Accounting from the American University in Washington • Associate of the American Institute of Certified Public Accountants (CPA) • Associate of Saudi Organization for Certified Public Accountants (SOCPA)	• More than 20 years of experience in the field of audit reinsurance insurance and finance
Mr Yanal Soudi Independent external member of Audit Committee 	• Member of the Board of Directors, Chairman and member of the Audit Committee of several companies.	• Served as Senior Partner in the Assurance Practice of Ernst & Young	• Bachelor of Arts in Business Administration - Oklahoma State University, the USA • Certified Public Accountant (CPA) – the USA	• 30+ years of experience in audit services, risk management and corporate governance – mainly, in Saudi Arabia

Name	Current Positions	Previous Positions	Qualifications	Experience
Mr Tariq Zaino Independent external member of Audit Committee 	• Certified Public Accountant in his firm “Zaino CPA”	• GAZT – General Authority of Zakat and Tax • LTP Audit Assistant Director, CMA – Capital Market Authority • Senior Financial Officer at Appeal Committee Studies in General Secretariat of Committees for the Resolution of Securities • Manager in Tax and Zakat Compliance, Ernst & Young	• Bachelor’s degree in Accounting Sciences from King Saud University • Fellowship certificate from the Saudi Organization for Certified Public Accountants (SOCPA), CME1 and CME2	• More than 17 years of experience in Accounting, Audit, Capital Market Violations, Zakat and Tax
Dr Volker Lauff Independent external member of Risk Committee 	• Executive Chairman of PRS Capital Solutions	• Sales Leader Analytics at Aon Global Risk Consulting	• PhD in Mathematics from Auto Von Guericke University, Germany	• Over 20 years of experience in the field of insurance and reinsurance
Mr Jean-Luc Gourgeon Independent external member of Technical Committee* 	• Chairman of the Technical Committee and member of the Executive Committee • Board Member of Probitas Holding Company, Bermuda • Board Member of Probitas Corporate Capital, the UK • CEO of own consulting company JLG Consulting Ltd.	• European General Manager of Everest Re Europe in the UK • CEO, and CUO of Paris Re in France	• Master’s degree with Honors in Mechanic’s Science from Ecole Centrale de Lyon, Claude Bernard University in France, INSA Lyon • Political Science degree of Institut d’Etudes Politiques de Paris	• More than 30 years of experience in the insurance and reinsurance industry

11.6 EXECUTIVE MANAGEMENT

Mr Fahad Al-Hesni
Managing Director –
Chief Executive Officer

Mr Fahad Al-Hesni joined Saudi Re as an Executive Board Member in 2011, and he serves as the Managing Director and the Chief Executive Officer, in addition to his membership of the Executive Committee of the Company. Currently he is a Board Member of Probitas Holding Company (Bermuda). He is also a member of the International Insurance Society (IIS). He has more than 26 years of experience in the insurance and reinsurance industry during which he assumed various leading positions, last of which was the position of Vice President of Property & Casualty in Tawuniya. Mr Al-Hesni has a Master's degree in Insurance and Risk Management from City University of London and an Association degree from the Chartered Insurance Institute (CII) in the UK.

Mr Nilmin Pieries
Chief Financial Officer

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

Mr Ahmed Al-Jabr
Chief Operating Officer

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

Mr Fadi Al Qutub
Chief Investment Officer

Mr Fadi joined Saudi Re in 2019 and previously held several positions in the field of investment and portfolio management for more than 21 years; his recent position was as the General Manager for Investment in Alistithmar Capital. Mr Fadi is a certified financial advisor from the Financial Services Authority in the UK, a certified portfolio manager and a certified wealth manager from the American Academy of Financial Managers. Mr Fadi holds a Bachelor's degree from the University of Bahrain in Business Management.

Mr Ahmed Al-Qarishi
Chief Underwriting Officer

Appointed in 2022, Mr Ahmed joined the Company in 2014 and has experience that exceeds 15 years, during which he occupied positions in Banking and Insurance supervision within the Saudi Central Bank. Mr Al-Qarishi has a Master's degree in Actuarial Science from Ball State. University in the USA; in addition, he is a Fellow of the Society of Actuaries in the USA (FSA).

Ms Dana Barhoumeh
Chief Actuary

Ms Dana joined Saudi Re in 2023, bringing with her over 16 years of extensive experience in the field of Actuarial Science. In her previous roles, she held various positions, culminating in her most recent role as Senior Manager and Consulting Actuary, leading the Actuarial Services Division at United for Actuarial Services. Ms Dana holds a Bachelor of Science degree in Actuarial Mathematics from the University of Michigan. She is also recognized as a Fellow of the Society of Actuaries (FSA) in the USA.

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

Members of the Board of Directors from 2020 to 2023

NON-EXECUTIVE DIRECTOR

Name	Term	Other joint stock companies of which the Directors are Board Members	Type
Mr Hesham Al-Shaikh Chairman of the Board of Directors	Period from 11 May 2020 to 10 May 2023	Watan First Institute	Limited company
		Mekyal Financial Tech	Limited company
		Probitas Holdings (Bermuda) Ltd.	Closed joint stock company
		Ashmore Investment KSA (Previous)	Closed joint stock company
		Bank Al-Jazira (Previous)	Joint stock company
		Arab National Bank (Previous)	Joint stock company
Mr Mishari Al-Mishari Vice-Chairman	Period from 11 May 2020 to 10 May 2023	Doroob for Education and Training Company	Governmental company
		Hana Water Company	Private company
		Saudi Investment Bank (Previous)	Joint stock company
		Saudi Fund for Development (Previous)	Governmental
		Aloula Real Estate Development Company (Previous)	Closed joint stock company
		Bank Al-Jazira (Previous)	Joint stock company
Mr Ahmed Sabbagh	Period from 11 May 2020 to 10 May 2023	Islamic Insurance Company (Jordan) (Previous)	Limited joint stock company
		Tunisia Takaful Insurance Company – Tunisia (Previous)	Joint stock company
		Al Aman Takaful Insurance – Beirut (Previous)	Closed joint stock company
		The International Federation of Takaful and Islamic Insurance Companies – Sudan (Previous)	Federation
Mr Jean-Luc Gourgeon	Period from 11 May 2020 to 10 May 2023	JLG Consulting Ltd.	Limited company
		ARAPL Ile de France	Closed joint stock company
		Probitas Holdings (Bermuda) Ltd.	Closed joint stock company
		Probitas Corporate Capital Limited	Closed joint stock company
		Probitas Holdings UK Ltd.	Closed joint stock company
		Probitas 1492 Services Ltd.	Closed joint stock company
		Probitas Managing Agency Services Ltd.	Closed joint stock company
		Paris Re Holdings Ltd. – France (Previous)	Closed joint stock company
		GTT Company – France (Previous)	Closed joint stock company
		Cunningham Lindsey Group – the USA (Previous)	Closed joint stock company
		Paris Diderot University – France (Previous)	Limited company
		French Reinsurance Association – France (Previous)	Joint stock company
		French Reinsurance Association – France (Previous)	Governmental

INDEPENDENT DIRECTOR

Name	Term	Other joint stock companies of which the Directors are Board Members	Type
Mr Marc Maupoux	Period from 11 May 2020 to 10 May 2023	EXIN Re AG, Zurich, Switzerland (Previous)	
		Axis Re Zurich, Switzerland (Previous)	
Mr Mohammad Omair Al-Otaibi	Period from 11 May 2020 to 10 May 2023	Zimeen Digital Marketing	Limited liability company
		Al Mojel Trading and Contraction Co. (Audit Committee Member)	Closed joint stock company
		Abdullah Saad Abo Moati Company	Joint stock company
		Al Yamamah Steel Company (Previous)	Joint stock company
		National Gas and Industrialization Company (GASCO) (Previous)	Joint stock company
		United Arab Company for Float Glass (Previous)	Closed joint stock company
		Riyad Bank (Previous	Joint stock company
		Middle East Shipment Company – Emirate (Previous)	Limited company
		NSCSA AMERICA – USA (Previous)	Limited company
		Bahri Company (Previous)	Joint stock company
		National Chemical Carriers Ltd. Co (Previous)	Limited company
		West of England Insurance Company – Luxembourg (Previous)	Limited company
		International Shipowners Re (Previous)	Limited company
		Petradec Company for Gas Trade and Transportation – (Previous)	Limited company
		ISRE Insurance Company – Luxembourg (Previous)	Limited company
Mr Abdullatif Al-Fozan Chairman of Board of Directors	Period from 02 January 2023 to 10 May 2023	Al Fawzan Holding Company – Saudi Arabia	Closed joint stock company
		Asnad Health Solutions Company	Limited company
		United Household Supplies Company	Limited company
		The National Glass Industries Company (Glass) – Saudi Arabia (formerly)	Joint stock company
		United Financial Services Company (Tas'heel)	Closed joint stock company
		Alpha Financial Company	Closed joint stock company
		Samaya Investment	Holding company
		First Real Estate Development Company	Closed joint stock company
		Saudi Industrial Machinery Company	Limited company
		Tadbeer Environmental Services Company	Closed joint stock company
		Rafa Gulf Contracting Company	Listed joint stock company
		Ajdan Real Estate Development Company	Closed joint stock company
		Vision Nutrition Company	Limited company
		United Electronics Company (Extra)	Listed joint stock company
		Athamn Holding Company for Medical Care	Closed joint stock company
Mr Turki Al-Sudairy	Period from 02 January 2023 to 10 May 2023	Abdul Latif Jameel Insurance Brokers – Saudi Arabia	Closed joint stock company
		Alpha Capital Saudi F&B Growth Fund – Saudi Arabia (Previous)	Fund
		Alpha Capital Saudi Real Estate Development Fund 2 – Saudi Arabia	Fund
		StarCare Insurance Brokers – Saudi Arabia (Previous)	Closed joint stock company
		Alpha Murabaha Fund – Saudi Arabia (Previous)	Fund
Eng. Hussam Al-Suwailem	Period from 11 May 2020 to 10 May 2023		
Dr Peter Hugger	Period from 11 May 2020 to 10 May 2023	Msg global solutions AG – Switzerland	Private company
		Echo Reinsurance Ltd. – Switzerland (Previous)	Closed joint stock company
		Asia Capital Reinsurance Group Pte Ltd. – Singapore (Previous)	Private company
		Msg Systems AG – Singapore (Previous)	Private company
		Gerling Global Re – Singapore (Previous)	Closed joint stock company

EXECUTIVE DIRECTOR

Name	Term	Other joint stock companies of which the Directors are Board Members	Type
Mr Fahad Al-Hesni	Period from 11 May 2020 to 10 May 2023	Probitas Holdings (Bermuda) Ltd.	Closed joint stock company
		Probitas Holdings UK Ltd.	Closed joint stock company
		Probitas 1492 Services Ltd.	Closed joint stock company

Members of the Board of Directors from 2023 to 2026

NON-EXECUTIVE DIRECTOR

Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Mr Abdullatif Al-Fozan Chairman of Board of Directors	Period from 11 May 2023 to 10 May 2026	Al Fawzan Holding Company – Saudi Arabia	Closed joint stock company
		Asnad Health Solutions Company	Limited company
		United Household Supplies Company	Limited company
		The National Glass Industries Company (Glass) – Saudi Arabia (formerly)	Joint stock company
		United Financial Services Company (Tas'heel)	Closed joint stock company
		Alpha Financial Company	Closed joint stock company
		Samaya Investment	Holding company
		First Real Estate Development Company	Closed joint stock company
		Saudi Industrial Machinery Company	Limited company
		Tadbeer Environmental Services Company	Closed joint stock company
		Rafa Gulf Contracting Company	Listed joint stock company
		Ajdan Real Estate Development Company	Closed joint stock company
		Vision Nutrition Company	Limited company
		United Electronics Company (Extra)	Listed joint stock company
		Athamn Holding Company for Medical Care	Closed joint stock company
		Probitas holding (Bermuda) Ltd.	Closed joint stock company
Mr Turki Al-Sudairy	Period from 11 May 2023 to 10 May 2026	Abdul Latif Jameel Insurance Brokers – Saudi Arabia	Closed joint stock company
		Alpha Capital Saudi F&B Growth Fund – Saudi Arabia (Previous)	Fund
		Alpha Capital Saudi Real Estate Development Fund 2 – Saudi Arabia	Fund
		StarCare Insurance Brokers – Saudi Arabia (Previous)	Closed joint stock company
		Alpha Murabaha Fund – Saudi Arabia (Previous)	Fund
Mr Ahmed Sabbagh	Period from 11 May 2023 to 10 May 2026	Islamic Insurance Company – Jordan (Previous)	Limited joint stock company
		Tunisia Takaful Insurance Company – Tunisia (Previous)	Joint stock company
		Al Aman Takaful Insurance – Beirut (Previous)	Joint stock company
		The International Federation of Takaful and Islamic Insurance Companies – Sudan (Previous)	Federation

INDEPENDENT DIRECTOR

Term	Name	Other joint stock companies of which the Directors are Board Members	Type
Mr Abdulrahman Al-Jala	Period from 11 May 2023 to 10 May 2026	Building Construction Company (BCC)	Limited company
		Tadbeir Limited Company	Limited company
		Retal Development Company	Joint stock company
		NABA ALSAHA – Saudi Arabia (Previous)	Closed joint stock company
		Tadbeir Environmental	Limited company
		Nesai Residential Real – Saudi Arabia	Limited liability
Eng Abdulaziz Al-Shiekh	Period from 11 May 2023 to 10 May 2026	Johnson & Johnson – United State (Previous)	Joint stock company
		Banaja Holding Company – Saudi Arabia (Previous)	Limited company
		Al-Taif Pharmaceutical Company – Saudi Arabia	Closed joint stock company
		Ayan Investment Company – Saudi Arabia	Joint stock company
		Tal Debt Crowdfunding Company – Saudi Arabia	Limited company
Mr Abdulaziz Al-Bassam	Period from 11 May 2023 to 10 May 2026	Al Jomaih Holding Company – Saudi Arabia	Limited company
		Beach Real Estate Development Company	Limited company
		Alujain Company – Saudi Arabia	Joint stock company
		ANB Capital Company – Saudi Arabia	Closed joint stock company
		Alawwal Capital Company – Saudi Arabia	Closed joint stock company
		Al Jomalih Energy and Water Company – Saudi Arabia	Limited company
		Business Expertes Company	Limited company
		Urban Hill – (Previous)	Limited company
		Oasis Capital Company – USA (Previous)	Limited company
Mr Mosa bin Akresh	Period from 11 May 2023 to 10 May 2026	Abdulaziz Bin Abdullah Bin Akarsh Company – Saudi Arabia	Closed joint Stock company
		BATC Investment and Logistics Company – Saudi Arabia (Previous)	Joint stock company
Ms Kubra Shehabi	Period from 11 May 2023 to 10 May 2026	Procco Financial Services – Bahrain	Limited Company
		United Company for Financial Services – Saudi Arabia	Closed joint stock company
		Milestone Accounting and Consulting – Bahrain	Limited Company
Mr Waleed Al-Monie	Period from 11 May 2023 to 10 May 2026	Middle East Paper Company (MEPCO)	Joint stock company
Eng. Hussam Al-Suwailem	Period from 11 May 2023 to 10 May 2026		

EXECUTIVE DIRECTOR

Name	Term	Other joint stock companies of which the Directors are Board Members	Type
Mr Fahad Al-Hesni	Period from 11 May 2023 to 10 May 2026	Probitas Holdings (UK)	Closed joint stock company
		Probitas 1492 Services	Closed joint stock company
		Probitas Holdings (Bermuda)	Closed joint stock company

11.8 PROCEDURES TO INFORM BOARD MEMBERS OF SHAREHOLDERS' SUGGESTIONS AND REMARKS →

Saudi Re's expert and professional Investor Relations function collates and analyzes suggestions and comments received from shareholders through communication channels or General Assembly Meetings and submits findings to the Board of Directors. For more information on the Company's Investor Relations function and transparent engagement with stakeholders, please refer to the corporate governance section of the ESG report, on page 52.

11.9 POWERS AND RESPONSIBILITIES OF BOARD COMMITTEES →

Executive Committee

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

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

Board Member Name	Designation	1st meeting held on 16.03.23	2nd meeting held on 09.05.23	3rd meeting held on 21.05.23	4th meeting held on 05.06.23	5th meeting held on 03.07.23	6th meeting held on 18.07.23	7th meeting held on 15.10.23	8th meeting held on 30.10.23	9th meeting held on 06.11.23	10th meeting held on 16.11.23	11th meeting held on 22.11.23	12th meeting held on 30.11.23	13th meeting held on 10.12.23	14th meeting held on 20.12.23	Total meetings attended in 2023
Mr Hesham al-Shaikh**	Chairman	✓	✓													2
Mr. Fahad Al-Hesni***	MD/CEO	✓	✓	✓	✓	✓										5
Mr Abdullatif Al-Fozan*	Chairman					✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	9
Mr Turki al-Sudairy	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Mr Abdulrahman al-Jalal*	Member					✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr Waleed al-Monie*	Member					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr Jean-Luc Gourgeon**(*)	EXT. Member	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	10

** Membership Started 22 June 2023*
*** Membership has ended 10 May 2023*
**** Membership has ended 10 July 2023*
(*) Membership started 22 June 2023

Audit Committee

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

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

- To supervise the Company's Internal Audit Department to ensure its effectiveness in executing its activities and duties specified by the Board of Directors.
- To review the internal audit procedures and prepare a written report on such review including its recommendations.
- Reviewing audit plan of Internal Auditors and External Auditors and make any comments thereon.
- Assessing the efficiency, effectiveness and objectivity of work performed by External Auditors, Internal Audit Department or Internal Auditor and Compliance Control Department or Compliance Officer.
- Coordinating between Internal and External Auditors.
- Reviewing the Internal and External Auditors' assessment of internal control procedures.
- Reviewing related parties' transactions.
- Reviewing, approving and monitoring the implementation of Compliance Plan.
- To supervise the activities of the External Auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- To review the External Auditor's comments on the financial statements and follow up on the actions taken.
- Ensuring independence of External Auditors from Company, Board Members and Senior Management.
- Discussing the annual and interim quarterly financial statements with External Auditors and Company's Senior Management before issuance thereof.
- To review the interim and annual financial statements prior to presentation to the Board of Directors; and to give opinion and recommendations with respect thereto.
- To review the accounting policies in force and advise the Board of Directors of any recommendation thereto.
- Reviewing internal financial and non-financial controls and risk management system.
- Appointment and dismissal of Head of Internal Audit Department or Internal Auditor and Head of Compliance Control Department or Compliance Officer after obtaining SAMA No Objection, their performance evaluation and remunerations for all respective staff.
- Ensuring independence of Internal Audit Department or Internal Auditor and Compliance Control Department or Compliance Officer in performing tasks, and ensuring there is no restriction on their scope of work or any impediments that might negatively affect their work.
- Reviewing reports of Compliance Control Department or Compliance Officer and Internal Audit Reports and pursue the implementation of the recommended corrective measures and make necessary recommendations to Board.
- Reviewing the comments of SAMA and other relevant supervisory and control entities related to any regulatory violation or corrective actions requested and making recommendations thereon for the Board.
- Following up the reports issued by SAMA, and other relevant supervisory and control entities and making recommendations thereon to the Board.
- Monitoring the activities of Compliance Department and ensuring that Company's compliance with SAMA, CMA and other laws and regulations.
- Reviewing the actuary reports and making recommendations thereon for the Board.
- Ensuring the Company's compliance with the actuary's proposals and recommendations where these are mandatory and required by regulations or SAMA instructions.
- Determining the monthly salary, bonus and other remuneration of the internal audit, or Compliance Control Department or the Internal Auditor or Compliance Officer in accordance with the Company's internal by-laws approved by the Board.
- Ensuring the Company has written code of conducts approved by its BOD to ensure that the Company's activities are conducted in a fair and ethical manner.
- Following up on important lawsuits filed by or against Company and submitting period reports thereon to Boards.

- Ensuring optimal use and control of information technology necessary to generate reliable information and data is in place.
- Authority to investigate any activity within its Terms of Reference and have access to any information it may need.
- The report of the audit shall include details of its performance of its competencies and duties stated in the Companies Law and its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company. The Board shall make available sufficient copies of the Audit Committee's report at the Company's head office, and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.
- The Audit Committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

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

The duties and responsibilities of the Committee are as follows:

- Ensuring that the Investment Policy Statement (IPS) is prepared in line with the overall business strategy of the Company as well as the regulatory guidelines.
- Obtaining Board approval for the IPS.
- Reviewing and revising the investment strategy on a quarterly basis taking changes in business requirements and market conditions into consideration.
- Appointment and evaluating the performance of Investment and Fund Managers.
- Recommending to the Board, the appointment and removal of Investment Advisor.
- Delegating when required execution of their decisions to a selected subcommittee and/or to the management team.
- Deciding the execution strategy for each segment of the investment portfolios, that is, whether the exposure in each segment will be executed via a passive or active management style, will be managed in-house or by external managers via segregated mandates or investment funds.

BOD Member Name		1st meeting held on 04.01.2023	2nd meeting held on 13.03.2023	3rd meeting held on 07.05.2023	4th meeting held on 01.06.2023	5th meeting held on 13.06.2023	6th meeting held on 09.08.2023	7th meeting held on 02.11.2023	8th meeting held on 02.12.2023	Total meetings attended in 2023
Mr Hisham Al-Akil**	Ext Chairman (Previously)	✓	✓	✓						3
Dr Peter Hugger**	Member	✓	✓	✓						3
Mr Abdullah Al Farraj	EXT. Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Mrs Kubra Shehabi*	Member				✓	✓	✓	✓	✓	5
Mr Yanal Soudi*	EXT. Member				✓	✓	✓	✓	✓	5
Mr Tarik Zaino	EXT. Member	✓	✓	✓	✓	✓	✓	✓	✓	8

**Membership started 11 May 2023*

***Membership has ended 10 May 2023*

- Reviewing the decisions made by the management team and investment advisor(s).
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.
- Reporting to the Board, the performance of the Company's investments in terms of risk, returns, and allocations and on any major pertinent developments.

Mr Abdullatif Al-Fozan became an external member of the Investment Committee on November 2022 by approval from the Saudi Central Bank "SAMA".

The duties and responsibilities of the Committee are as follows:

- Re-evaluating the Company's risk appetite, tolerance, and exposure to risk on a regular basis.
- Re-evaluating the Company's risk management policy consistent with the Company's commitments to shareholders and regulatory requirements.
- Supervising the implementation of necessary measures to mitigate identified risks.
- Understanding and reviewing the risks associated with the Company's activities and maintaining an acceptable risk profile for the Company.

Investment Committee

Board Member Name	Designation	1st meeting held on 14.03.2023	2nd meeting held on 08.05.2023	3rd meeting held on 07.08.2023	4th meeting held on 29.10.2023	5th meeting held on 06.12.2023	Total meetings attended in 2023
Mr Abdulaziz Al Bassam*	Chairman			✓	✓	✓	3
Eng Abdulaziz Al Shaikh*	Member			✓	✓	✓	3
Eng Hussam Al Suwailem	Member	✓	✗	✓	✓	✓	4
Mr Abdullatif Al-Fozan	Member	✗	✓	✓	✗	✓	3
Mr Mousa Binakresh *	Member			✓	✓	✓	3
Mr Hesham Al-Shaikh **	Chairman (Previously)	✓	✓				2
Mr Mishari Al Mishari **	Member	✓	✓				2

**Membership started 11 May 2023*

***Membership has ended 10 May 2023*

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

- Overseeing the risk management system and assessing its effectiveness, and ensuring infrastructure and resources are in place.
- Evaluation of the adequacy of the risk management function.
- Evaluating risks under certain stress scenarios (e.g. rating downgrade, capital issues, regulatory breaches/fines etc).
- Reviewing, and evaluating business continuity plan framework and policy.
- Reviewing and obtaining Board approval for the following cybersecurity governance documentation:
  I. Cybersecurity Committee Charter
  II. Cybersecurity Governance Framework
  III. Cybersecurity Strategy
  IV. Cybersecurity policy
- Ensuring the cybersecurity risks of the Company is well managed.
- Reviewing catastrophic exposure limit.
- Review threshold limits of business portfolios.
- Reviewing capital adequacy and solvency of the Company.
- Reviewing ALM processes and activities on a regular basis.
- Review on regular basis regulatory, compliance and AML risks.
- Reviewing periodic reports from Risk Management Department, such as quarterly risk management reports.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

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

Risk Committee

Board Member Name	Designation	1st meeting held on 03.04.2023	2nd meeting held on 29.05.2023	3rd meeting held on 16.08.2023	4th meeting held on 22.10.2023	5thmeeting held on 05.12.2023	Total meetings attended in 2023
Ms Kubra Shehabi*	Chairman		✓	✓	✓	✓	4
Mr Mohamad Al-Otaibi**	Chairman (Previously)	✓					1
Dr Volker Lauff**	Member	✓					1
Mr Ahmad Sabbagh*	Member		✓	✓	✓	✓	4
Dr Peter Hugger	EXT. Member	✓	✓	✓	✓	✓	5

**Membership started 11 May 2023*
***Membership has ended 11 May 2023*

Technical Committee

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

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

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

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

Nomination and Remuneration Committee

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

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

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

- Preparing a description of the required capabilities and qualifications for the membership of the Board and its committees, including the time that a Board Member should set aside for carrying out the duties of the Board and its committees.
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- Reviewing at least annually the requirement and availability of suitable skills within the membership of the Board and recommending remedies that are in the Company's best interest.
- Recommending succession planning policies to the Board and committees.
- Reviewing the structure of the Board and its committees and determining their points of weakness and recommending changes where needed.
  Also providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.

BOD Member Name	Designation	1st meeting held on 07.03.2023	2nd meeting held on 16.03.2023	3rd meeting held on 09.05.2023	4th meeting held on 01.06.2023	5th meeting held on 15.06.2023	6th meeting held on 07.08.2023	7th meeting held on 24.10.2023	8th meeting held on 08.11.2023	9th meeting held on 29.11.2023	Total meetings attended in 2023
Mr Jean-Luc Gourgeon	Chairman	1	1	1	1	1	1	1	1	1	9
Mr Turki Al Sudairy	Member	1	1	1	1	1	1	1	1	1	9
Mr Fahad Al-Hesni*	Member				1	1	1	1	1	1	6
Mr Ahmad Sabbagh**	Member	1	1	1							3
Mr Marc Maupoux**	Member	1	1	1							3

**Membership started 14 May 2023*

***Membership has ended 10 May 2023*

- Assessing and monitoring the independence of the independent Board and Board committee members at least on an annual basis and ensuring that no conflict of interest exists in the cases where a Board Member also acts as a member of the Board of another company.
- Drawing clear policies regarding the compensation, remunerations and indemnities of the Board (as approved by the General Assembly) its committees, CEO, and Senior Management employees based on their performance in achieving the Company's strategic objectives and risk adjusted profits.
- Ensuring that an annual review of remuneration and compensation plans for members of Senior Management is conducted independently of Executive Management.
- Making the final recommendations to the Board with regards to selecting members of the Senior Management and/or promoting current employees to Senior Management positions as per SAMA's Fit and Proper Rules.
- Making the final recommendations to the Board with regards to dismissing members of the Senior Management.
- Establishing a succession policy and procedure for the CEO and other key members of Senior Management and monitoring the implementation of the succession plans and process.
- Evaluate the performance of the Board (overall and individual performance) and its committees in a regular basis (at least on an annual basis.
- Overseeing the induction programs and training programs for Board Members.
- Taking any other action or assuming any other powers and responsibilities that may from time to time be assigned or delegated to it by the Board.

Responsibilities of the Board of Directors

The important functions of the Board are as follows:

- Providing strategic guidance to the Company, including setting objectives and formulating strategic plans.
- Supervising the implementation of strategic plans and major transactions and determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
- Approving key policies and procedures and regularly reviewing and updating them.
- Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness.
- Establishing and monitoring a risk management system, where risks are assessed, managed, and monitored on a continuous basis.
- Selecting and changing (if needed) executives in key positions, and ensuring that the Company has an appropriate replacement policy for their replacement by an appropriate alternative with the necessary skills and eligibility for the office.
- Supervising Senior Management and monitoring the Company's performance against the performance objectives set by the Board.

Board Member Name	Designation	1st meeting held on 30.01.2023	2nd meeting held on 01.03.2023	3rd meeting held on 15.03.2023	4th meeting held on 04.05.2023	5th meeting held on 29.08.2023	6th meeting held on 30.10.2023	7th meeting held on 27.11.2023	Total meetings attended in 2023
Mr Marc Maupoux**	Chairman (Previously)	✓	✓	✓	✓				4
Mr Mohamad Al Otaibi**	Member	✓	✓	✓	✓				4
Mr Mishari Al Mishari**	Member	✓	✓	✓	✓				4
Mr Ahmad Sabbagh	Member	✓	✓	✓	✓	✓	✓	✓	7
Mr Abdulrahman Al Jalal*	Chairman					✓	✓	✓	3
Mr Waleed Al Monie*	Member					✓	✓	✓	3
Eng Abdulaziz Al al Sheikh*	Member					✓	✓	✓	3

**Membership started 11 May 2023*

***Membership has ended 10 May 2023*

- Ensuring the integrity of the Company's accounting and financial reporting system and the appropriateness of its disclosure process.
- Ensuring that the interests of the policyholders are being protected at all times.
- Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times.
- Promoting a culture of good corporate governance and high ethical standards
- Granting Audit Committee the appropriate level of authority to investigate any matter within its mandate and shall ensure that the internal audit function is autonomous and is granted full access to all the information it needs to conduct its activities. In addition, the Board should take all necessary measures to ensure the responsiveness of Senior Management to Internal Auditors' queries and recommendations.
- The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by stakeholders when submitting complaints or reporting any violations, facilitating the method by which stakeholders (including company employees) report to the Board conducts and practices of the Executive Management's that violate applicable laws, regulation's and rules or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard; also maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialized committees; appointing an employee to receive and address complaints or reports sent by stakeholders; dedicating a telephone number or an email address for receiving complaints; and providing the necessary protection to the stakeholders.

11.10 SAUDI RE BOD MEETINGS ATTENDANCE 2023*

Board Member Name	Designation	1st meeting held on 01.03.2023	2nd meeting held on 16.03.2023	3rd meeting held on 17.04.2023	4th meeting held on 09.05.2023	5th meeting held on 14.05.2023	6th meeting held on 15.06.2023	7th meeting held on 20.07.2023	8th meeting held on 20.08.2023	9th meeting held on 12.11.2023	10th meeting held on 12.12.2023	Total meetings attended in 2023
Mr Hesham Al-Shaikh**	Chairman (Previously)	✗	✓	✓	✓							3
Mr Mishari Al-Mishari**	Vice Chairman (Previously)	✓	✓	✓	✓							4
Mr Fahad Al-Hesni	MD/CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr Ahmad Sabbagh	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr Mohamad Al-Otaibi**	Member	✓	✓	✓	✓							4
Mr Jean-Luc Gourgeon**	Member	✓	✓	✓	✓							4
Mr Marc Maupoux**	Member	✓	✓	✓	✓							4
Dr Peter Hugger**	Member	✓	✓	✓	✓							4
Mr Abdullatif Al-Fozan*	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr Turki Al Sudairy*	Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr Waleed Al Monie*	Member					✓	✓	✓	✓	✓	✓	6
Ms Kubra Shehabi*	Member					✓	✓	✓	✓	✓	✓	6
Mr Mousa Binakresh*	Member					✓	✓	✓	✓	✓	✓	6
Mr Abdulrahman Al Jalal*	Member					✓	✓	✓	✓	✓	✓	6
Eng Abdulaziz Al Sheikh*	Member					✓	✓	✓	✗	✓	✓	5
Mr Abdulaziz Al Bassam*	Member					✓	✓	✓	✓	✓	✗	5
Eng Hussam Al-Suwailem	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10

**Membership started 11 May 2023*
***Membership has ended 10 May 2023*

11.11 ATTENDANCE RECORD OF GENERAL ASSEMBLY MEETINGS DURING 2023

Name	Attendance Record		
	Ordinary General Assembly Meeting 09/06/1444 – 02/01/2023	Extraordinary General Assembly Meeting 28/07/1444 – 19/02/2023	Ordinary General Assembly Meeting 21/10/1444 – 11/05/2023
1. Mr Hesham Al-Shaikh (Chairman)	✓	✓	✓
2. Mr Mishari Al-Hussain (Vice Chairman)	✓	✓	✓
3. Mr Fahad Al-Hesni	✓	✓	✓
4. Mr Mohammad Al-Otaibi	✓	✓	✓
5. Mr Ahmed Sabbagh	✓	✓	✓
6. Mr Jean-Luc Gourgeon	✓	✓	✓
7. Eng. Hussam Al-Suwailem	✓	✓	✓
8. Dr Peter Hugger	✓	✓	✓
9. Mr Marc Maupoux	✓	✓	✓
10. Mr Abdullatif Al-Fozan*	✗	✗	✓
11. Mr Turki Al-Sudairy*	✗	✓	✓

** Mr Abdullatif Al-Fozan and Turki Al-Sudairy has been elected as Board Members on 2 February 2023 corresponding to 09/06/1444 H.*

11.12 PERFORMANCE OF THE BOARD AND ITS COMMITTEES →

Board effectiveness evaluation

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

The Board made several decisions to adopt changes in its policies and procedures, in addition to introducing new programs and systems that will strengthen its governance.

Results of the annual review of effectiveness of the internal control procedures of the Company and the opinion of the Audit Committee with respect to adequacy of Company's internal control system

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

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

11.13 REMUNERATION OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT →

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

(SR '000)	BOD Members (Executives)	BOD Members (Non-Executive and Independent)	Five Top Executives including CEO and CFO
Salaries and benefits	–	–	9,208
Annual compensation	200	1,934	3,730
Meeting fees and expenses	105	2,181	–
Consultancy fees	–	–	–
Benefits in kind granted monthly or yearly	–	–	–
Total	**305**	4,115	12,938

11. Governance →

BOD Member Name		BOD meetings	EXCOM meetings	INVST COM meetings	TC COM meetings	Audit COM meetings
Mr Hesham Al Shaikh	Chairman	15,000	10,000	10,000	–	–
Mr Fahad Al Hesni	CEO/MD	50,000	25,000	–	30,000	–
Mr Mishari Al Mishari	Director	20,000	–	10,000	–	–
Mr Ahmad Sabbagh	Director	50,000	–	–	15,000	–
Mr Jean-Luc Gourgeon	Director	20,000	10,000	–	15,000	–
Mr Mohamad Al-Otaibi	Director	20,000	–	–	–	–
Mr Marc Maupoux	Director	20,000	–	–	15,000	–
Dr Peter Hugger	Director	20,000	–	–	–	15,000
Mr Abdullatif Al-Fozan	Chairman	50,000	45,000	10,000	–	–
Mr Turki Alsudairy	Director	50,000	70,000	–	30,000	–
Mr Waleed Almonie	Director	30,000	50,000	–	–	–
Ms Kubra Shehabi	Director	30,000	–	–	–	25,000
Mr Mousa Binakresh	Director	30,000	–	15,000	–	–
Mr Abdulrahman Aljalal	Director	30,000	45,000	–	–	–
Eng Abdulaziz Alsheikh	Director	25,000	–	15,000	–	–
Mr Abdulaziz Albassam	Director	25,000	–	15,000	–	–
Eng Hussam Al Suwailem	Director	50,000	–	20,000	–	–
	Total	535,000	255,000	95,000	105,000	40,000

External Committee Members Name		EXCOM meetings	INVST COM meetings	TC COM meetings	Audit COM meetings
Mr Hisham Al-Akil	Ext. Chairman Audit	–	–	–	15,000
Dr Volker Lauff	Ext. member Risk Com	–	–	–	–
Mr Abdullah Al Farraj	Ext. Chairman Audit	–	–	–	–
Mr Abdullah Al Farraj	Ext. member Audit	–	–	–	40,000
Mr Tarik Zaino	Ext. member Audit	–	–	–	40,000
Mr Turki Al Sudairy	Ext. member Technical	–	–	15,000	–
Mr Abdullatif Al-Fozan	Ext. member Inv Com	–	5,000	–	–
Mr Jean-Luc Gourgeon	Ext. Chairman TC	–	30,000	–	–
Mr Jean-Luc Gourgeon	Ext. member EC	40,000	–	–	–
Mr Yanal Soudi	Ext. member	–	–	–	25,000
Dr Peter Hugger	Ext. member	–	–	–	–
	Total	40,000	5,000	45,000	120,000

RMC meetings	N&R COM meetings	Total meetings fees	BOD Remuneration	**BOD Remuneration 2023**	Total amount to be paid
–	–	35,000	300,000	**106,849**	141,849
–	–	105,000	200,000	**200,000**	305,000
–	20,000	50,000	200,000	**71,232**	121,233
20,000	35,000	120,000	200,000	**200,000**	320,000
–	–	45,000	200,000	**71,233**	116,233
5,000	20,000	45,000	200,000	**71,232**	116,233
–	20,000	55,000	200,000	**71,232**	126,233
5,000	–	40,000	200,000	**71,232**	111,233
–	–	105,000	300,000	**193,150**	298,151
–	–	150,000	200,000	**128,767**	278,767
–	15,000	95,000	200,000	**128,767**	223,767
20,000	–	75,000	200,000	**128,767**	203,767
–	–	45,000	200,000	**128,767**	173,767
–	15,000	90,000	200,000	**128,767**	218,767
–	15,000	55,000	200,000	**128,767**	183,767
–	–	40,000	200,000	**128,767**	168,767
–	–	70,000	200,000	**200,000**	270,000
55,000	140,000	1,220,000	–	**2,157,534**	3,377,534

RMC meetings	N&R COM meetings	Total meetings fees	BOD Remuneration	**BOD Remuneration 2023**	Total amount to be paid
–	–	15,000	120,000	**42,740**	57,740
5,000	–	5,000	100,000	**35,616**	40,616
–	–	–	120,000	**63,123**	63,123
–	–	40,000	100,000	**47,397**	87,397
–	–	40,000	100,000	**100,000**	140,000
–	–	15,000	100,000	**35,616**	50,616
–	–	5,000	100,000	**35,616**	40,616
–	–	30,000	120,000	**63,452**	93,452
–	–	40,000	100,000	**52,877**	92,877
–	–	25,000	100,000	**64,383**	89,384
20,000	–	20,000	100,000	**52,877**	72,877
25,000	–	235,000	–	**593,699**	828,699

11.14 DETAILS OF THE COMPANY'S SOCIAL CONTRIBUTIONS →

Sanctions, penalties, precautionary restrictions imposed by regulatory authorities

Sanction/Penalty/Precautionary procedure/Preventive measure	Reasons for violation	Imposing authority	Measures undertaken to remedy and avoid such non-compliance in the future
Delayed announcement	Based on Saudi Re's announcement for the formation of audit committee, CMA observed that the company did not comply with the timing of disclosing the formation of the audit committee, as the Board of Directors' decision was dated 14 May 2023, central bank approval was obtained on 22 June 2023, and the announcement of the audit committee formation was made on 11 December 2023 on the Saudi Stock Exchange website.	Capital Market Authority	announce company's developments (whether material under Article 79 of these rules or not) on time without any delays.
Violation of Insurance Authority's supervisory and control instructions	Delay in submitting financial reporting templates for the pilot operation related to the fourth phase of the transition plan to the International Financial Reporting Standards (IFRS I7).	Insurance Authority's	financial reporting templates for the pilot operation on time

Subject of the penalty	2023		2022	
	Number of resolutions	**Sum total for the penalty in SR**	Number of resolutions	Sum total for the penalty in SR
Violation of Saudi Central Bank's/Insurance Authority supervisory and control instructions.*	**1**	**40,000**	1	20,000
Violation of Saudi Central Bank's/Insurance Authority customer protection instructions.	**0**	**0**	0	0
Violation of Saudi Central Bank's/Insurance Authority instructions on AML and CTF.	**0**	**0**	0	0

**Delay in submitting financial reporting templates for the pilot operation related to the fourth phase of the transition plan to the International Financial Reporting Standards (IFRS I7).*

11.15 THE COMPANY'S SIGNIFICANT PLANS, DECISIONS, AND FUTURE EXPECTATIONS →

- Approval of the Annual Financial statement ending 31 December 2022, and Quarterly Financial Statements ending 31 March, 2023, 30 June 2023 and 30 September 2023 including technical reserves.
- Approval of the Annual Financial Statements of Saudi Re Labuan Branch for the Financial Year ending 31 December 2022.
- Approval of Appointment of External Auditor.
- Approval of Agenda of General Assembly Meeting to be held on 11 May 2023.
- Approval of Appointment of Chair, Vice Chair, MD, Sub Committees Chair and Members, Company Representative to CMA & Tadawul, Secretary to the Board and Saudi Re Representatives to Probitas Holding, Bermuda Ltd. and Subsidiaries.
- Resolution of the Board "Not Proceeding" with the process of raising the capital through rights Issue offering.
- Approval of entering into a non-binding memorandum of understanding with the PIF.
- Approval of Aviva's revised Non-Binding offer, and authorizing the Chairman or Vice Chairman to sign the response letter.

- Approval of resignation of MD/CEO from Executive Committee and Jean-Luc Gourgeon Appointment to Executive Committee
- Approval of Retrocession Appropriateness Report submitted by the Appointed Actuary.
- Approval of Appointment of Appointed Actuary assignment.
- Approval of Appointment of Labuan External Auditor.
- Approval of Extension of PIF MoU.
- Approval of nomination of Mr Bader Alshaya as an additional member to the Technical Committee.

11.16 DETAILS OF AFFILIATE COMPANY →

Affiliate Name	Capital	Company's ownership percentage	Main scope of business	Country of operation	Country of incorporation
Probitas Holding Ltd.	4.508.982 USD	49.9	Insurance	United Kingdom	Bermuda

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

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

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

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio %
	Number of shares	Percentage of ownership	Debt instruments	Number of shares	Percentage of ownership	Debt instruments		
Board Members term ended 10 May 2023								
1. Hesham Al-Sheikh** (Chairman)	8,910	0.010	–	–	–	–	–	–
2. Mishari Al-Hussain (Vice Chairman)	4,455	0.005	–	–	–	–	–	–
3. Fahad Al-Hesni	55,000	0.062	–	–	–	–	–	–
4. Mohammad Al-Otaibi	–	–	–	–	–	–	–	–
5. Ahmed Sabbagh	356,400	0.400	–	–	–	–	–	–
6. Jean-Luc Gourgeon	–	–	–	–	–	–	–	–
7. Eng. Hussam Al-Suwailem	–	–	–	–	–	–	–	–
8. Dr Peter Hugger	–	–	–	–	–	–	–	–
9. Marc Maupoux	–	–	–	–	–	–	–	–
10. Abdullatif Al-Fozan*	–	–	–	–	–	–	–	–
11. Turki Al-Sudairy*	–	–	–	–	–	–	–	–

** Mr Abdullatif Al-Fozan and Turki Al-Sudairy has been elected as Board Members on 2 February 2023 corresponding to 09/06/1444 H.*

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

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio %
	Number of shares	Percentage of ownership	Debt instruments	Number of shares	Percentage of ownership	Debt instruments		
Board Members term elected 11 May 2023								
1. Abdullatif Al-Fozan (Chairman)	–	–	–	579,100	0.065	–	–	–
2. Turki Al-Sudairy (Vice Chairman)	–	–	–	233,635	0.26	–	–	–
3. Fahad Al-Hesni	–	–	–	55,000	0.062	–	–	–
4. Ahmed Sabbagh	–	–	–	356,300	0.400	–	–	–
5. Eng. Hussam Al-Suwailem	–	–	–	–	–	–	–	–
6. Abdulrahman Al-Jala	–	–	–	69,000	0.08	–	–	–
7. Kubra Ghulam Shehabi	–	–	–	–	–	–	–	–
8. Abdulaziz Al-Shiekh	–	–	–	–	–	–	–	–
9. Mosa bin Akresh	–	–	–	112,528	0.13	–	–	–
10. Waleed Al-Monie	–	–	–	–	–	–	–	–
11. Abdulaziz Al-Bassam	–	–	–	–	–	–	–	–

Names of the persons of interest	Beginning of the year			End of the year			Net change	Change ratio %
	Number of shares	Percentage of ownership	Debt instruments	Number of shares	Percentage of ownership	Debt instruments		
Board Members relatives term elected 11 May 2023								
1. Ali Al-Fozan	–	–	–	970,340	1.09	–	–	–
2. Sara Al-Rabia	–	–	–	156,990	0.18	–	–	–
3. Fawaz Al-Sudairy	–	–	–	150,830	0.17	–	–	–
4. Salman Al-Sudairy	–	–	–	52,579	0.06	–	–	–
5. Sara Bin Akresh	–	–	–	6,220	0.007	–	–	–
6. Fahad Al-Suwailem	–	–	–	8,132	0.009	–	–	–
7. Omar Al-Jalal	–	–	–	115,000	0.129	–	–	–
8. Halah Al-Isa	–	–	–	118,953	0.13	–	–	–

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

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

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

Creditor's Name	Amount of principal debt	Loan term	Amounts paid by the Company in repayments of loans during the year	Remaining amount	Total indebtedness of company and its affiliates
1. Arqaam capital	56,797,019	Open ended with annual renewal	1,677,423.08	56,797,019	56,797,019

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

Number of the Company's requests of shareholders registry	Request date	Request reasons
1.	28.12.2022	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the General Assembly Meeting convened on 02 January 2023
2.	05.01.2023	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.	01.02.2023	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.	07.02.2023	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.	19.02.2023	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the General Assembly Meeting convened on 19 February 2023
6.	01.03.2023	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.	31.03.2023	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.	30.04.2023	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.	08.05.2023	To comply with Article number 38 of the Implementing Regulations of the Cooperative Insurance Companies Control Law and to calculate the differences in the shareholder right and to prepare for the General Assembly Meeting convened on 11 May 2023
10.	02.07.2023	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.	01.08.2023	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.	28.08.2023	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.	30.09.2023	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.	30.09.2023	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
15.	03.12.2023	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

11.19 TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES →

1. Reinsurance contracts for one year with Probitas Corporate Capital Ltd. which is owned by Probitas Holding (Bermuda) Limited, and has an indirect interest for the Chairman of the Board of Directors Mr Abdulatif Al-Fozan, MD/CEO Mr Fahad Al-Hesni for their membership in the Board of Directors of the parent company Probitas Holding (Bermuda) Ltd. that the value of transactions during 2023 is estimated at SR 127,986,637 with no preferential conditions.

During 2023 there have not been:

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

Investments or reserves for the benefit of employees

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

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

11.20 DECLARATION →

- It has no convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the financial year ended 31 December 2023.
- 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 2023.
- 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 2023, there have not been any arrangement or agreement under which a Director or a Senior Executive of the Company has waived any remuneration.
- During 2023, 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.

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.

12. Risk Management

12.1 CURRENT AND FUTURE RISKS →

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

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

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

The Company's internal annual review of the risk in 2023 identified the following current and future risks:

REINSURANCE RISK

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

RETROCESSION RISK

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

CLAIMS MANAGEMENT RISK

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

CLAIM RESERVING RISK

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

CREDIT RISK

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

LIQUIDITY RISK

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

CURRENCY RISK

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

MARKET RISK

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.

LEGAL AND REGULATORY COMPLIANCE RISKS

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

CYBER RISK

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

REPUTATION RISK

The Company's reputation is considered as important asset to gain the trust of the Company's

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ESG REPORT
CORPORATE GOVERNANCE
OPERATING PERFORMANCE
ANNEXES

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

RATING RISK

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

EMERGING RISK

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

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

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

OPERATING PERFORMANCE

Independent Auditors' Report

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494
Headquarters in Riyadh

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the Financial Statements of Saudi Reinsurance Company (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising material 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 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

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

Key Audit Matters

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

Independent Auditors' Report →

Valuation of reinsurance and retrocession contract assets and liabilities	
The key audit matter	**How the matter was addressed in our audit**
On 1 January 2023, the Company adopted new accounting standard IFRS 17, "Insurance Contracts" which replaced IFRS 4, "Insurance Contracts". The Company applied IFRS 17 retrospectively from 1 January 2022 and applied the General Measurement Model ("GMM") to both reinsurance contracts issued and retrocession contracts held. Transition to IFRS 17 is a material change to the recognition, measurement and presentation of insurance contracts. the Company has recognized the impact upon transition to the new standard within equity and has restated the comparative financial information. The new standard has also had a significant impact on the disclosures in the Financial Statements. As at 31 December 2023, the Company held reinsurance and retrocession contract assets and liabilities through the following components, as disclosed in note 8 to the Financial Statements: • Reinsurance Contract Assets: SAR 77.8 million • Reinsurance Contract Liabilities: SAR 1,287.9 million • Retrocession Contract Assets: SAR 439.6 million • Retrocessions Contract Liabilities: SAR 0.19 million The measurement of these components includes estimation of the present value of future cash flows, risk adjustment for non-financial risk together with the Contractual Service Margin ("CSM"). These balances involve highly complex calculations and data inputs that are susceptible to a higher degree of estimation i.e., estimated premium income.	Together with our actuarial specialist, on a sample basis, we: • assessed the design and implementation and tested the operating effectiveness of key controls over management's processes for determining reinsurance and retrocession contract assets and liabilities; • tested key controls designed and operated by the Company over the transition; • considered of the Company's new accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice; • assessed the reasonableness of management's key judgments in estimates, including selection and application of methods/models, significant assumptions, for: • fulfillment cash flows and payment patterns used for calculation of fulfillment cash flows • discount rates applied for estimation of present value of fulfillment cash flows • risk adjustment for non-financial risk We also analysed the actuarial reserve report issued by the Company's appointed actuary;
While there is considerable judgment applied by management and inherent uncertainty in selecting assumptions, the assumptions with the greatest estimation uncertainty are related to estimating future cash flows and the risk adjustment. The determination of future cash flows and risk adjustment requires the use of complex formulas as well as models and other computational tools that may be incorrectly designed or configured, and for which inadequate assumptions and/or incomplete or inaccurate input data may be used. Accordingly, valuation of reinsurance and retrocession contract assets and liabilities was identified as a key audit matter due to the significance of the amount involved as well as significant judgments and assumptions used in estimating the reinsurance and retrocession contract assets and liabilities. Refer to the summary of material accounting policies in note 3 relating to the impact related to the initial application of IFRS 17, recognition, measurement, and presentation of reinsurance and retrocession contracts and note 8 for details relating to reinsurance and retrocession contracts.	• evaluated the appropriateness and tested the mathematical accuracy of models applied; • assessed the reserving methodology on a gross and net of reinsurance basis and performed independent re-projections of Ultimate Loss Ratios (ULRs) and Incurred Expected Loss Ratios (IELRs) by applying our own assumptions, across selected lines of business; • tested the completeness, accuracy and relevance of data used to estimate future cash flows associated with groups of contracts including agreeing a sample of claims to underlying information; and • evaluated the completeness, accuracy and relevance of disclosures required by IFRS 17, including disclosures about assumptions and major sources of estimation uncertainty.

Independent Auditors' Report →

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the 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 annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Independent Auditors' Report →

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.

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, actions taken to eliminate threats or safeguards applied.

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

KPMG Professional Services
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Kingdom of Saudi Arabia

Gihad M. Al-Amri
Certified Public Accountant
License No. 362

Riyadh on 02 April 2024
Corresponding to: 23 Ramadhan 1445H

Statement of Financial Position

As at 31 December	Notes	2023 SR	2022 (Restated) SR	1 January 2022 (Restated) SR
ASSETS				
Cash and bank balances	6	**87,905,002**	31,556,652	27,807,294
Financial investments at fair value through income statement	7	**154,455,986**	272,653,544	762,723,099
Financial investments at fair value through other comprehensive income	7	**141,632,674**	119,921,195	92,870,664
Financial investments at amortized cost	7	**1,127,330,016**	1,030,133,715	496,236,101
Reinsurance contract assets	8	**77,827,287**	105,036,555	76,794,419
Retrocession contract assets	8	**439,593,167**	189,246,075	211,549,218
Prepaid expenses, deposits and other assets	10	**303,917,481**	199,271,601	136,319,128
Property and equipment, net	9	**37,139,190**	36,379,209	37,155,827
Investment in an equity accounted investee	11	**208,989,740**	160,687,437	132,579,526
Statutory deposit	12	**89,100,000**	89,100,000	89,100,000
Accrued income on statutory deposit	12	**22,056,608**	22,084,071	20,961,814
TOTAL ASSETS		**2,689,947,151**	2,256,070,054	2,084,097,090
LIABILITIES				
Margin loan payable	13	**56,797,019**	56,797,019	56,797,019
Reinsurance contract liabilities	8	**1,287,902,032**	919,991,787	864,300,186
Retrocession contract liabilities	8	**189,653**	12,155,744	–
Accrued expenses and other liabilities	14	**112,072,472**	195,321,888	159,608,162
Provision for employees' end of service benefits	15	**18,633,092**	13,867,730	12,288,391
Provision for Zakat and tax	16	**41,548,376**	17,533,163	15,266,235
Accrued commission income payable to Insurance Authority	12	**25,982,468**	23,219,213	20,962,172
TOTAL LIABILITIES		**1,543,125,112**	1,238,886,544	1,129,222,165

Managing Director/Chief Executive Officer

Chairman of the Board

Chief Financial Officer

Statement of Financial Position →

As at 31 December	Notes	**2023** **SR**	2022 (Restated) SR	1 January 2022 (Restated) SR
Equity				
Share capital	17	**891,000,000**	891,000,000	891,000,000
Statutory reserve	18	**67,931,207**	43,045,308	34,749,555
Retained earnings		**194,358,333**	94,814,738	27,058,110
Other reserves		**(6,467,501)**	(11,676,536)	2,067,260
TOTAL EQUITY		**1,146,822,039**	1,017,183,510	954,874,925
TOTAL LIABILITIES AND EQUITY		**2,689,947,151**	2,256,070,054	2,084,097,090

Managing Director/Chief Executive Officer

Chairman of the Board

Chief Financial Officer

Statement of Income

As at 31 December	Notes	2023 SR	2022 (Restated) SR
Reinsurance revenue	19	**627,187,025**	696,997,918
Reinsurance service expenses	20	**(509,774,279)**	(591,168,190)
Net income/(expenses) from retrocession contracts	21	**2,349,500**	(22,240,463)
Reinsurance service result		**119,762,246**	83,589,265
Investment income calculated using effective profit rate	24	**58,460,073**	38,727,538
Net income/(loss) from financial investments measured at FVIS	25	**6,243,412**	(25,289,304)
Investment management expenses		**(4,207,747)**	(3,718,859)
Provision for expected credit losses		**(108,091)**	(1,339,952)
Net investment income		**60,387,647**	8,379,423
Net finance (expense)/income from reinsurance contracts issued	22	**(54,850,549)**	13,207,197
Net finance income/(expense) from retrocession contracts held	23	**20,224,903**	(11,722,803)
Net financial result		**25,762,001**	9,863,817
NET REINSURANCE AND INVESTMENT RESULT		**145,524,247**	93,453,082
Other income	26	**6,335,975**	613,580
Other finance costs		**(1,677,423)**	(1,207,363)
Other operating expenses	27	**(31,691,313)**	(34,645,986)
Share of profit of equity accounted investee	11	**40,070,637**	33,104,574
Net profit for the year before Zakat and tax		**158,562,123**	91,317,887
Zakat for the year	16	**(33,870,444)**	(15,232,686)
Tax charge for the year	16	**(262,185)**	(32,820)
Net profit for the year after Zakat and tax		**124,429,494**	76,052,381
Basic and diluted earnings per share	28	**1.40**	0.85
Weighted average number of shares in issue		**89,100,000**	89,100,000

Managing Director/Chief Executive Officer

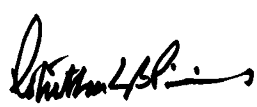
Chairman of the Board

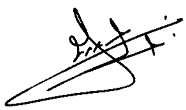
Chief Financial Officer

Statement of Comprehensive Income

	Notes	**31 December 2023 SR**	31 December 2022 (Restated) SR
Net income for the year after Zakat and tax		**124,429,494**	76,052,381
Other comprehensive income			
Items that will not be reclassified to income statement subsequently			
Financial investments at FVOCI – net change in fair value	7	**711,479**	(8,285,041)
Re-measurement loss on employees’ end of service benefit obligations	15	**(3,734,110)**	(462,092)
Items that may be classified to income statement subsequently			
Share of foreign currency translation reserve of an equity accounted investee	11	**5,038,135**	(8,258,424)
		2,015,504	(17,005,557)
Total comprehensive income for the year		**126,444,998**	59,046,824


Managing Director/Chief Executive Officer


Chairman of the Board


Chief Financial Officer

Statement of Changes in Equity

For the year ended 31 December	Share capital SR	Statutory reserve SR	Retained earnings SR	Other reserves SR
	GCC shareholders and general public			
Balance as at 1 January 2022, as previously reported	851,538,402	33,210,528	33,923,132	2,629,562
Adjustment on initial application of IFRS 17 [Note 3 (iv)]	–	–	2,475,635	–
Adjustment on initial application of IFRS 17 by equity accounted investee [Note 3 (iv)]	–	–	(9,040,890)	–
Adjustment on initial application of IFRS 9 [Note 3 (iv)]	–	–	(1,531,537)	(656,567)
Restated balance as at 1 January 2022	851,538,402	33,210,528	25,826,340	1,972,995
Transfer during the year	3,526,205	137,524	140,475	10,889
Net income for the year (restated)	–	–	72,985,072	–
Other comprehensive income (restated)	–	–	–	(16,319,697)
Total comprehensive income for the year (restated)	–	–	72,985,072	(16,319,697)
Transfer to statutory reserve	–	7,961,173	(7,961,173)	–
Share of capital contribution of investment in equity accounted investee	–	–	–	3,130,209
Restated balance as at 31 December 2022	**855,064,607**	**41,309,225**	**90,990,714**	**(11,205,604)**
Restated balance as at 1 January 2023	**855,064,607**	**41,309,225**	**90,990,714**	**(11,205,604)**
Transfer during the year	**(10,156,037)**	**(490,651)**	**(1,080,742)**	**133,095**
Net income for the year	**–**	**–**	**117,992,756**	**–**
Other comprehensive income	**–**	**–**	**–**	**1,911,242**
Total comprehensive income for the year	**–**	**–**	**117,992,756**	**1,911,242**
Transfer to statutory reserve	**–**	**23,598,551**	**(23,598,551)**	**–**
Share of capital contribution of investment in equity accounted investee	**–**	**–**	**–**	**3,028,330**
Balance as at 31 December 2023	**844,908,570**	**64,417,125**	**184,304,177**	**(6,132,937)**

Managing Director/Chief Executive Officer

Chairman of the Board

Chief Financial Officer

Statement of Changes in Equity →

Non-GCC shareholders				Total				
Share capital SR	Statutory reserve SR	Retained earnings SR	Other reserves SR	Share capital SR	Statutory reserve SR	Retained earnings SR	Other reserves SR	Total SR
39,461,598	1,539,027	1,572,050	121,858	891,000,000	34,749,555	35,495,182	2,751,420	963,996,157
–	–	104,042	–	–	–	2,579,677	–	2,579,677
–	–	(379,957)	–	–	–	(9,420,847)	–	(9,420,847)
–	–	(64,365)	(27,593)	–	–	(1,595,902)	(684,160)	(2,280,062)
39,461,598	1,539,027	1,231,770	94,265	891,000,000	34,749,555	27,058,110	2,067,260	954,874,925
(3,526,205)	(137,524)	(140,475)	(10,889)	–	–	–	–	–
–	–	3,042,095	–	–	–	76,052,381	–	76,052,381
–	–	–	(680,222)	–	–	–	(17,005,557)	(17,005,557)
–	–	3,042,095	(680,222)	–	–	76,052,381	(17,005,557)	59,046,824
–	334,580	(334,580)	–	–	8,295,753	(8,295,753)	–	–
–	–	–	131,552	–	–	–	3,261,761	3,261,761
35,935,393	**1,736,083**	**3,798,810**	**(465,294)**	**891,000,000**	**43,045,308**	**94,814,738**	**(11,676,536)**	**1,017,183,510**
35,935,393	**1,736,083**	**3,798,810**	**(465,294)**	**891,000,000**	**43,045,308**	**94,814,738**	**(11,676,536)**	**1,017,183,510**
10,156,037	**490,651**	**1,080,742**	**(133,095)**	**–**	**–**	**–**	**–**	**–**
–	**–**	**6,436,738**	**–**	**–**	**–**	**124,429,494**	**–**	**124,429,494**
–	**–**	**–**	**104,262**	**–**	**–**	**–**	**2,015,504**	**2,015,504**
–	**–**	**6,436,738**	**104,262**	**–**	**–**	**124,429,494**	**2,015,504**	**126,444,998**
–	**1,244,295**	**(1,244,295)**	**–**	**–**	**24,885,899**	**(24,885,899)**	**–**	**–**
–	**–**	**–**	**159,677**	**–**	**–**	**–**	**3,193,531**	**3,193,531**
46,091,430	**3,471,029**	**10,071,995**	**(334,450)**	**891,000,000**	**67,931,207**	**194,358,333**	**(6,467,501)**	**1,146,822,039**

Statement of Cash Flows

For the year ended 31 December	Notes	2023 SR	2022 SR
Cash flows (used in)/from operating activities			
Net profit for the year before Zakat and tax		**158,562,123**	91,317,887
Adjustments to reconcile net income for the period before Zakat and tax to net cash generated from operating activities:			
Provision for employees' end of service benefits	15	**1,775,673**	1,561,131
Special commission income from debt securities and sukuk		**(16,778,661)**	(19,332,886)
Special commission expense on margin loan payable		**1,677,423**	1,207,363
Special commission income from time deposits	24	**(39,794,920)**	(16,722,235)
Amortization of discount and premium on financial investments at amortized cost, net		**(1,886,492)**	(2,672,417)
Depreciation of property and equipment	27	**2,713,931**	2,822,173
Realized losses/(gains) on financial investments at fair value through income statement	25	**18,672**	(6,529,722)
Unrealized (gains)/losses on financial investments at fair value through income statement	25	**(4,871,961)**	33,979,564
Share of profit of equity accounted investee	11	**(40,070,637)**	(33,104,574)
Dividend income	25	**(1,390,123)**	(2,160,538)
Provision of expected credit losses		**108,091**	1,339,952
Operating income before changes in operating assets and liabilities		**60,063,119**	51,705,698
Changes in operating assets and liabilities:			
Reinsurance contract assets		**27,209,268**	(28,242,136)
Reinsurance contract liabilities		**367,910,245**	55,691,601
Retrocession contract assets		**(250,347,092)**	22,303,143
Retrocession contract liabilities		**(11,966,091)**	12,155,744
Prepaid expenses, deposits and other assets		**(104,645,880)**	(62,952,473)
Accrued expenses and other liabilities		**(83,249,416)**	35,713,726
		4,974,153	86,375,303
Zakat and tax paid	16	**(10,117,416)**	(12,998,578)
Employees' end of service benefits paid	15	**(744,421)**	(443,884)
Net cash (used in)/from operating activities		**(5,887,684)**	72,932,841

Statement of Cash Flows →

For the year ended 31 December	Notes	2023 SR	2022 SR
Cash flows from/(used in) investing activities			
Placements in time deposits		**(204,672,255)**	(534,383,617)
Proceeds from maturity of time deposits		**78,765,889**	30,810,000
Receipt of special commission income from time deposits		**31,363,856**	11,573,182
Receipt of special commission income from debt securities and sukuk		**17,698,191**	20,967,464
Dividends received		**1,390,123**	2,160,538
Purchase of property and equipment, net		**(3,473,912)**	(2,045,555)
Additions to financial investments held at amortized cost		**(10,000,000)**	(49,477,415)
Proceeds from maturity of financial investments held at amortized cost		**48,000,000**	24,000,000
Additions to financial investments at fair value through income statement		**(273,799,473)**	(242,152,144)
Proceeds from disposal of financial investments fair value through income statement		**396,850,320**	704,771,857
Additions to financial investments at fair value through other comprehensive income		**(21,000,000)**	(35,335,572)
Net cash from/(used in) investing activities		**61,122,739**	(69,111,262)
Financing activities			
Special commission expense paid against margin loans		**(1,677,423)**	(1,207,363)
Net cash used in financing activities		**(1,677,423)**	(1,207,363)
INCREASE IN CASH AND CASH EQUIVALENTS		**53,557,632**	2,614,216
Cash and cash equivalents at the beginning of the year		**30,421,510**	27,807,294
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**83,979,142**	30,421,510

Managing Director/Chief Executive Officer

Chairman of the Board

Chief Financial Officer

Notes to the Financial Statements

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

2. BASIS OF PREPARATION

Statement of compliance

The Financial Statements of the Company as at and for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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

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

During the year, the Insurance Authority has been established by a Royal Decree as the insurance regulator. Previously issued regulations by SAMA will be upheld until the Insurance Authority issued updated regulations.

Basis of measurement

These Financial Statements have been prepared under the going concern basis and the historical cost convention, except for reinsurance and retrocession contracts which are measured at the present value of estimated fulfillment cash flows that are expected to arise as the Company fulfills its contractual obligations and a contractual service margin (“CSM”) in accordance with IFRS 17, the measurement at fair value of financial investments at fair value through income statement, financial investments at fair value through other comprehensive income, investment in an equity accounted investee which is accounted for under the equity method and employees’ end of service benefits (EOSB) measured at present value of future obligations using projected unit credit method.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law”) came into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The Management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of Association/By-Laws to the shareholders/ partners in their Extraordinary/Annual General Assembly Meeting for their ratification.

Functional and presentation currency

These Financial Statements have been presented in Saudi Arabian Riyals (SR), which is the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest Saudi Arabian Riyal.

Fiscal year

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

Notes to the Financial Statements →

3. CHANGES IN MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's Financial Statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the Financial Statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 1, 2023
IFRS 17, "Insurance contracts", as amended in December 2021	This Standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	See note below
IFRS 9, "Financial Instruments"	This Standard replaces IAS 39.	See note below

New standards not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, "Presentation of Financial Statements", on classification of liabilities	These narrow-scope amendments to IAS 1, "Presentation of Financial Statements", clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/ effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of "material" rather than "significant" accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

In addition, the Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for reinsurance and retrocession contracts and financial instruments. As a result, the Company has restated certain comparative amounts for the prior year.

Except for the changes below and accounting policies explained in Note 4, the Company has consistently applied the accounting policies used in the preparation of the annual Financial Statements for the year ended 31 December 2022.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below:

IFRS 17 – Insurance Contracts

(i) Recognition, measurement, and presentation of reinsurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of reinsurance contracts, retrocession contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfills the contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin (CSM).

Under IFRS 17, reinsurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in reinsurance revenue and reinsurance service expenses. Reinsurance finance income and expenses are presented separately from reinsurance revenue and reinsurance service expenses.

The Company applies the General Measurement Model (GMM) to both reinsurance contracts issued, and retrocession contracts held for all the segments.

Previously, all acquisition costs were recognized and presented as a separate asset from the related reinsurance contracts ("deferred acquisition costs") until those costs were included in income statement. Under IFRS 17, only reinsurance acquisition cash flows that arise before the recognition of the related reinsurance contracts are recognized as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognized once the related contracts have been recognized.

Income and expenses from retrocession contracts other than retrocession finance income and expenses are now presented as a single net amount in income statement. Previously, amounts recovered from retrocessionaires and retrocession expenses were presented separately.

(ii) Presentation and disclosures

For presentation in the statement of financial position, the line items for reinsurance contracts issued and retrocession contracts held have been changed significantly compared with last year. Previously balance sheet items related to reinsurance and retrocession contracts were split into the following line items:

- Assets
  - Accrued reinsurance premiums
  - Reinsurance premium receivables, net
  - Deferred policy acquisition costs
  - Retrocession balances receivable
  - Retroceded share of unearned premiums
  - Deferred excess of loss premiums
  - Retroceded share of outstanding claims
  - Retroceded share of claims incurred but not reported

Notes to the Financial Statements →

- Liabilities
  - Accounts payable
  - Retrocession balances payable
  - Accrued retroceded premiums
  - Unearned premiums
  - Outstanding claims
  - Claims incurred but not reported

Under IFRS 17, the Company aggregates reinsurance contracts issued, and retrocession contracts held, respectively and presents separately on the balance sheet:

- Portfolios of reinsurance contracts issued that are assets;
- Portfolios of reinsurance contracts issued that are liabilities;
- Portfolios of retrocession contracts held that are assets; and
- Portfolios of retrocession contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the statement of income and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Retroceded premiums
- Excess of loss expenses
- Change in net unearned premiums
- Retrocession commissions
- Gross claims paid
- Retroceded share of claims paid
- Change in outstanding claims, net
- Changes in incurred but not reported claims, net
- Policy acquisition costs and profit commissions
- Other underwriting expenses

Instead, IFRS 17 requires separate presentation of:

- Reinsurance revenue
- Reinsurance service expenses
- Net expenses from retrocession contracts
- Finance income/(expenses) from reinsurance contracts issued
- Finance income/(expenses) from retrocession contracts

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its Financial Statements from reinsurance contracts and retrocession contracts; and
- Significant judgments, and changes in those judgments, when applying the standard.

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a modified retrospective approach because it was impracticable to apply the full retrospective approach. The Company considered the full retrospective approach impracticable under the following circumstances;

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons. Such information included for certain contracts:
  - expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts;
  - information about historical cash flows and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;
  - information required to allocate fixed and variable overheads to groups of contracts, because the Company's previous accounting policies did not require such information; and
  - information about changes in assumptions and estimates, which might not have been documented on an ongoing basis.

Notes to the Financial Statements →

– The full retrospective approach required assumptions about what Company Management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:

- assumptions about discount rates, because the Company had not been subject to any accounting or regulatory framework that required reinsurance contracts to be measured on a present value basis;
- assumptions about the risk adjustment for non-financial risk, because the Company had not been subject to any accounting or regulatory framework that required an explicit margin for non-financial risk.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the Financial Statements at 1 January 2022 are presented in the statement of changes in equity.

Impact on equity

Drivers of changes in equity	Impact on equity on transition to IFRS 17 at 1 January 2022 SR
Changes in measurement of reinsurance contracts issued	(17,952,391)
Changes in measurement of retrocession contracts held	20,532,068
Total impact	2,579,677

Impact on reinsurance contracts liabilities

Drivers of changes in equity	Impact on liabilities on transition to IFRS 17 at 1 January 2022 SR
Discounting	(65,064,828)
Risk adjustment	53,879,884
CSM, transition to best estimate liability and other drivers	29,137,335
Total impact	17,952,391

Notes to the Financial Statements →

Impact on retrocession contracts held

Drivers of changes in equity	Impact on assets on transition to IFRS 17 at 1 January 2022 SR
Discounting	(12,917,611)
Risk adjustment	8,959,055
CSM, transition to best estimate liability and other drivers	24,490,624
Total impact	20,532,068

IFRS 9 – Financial Instruments

(i) Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through income statement. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

(ii) Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

(iii) Transition

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

– The comparative period has been restated. However, information about financial instruments that had already been derecognized at 1 January 2023 continues to be reported in accordance with IAS 39 for the comparative period.

– The following assessments have been made on the basis of the facts and circumstances that existed at initial application:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

The adoption of IFRS 9 has not had a material impact on the Company's basic or diluted EPS for the year ended 31 December 2023 and 2022. Details of the changes and implications resulting from the adoption of IFRS 9 are presented in (iv) below:

(iv) Effect of initial application

(a) Classification of financial assets and financial liabilities
on the date of initial application of IFRS 9

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2023.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 SR	New carrying amount under IFRS 9 SR
Cash and cash equivalents	Loans and receivables	Amortized cost	31,556,704	31,556,652
Time deposits including accrued special commission income from time deposits	Loans and receivables	Amortized cost	754,630,389	754,290,068
Statutory deposits including accrued commission income on statutory deposits	Loans and receivables	Amortized cost	111,184,429	111,184,071
Held-to-maturity investments	Held to maturity	Amortized cost	263,938,021	261,342,898
	Held to maturity	Fair value through other comprehensive income	128,890,396	119,921,195
Investments held at fair value through income statement		Fair value through income statement	272,653,544	272,653,544
	FVIS (Held for trading)	Amortized cost	14,500,749	14,500,749
Total financial assets			1,577,354,232	1,565,449,177
Financial liabilities				
Accrued expenses and other liabilities	Amortized cost	Amortized cost	80,591,465	80,591,465
Margin loan payable	Amortized cost	Amortized cost	56,797,019	56,797,019
Total financial liabilities			137,388,484	137,388,484

Notes to the Financial Statements →

(b) Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9

	31 December 2022 (SR)			
Financial assets	IAS 39 carrying amount as at 31 December 2022	Reclassification	Remeasurement	IFRS 9 carrying amount as at 31 December 2022
Bank balances and cash	31,556,704	(31,556,704)	–	–
Time deposits	746,955,702	(746,955,702)	–	–
Accrued commission income on time deposits	7,674,687	(7,674,687)	–	–
Investment held at fair value through income statement	287,154,293	(287,154,293)	–	–
Accrued special commission income from bonds, sukuk and held-to-maturity/investments	5,175,895	(5,175,895)	–	–
Held-to-maturity/investments	387,652,522	(387,652,522)	–	–
Statutory deposits	89,100,000	–	–	89,100,000
Accrued commission income on statutory deposits	22,084,429	–	(358)	22,084,071
Cash and cash equivalents	–	31,556,704	(52)	31,556,652
Financial investments at fair value through income statement	–	272,653,544	–	272,653,544
Financial investments at fair value through other comprehensive income	–	128,890,396	(8,969,201)	119,921,195
Financial investments at amortized cost	–	1,033,069,159	(2,935,444)	1,030,133,715
Total financial assets	1,577,354,232	–	(11,905,055)	1,565,449,177

There has not been any reclassification or remeasurement under financial liabilities.

Notes to the Financial Statements →

Financial assets	IAS 39 carrying amount as at 1 January 2022	Reclassification	Remeasurement	IFRS 9 carrying amount as at 1 January 2022
	1 January 2022 (SR)			
Bank balances and cash	27,807,294	(27,807,294)	–	–
Time deposits	243,382,085	(243,382,085)	–	–
Accrued commission income on time deposits	2,310,102	(2,310,102)	–	–
Investment held at fair value through income statement	803,584,596	(803,584,596)	–	–
Accrued special commission income from bonds, sukuk and held-to-maturity/investments	6,810,473	(6,810,473)	–	–
Held-to-maturity/investments	298,022,312	(298,022,312)	–	–
Statutory deposits	89,100,000	–	–	89,100,000
Accrued commission income on statutory deposits	20,962,172	–	(358)	20,961,814
Cash and cash equivalents	–	27,807,294	–	27,807,294
Financial investments at fair value through income statement	–	762,723,099	–	762,723,099
Financial investments at fair value through other comprehensive income	–	93,554,824	(684,160)	92,870,664
Financial investments at amortized cost	–	497,831,645	(1,595,544)	496,236,101
Total financial assets	1,491,979,034	–	(2,280,062)	1,489,698,972

There has not been any reclassification or remeasurement under financial liabilities.

The following table summarises the effects of the reclassification of financial assets out of FVIS to the amortized cost category as a result of transition to IFRS 9:

	31 December 2022
Fair value	14,500,749
Fair value loss that would have been recognized in the statement of income during the year if the financial assets had not been reclassified	(498,774)
Effective interest rate determined	3.21%
Special commission income recognized	481,500

The financial assets reclassified out of FVIS to the amortized cost have matured during 2023.

Notes to the Financial Statements →

(c) Impact on retained earnings and other reserves

	Retained earnings (SR)	Other reserves
Closing balance at 31 December 2021	35,495,182	2,751,420
Recognition of expected credit losses under IFRS 9	(1,595,902)	–
Reclassification under IFRS 9	–	(684,160)
Adjustment on initial application of IFRS 17	2,579,677	–
Adjustment on initial application of IFRS 17 by equity accounted investee	(9,420,847)	–
Restated opening balance as at 1 January 2022	27,058,110	2,067,260

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these Financial Statements are set out below.

IFRS 17 – Insurance Contracts

(i) Definition and classification

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

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. All references to reinsurance contracts and retrocession contracts held in the Financial Statements apply to reinsurance contracts issued or acquired and retrocession contracts held unless specifically stated otherwise.

The Company has assessed that all contracts currently classified as reinsurance and retrocession contracts under IFRS 4 meet the definition of reinsurance and retrocession contracts under IFRS 17. The Company does not write any investment contracts with discretionary participation features or reinsurance contracts with direct participation features.

(ii) Level of aggregation

Reinsurance contracts

Reinsurance contracts are aggregated into groups for measurement purposes. Groups of reinsurance contracts are determined by identifying portfolios of reinsurance contracts, each comprising contracts subject to similar risks and managed together. The Company manages reinsurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. Each portfolio is further divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

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

These groups represent the level of aggregation at which reinsurance contracts are initially recognized and measured. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group. For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

The Company uses significant judgment to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Retrocession contracts

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

Portfolios of retrocession contracts held are assessed for aggregation separately from portfolios of reinsurance contracts issued. Applying the grouping requirements to retrocession contracts held, the Company aggregates retrocession contracts held concluded within a calendar year (annual cohorts) into groups of:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

(iii) Recognition and derecognition

Groups of reinsurance contracts are initially recognized the earliest of:

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

Retrocession contracts held are recognized as follows:

- A group of retrocession contracts held that provide proportionate coverage is recognized at the later of the beginning of the coverage period of the group and the initial recognition of any underlying reinsurance contract; and
- All other groups of retrocession contracts held are recognized from the beginning of the coverage period of the group of retrocession contracts held; unless the Company entered into the retrocession contract held at or before the date when an onerous group of underlying contracts is recognized prior to the beginning of the coverage period of the group of retrocession contracts held, in which case the retrocession contract held is recognized at the same time as the group of underlying reinsurance contracts is recognized.

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

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

On derecognition of a contract from within a group of contracts:

- the fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognized;
- the CSM of the group is adjusted for the change in the fulfillment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognized from the group.

If a contract is derecognized because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognized because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognized is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

(v) Reinsurance acquisition cashflows

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting, and starting a group of reinsurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of reinsurance contracts to which the group belongs. Reinsurance acquisition cash flows are allocated to groups of reinsurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

(vi) Contract boundaries

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of reinsurance contracts. The measurement of a group of contracts includes all the future cash flows within the boundary of each reinsurance and retrocession contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the insurer to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

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

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

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

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

A substantive right to receive services from the retrocessionaire ends when the retrocessionaire:

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

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

The remaining treaty contracts, written on a losses-occurring basis and renewed annually, will lead to a 12-month contract boundary.

(vii) Initial measurement

On initial recognition, the Company measures a group of reinsurance and retrocession contracts as the total of;

- the fulfillment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- the Contractual Service Margin (CSM).

The risk adjustment for non-financial risk for a group of reinsurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The fulfillment cash flows of a group of reinsurance contracts do not reflect the Company's non-performance risk.

The CSM of a group of reinsurance contracts represents the unearned profit that the Company will recognize as it provides services under those contracts. On initial recognition of a group of reinsurance contracts, if the total of

- the fulfillment cash flows,
- any cash flows arising at that date and
- any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

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

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

A loss-recovery component is established or adjusted within the remaining coverage for retrocession contracts held for income recognized in statement of income when the entity recognizes a loss on initial recognition of an onerous group of underlying reinsurance contracts or on addition of onerous underlying reinsurance contracts to that group. This amount is calculated by multiplying the loss recognized on underlying reinsurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognized on the underlying insurance contracts. When underlying reinsurance contracts are included in the same group with reinsurance contracts issued that are not retroceded, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying reinsurance contracts.

Fulfillment cash flows (FCF) within contract boundary

Cash flows within the boundary of reinsurance contract are those that relate directly to the fulfillment of the contract, including cash flows for which the entity has discretion over the amount or timing. The cash flows within the boundary include:

- premiums (including premium adjustments and installment premiums) from an insurer and any additional cash flows that result from those premiums.
- payments to (or on behalf of) an insurer, including claims that have already been reported but have not yet been paid (i.e. reported claims), incurred claims for events that have occurred but for which claims have not been reported and all future claims for which the entity has a substantive obligation.
- payments to (or on behalf of) an insurer that vary depending on returns on underlying items.
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.
- claim handling costs (i.e. the costs the entity will incur in investigating, processing and resolving claims under existing insurance contracts, including legal and loss-adjusters' fees and internal costs of investigating claims and processing claim payments).
- policy administration and maintenance costs, such as costs of premium billing and handling policy changes (for example, conversions and reinstatements). Such costs also include recurring commissions that are expected to be paid to intermediaries if a particular insurer continues to pay the premiums within the boundary of the insurance contract.
- transaction-based taxes (such as premium taxes, value added taxes and goods and services taxes) and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis.
- payments by the insurer in a fiduciary capacity to meet tax obligations incurred by the insurer, and related receipts.
- an allocation of fixed and variable overheads (such as the costs of accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities) directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.
- any other costs specifically chargeable to the insurer under the terms of the contract.

Risk of the Company's non-performance is not included in the measurement of groups of reinsurance contracts issued. In the measurement of retrocession contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the retrocessionaires to reflect the non-performance risk of the retrocessionaires. The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of retrocession contracts held and such estimates for the groups of underlying reinsurance contracts.

Discount rates

Discount rates refer to the interest rates used in discounting cash flows to determine the present value of future cash flows. Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and to accrete interest on the best estimate liability, and contractual service margin. After estimating the future cash flows arising from the insurance contracts, discounting shall be used to calculate the present value of these cash flows, to reflect the time value of money and the financial risks associated with these cash flows. This is done to the extent that the financial risks are not already included in the cash flow estimates.

Risk adjustment for non-financial risk

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

(viii) Subsequent measurement

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

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

The carrying amount of a group of retrocession contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfillment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The fulfillment cash flows of groups of reinsurance and retrocession contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.

Changes in fulfillment cash flows

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing, and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

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

The following adjustments relate to future service and thus adjust the CSM:

(a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows (experience adjustments represents the differences between the estimate, at the beginning of the period, of amounts expected in the period and the actual payments during the period);

(b) changes in estimates of the present value of future cash flows in the LRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof;

(c) changes in the risk adjustment for non-financial risk that relate to future service.

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

- changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof.
- changes in the FCF relating to the LIC.
- experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as reinsurance acquisition cash flows; and
- experience adjustments relating to reinsurance service expenses (excluding insurance acquisition cash flows).

Changes to the Contractual Service Margin (CSM)

For reinsurance contracts issued, the carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

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

- the amount recognized as insurance revenue because of the services provided in the period.

For a group of retrocession contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying reinsurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in reinsurance service expenses by adjusting the loss component, respective changes in the FCF of retrocession contracts held are also recognized in the reinsurance service result. The contractual service margin for a retrocession contract held represents the cost of purchasing retrocession. This is different from the contractual service margin for underlying reinsurance contracts which represents unearned profit on those contracts. The cost of purchasing retrocession is recognized as services are received under the retrocession contract held. As an exception, if the retrocession contract held covers events that have already occurred, the net cost at initial recognition is recognized immediately in statement of income.

The Company applies year to date (YTD) approach. Any changes in estimates of cash flows relating to service during the current year relative to estimates at the start of the year are included as experience adjustments in statement of income, even if those estimates were updated at a previous interim reporting period.

Interest accretion on the CSM

Interest is accreted on the CSM using discount rates determined at initial recognition (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises the locked-in discount curves by calculating discount rate applicable at the initial recognition of the first contract over the period that contracts in the group are issued. The discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Release of the CSM to statement of income

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

The coverage period is defined as a period during which the entity provides reinsurance contract services. Reinsurance contract services include coverage for an reinsured event (reinsurance coverage). The coverage period used corresponds with the term of the contracts. The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period.

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

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

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

For reinsurance contracts issued and retrocession contracts held, the CSM is released to statement of income as services, both provided and received, are recognized in the reporting period. Coverage units for the retrocession contracts are based on the insurance coverage provided by the retrocessionaires and are determined by the ceded policies' fixed face values considering new business projected within the retrocession contract boundary. The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

Onerous contracts – loss component

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

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

(a) expected incurred claims and other directly attributable expenses for the period;

(b) changes in the RA for the risk expired; and

(c) finance income or expenses from insurance recontracts issued.

The amounts of loss component allocation in point a) and b) above reduce the respective components of reinsurance revenue and are reflected in reinsurance service expenses. Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Loss recovery component

A loss-recovery component is established or adjusted within the remaining coverage for retrocession contracts held for the amount of income recognized when a loss component is set up for the group of onerous underlying reinsurance contracts.

This amount is calculated by multiplying the loss recognized on underlying reinsurance contracts by the percentage of claims on underlying reinsurance contracts that the Company expects to recover from the retrocession contracts held that are entered into before or at the same time as the loss is recognized on the underlying reinsurance contracts. When underlying reinsurance contracts are included in the same group with reinsurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying reinsurance contracts.

Subsequently, the loss recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying reinsurance contracts. The loss recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying reinsurance contracts that the Company expects to recover from the group of reinsurance contracts held.

(ix) Presentation

Reinsurance revenue

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

Contracts measured under the GMM, reinsurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  (a)reinsurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  – amounts related to the loss component.
  – repayments of investment components; and
  – reinsurance acquisition expenses.
  (b) changes in the risk adjustment for non-financial risk, excluding:
  – changes included in insurance finance income (expenses);
  – changes that relate to future coverage (which adjust the CSM); and
  – amounts allocated to the loss component.
  (c) amounts of the CSM recognized in statement of income for the services provided in the period; and
  (d) experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as reinsurance acquisition cash flows and premium-based taxes.
- Reinsurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

Reinsurance service expenses

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

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

Net expenses from retrocession contracts

The Company presents financial performance of groups of retrocession contracts held on a net basis in net expenses or income from retrocession contracts held, comprising the following amounts:

- actual claims and other expenses recovered during the period;
- the effect of changes in the risk of retrocessionaires' non-performance;
- expected claims and other expenses recovery excluding amounts allocated to the loss-recovery component and repayments of investment components
- losses recovered on underlying contracts and reversal of such recoveries;
- changes that relate to past service adjustments to incurred claims component;
- other incurred directly attributable expenses;
- expected claims and other expenses recovery;
- changes in the RA recognised for the risk expired;
- CSM recognised for the services received; and
- premium (and other related cash flows) experience adjustments relating to current service.

Reinsurance finance income or expenses

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

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

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

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

IFRS 9 – Financial Instruments

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

(i) Classification

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through statement of income ("FVIS"). On initial recognition, a financial asset is either classified as measured at amortised cost, FVOCI or FVIS.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortized cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

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

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

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

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

Equity instruments

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

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

(ii) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The Company applies the expected credit losses ("ECL") on its financial assets measured at amortized cost, and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognizes a loss allowance for such losses at each reporting date. The loss allowance is based on the Expected Credit Losses ("ECLs") associated with the Probability of Default ("PD") in the next twelve months unless there has been a Significant Increase in Credit Risk ("SICR") since origination.

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

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

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial assets, for which 12-month ECLs are recognized, are referred to as "Stage1" financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL is the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as "Stage 2" financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial assets for which the lifetime ECLs are recognized and that are credit-impaired are referred to as "Stage 3" financial instruments.

Cash and cash equivalents

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

Investment in an equity accounted investee

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.

End of service benefits

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

Short-term employee benefits

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

Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to Zakat.

Adjustments arising from the final Zakat assessments are recorded in the period in which such assessments are made.

Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

Withholding tax

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

Value Added Tax (VAT)

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

(a) collection of receivables from customers or

(b) delivery of services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales/services and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability.

VAT that is not recoverable is charged to statement of income as expense.

Provisions

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

Special commission income

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

Dividend income

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

Segmental reporting

An operating segment is a component of the Company that is engaged in business activities from which it may earn revenues, incur expenses, whose operating results are reviewed regularly by the Company management committee (being the Company's chief operating decision maker) to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company has following five strategic segments. These segments offer different products and services, and are managed separately because they require different operational, risk management and marketing strategies. The Company management committee reviews the internal management reports of each division at least every three months. The following summary describes products and services that each reportable segment offers.

Notes to the Financial Statements →

Reportable segment	Products and services
Property and Casualty (P&C)	Contracts issued to medium and large businesses provide coverage for property and casualty risks, including Engineering, Fire, Marine, General Accident, Specialty and other business segments (Whole Accounts, Aviation, Energy, Agriculture and Political Risk etc).
Motor	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	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.
Health	Contracts issued to businesses provide coverage for medical bills and hospitalization.
Inherent Defects Insurance (IDI)	Inherent Defects Insurance provides cover against inherent defects in the structural works or the Envelope weakening the strength and steadiness or stability of the Premises and attributable to a fault, error or omission in design, materials, geological investigation, or construction.

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.

Contingencies and commitments

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognised in the consolidated Financial Statements and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

Commitments represent binding agreements of the Company to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties.

5. SIGNFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

(i) Fulfillment cash flows

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

Estimates of future cash flows

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

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

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

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

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

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

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

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

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

Company's current methodology involves projecting the future cash flow expected to be paid for incurred claims (LIC) and Future Claims (LRC). The methodology is based on standard actuarial techniques and reflects the best estimate view required under IFRS 17.

For the measurement of the LIC, the Company uses different approaches (i.e. the chain-ladder, Bornhuetter Ferguson and expected loss ratio techniques) for estimating the Incurred But Not Reported Reserves (IBNR) and Incurred But Not Enough Reserves (IBNER). The Company performs the calculations using quarterly claims development for all portfolios.

Risk adjustment for non-financial risk

The Company adjusts the estimate of the present value of the future cash flows to reflect the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cash flows that arise from reinsurance contracts, other than uncertainty arising from financial risk. The risk adjustment for non-financial risk relates to risk arising from insurance contracts other than financial risk. Financial risk is included in the estimates of the future cash flows, or the discount rate used to adjust the cash flows. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The risk adjustment was calculated at the line of business level and then allocated down to each group of contracts in accordance with the inherent uncertainty within the future cash flows for that group. The Cost of Capital (CoC) approach was used to derive the overall risk adjustment for non-financial risk. In the CoC method, the Company uses Insurance Authority's capital model to calculate the required capital, and then applied a 6% per annum cost of capital to obtain the line of business level risk adjustment. The resulting amount of the calculated risk adjustment corresponds to the confidence level 66%.

Discount rates

The discount rates applied to the estimates of the future cash flows in discounting shall:

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

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

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

	31 December 2023				31 December 2022			
	1 year	5 years	10 years	15 years	1 year	5 years	10 years	15 years
SAR	6.12%	4.71%	5.09%	5.15%	6.08%	6.16%	6.71%	6.94%
GBP	5.69%	4.13%	4.52%	4.61%	3.73%	4.23%	4.12%	5.15%
AED	6.12%	4.71%	5.09%	5.15%	6.15%	6.11%	6.97%	7.98%
INR	7.73%	7.96%	8.05%	7.31%	7.24%	7.89%	7.46%	9.18%
KRW	4.24%	3.89%	4.05%	3.79%	4.24%	4.24%	4.23%	4.13%

(ii) Contractual service margin

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

(iii) Measurement of the expected credit loss allowance

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

A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

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

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

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognized in the Financial Statements.

(i) Classification of investments

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

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

For equity investments carried at fair value, Management decides whether it should be classified as financial assets carried at fair value through other comprehensive income (FVOCI) or fair value through statement of income (FVIS). Investments in equity instruments are classified and measured at FVIS except if the equity investment is not held for trading and is designated by the Company at FVOCI.

Notes to the Financial Statements →

Further, even if the asset meets the amortized cost criteria the Company may choose at initial recognition to designate the financial asset as at FVIS if doing so eliminates or significantly reduces an accounting mismatch. For debt securities acquired to match its business model of development of the line of business, the Company classifies these investments as financial assets at fair value through other comprehensive income.

(ii) Level of aggregation

Judgment is involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together).

Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for retrocession contracts held. Areas of potential judgments include:

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

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

(iii) Recognition and derecognition

When contracts are modified, judgment might be applied to establish if the modification meets the criteria for recognition. In particular, after the modification, judgment is applied to determine whether:

- significant insurance risk still exists;
- there are elements that are to be distinct from the contract;
- contract boundaries have changed; and
- the contract would have to be included in a different group, subject to aggregation requirements.

(iv) Contract boundary

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17. Judgments might be involved to determine when the Company is capable of repricing the entire contract to reflect the reassessed risks, when insurers are obliged to pay premiums, and when premiums reflect risks beyond the coverage period.

Where features such as options and guarantees are included in the reinsurance contracts, judgment might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

An entity can use judgment to determine which cash flows within the boundary of reinsurance contracts are those that relate directly to the fulfillment of the contracts.

The determination of what constitutes an investment component might be an area of judgment significantly affecting amounts of recognized insurance revenue and insurance service expenses, because investment components should be excluded from those.

(v) Revenue recognition

Reinsurance revenue and retrocession expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognized in statement of income for the reinsurance contract services provided or retrocession services received in the period.

Areas of potential judgment are:

- the determination of the expected coverage period over which the CSM is allocated into statement of income for the services provided or received, that is, the determination of expected reinsurance coverage period;
- the determination of the coverage units provided or received in the current period and expected to be provided in future periods, including the determination of the relative weighting of the benefits provided by insurance coverage; and
- factoring in the time value of money when determining the equal allocation of the CSM to the coverage units provided or received.

An entity might apply judgment to determine whether the treatment of certain consequential insurance risks within Liability for Remaining Coverage (LRC) or Liability for Incurred Claims (LIC) reflects the most useful information about the reinsurance services provided by the entity to the insurer.

For contracts measured under the General Measurement Model (GMM) in which the Company has discretion over the cash flows to be paid to the insurers, judgment might be involved in the determination of what the Company considers its commitment on initial recognition of such contracts. Further, judgment might be required to distinguish subsequent changes in the fulfillment cash flows (FCF) resulting from changes in the Group's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

(vi) Determination of whether control exist over associate

The Company has investment in an associate which is not "controlled" by the Company and therefore, the associate is not consolidated in these Financial Statements. Determining whether the Company controls the associate usually focuses on the assessment whether the Company is exposed to, or has the right to, variable returns from its involvement with the associate and has the ability to affect those returns through its power over the investee. The Company reassesses whether it has control if there are changes to one or more of the elements of control.

6. CASH AND BANK BALANCES

	31 December 2023 SR	31 December 2022 (Restated) SR	1 January 2022 (Restated) SR
Cash in hand	**39,410**	59,710	52,781
Bank balances	**83,939,732**	30,361,800	27,754,513
Bank balance – restricted (accrued income on statutory deposit)	**3,925,860**	1,135,142	–
Total cash and bank balances	**87,905,002**	31,556,652	27,807,294
Less: Bank balance – restricted	**(3,925,860)**	(1,135,142)	–
Total cash and cash equivalents in the statement of cash flows	**83,979,142**	30,421,510	21,868,099

Notes to the Financial Statements →

Bank balances and cash includes call account balance of SR 0.2 million (31 December 2022: SR 2.3 million, 1 January 2022: SR 1.4 million). Cash at banks are placed with counterparties which have credit ratings of BBB+ and above under Standard and Poor's and Moody's ratings methodology. Cash and bank balances are stated net of expected credit losses amounting to SR 702 (31 December 2022: SR 52, 1 January 2022: NIL).

7. FINANCIAL INVESTMENTS

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

	31 December 2023 SR	31 December 2022 (Restated) SR	1 January 2022 (Restated) SR
Held at FVIS			
Financial investments mandatorily measured at FVIS			
Money market funds	**146,156,801**	71,560,649	404,334,650
Investment funds	**8,299,185**	9,391,200	145,093,747
Financial investments designated at FVIS			
Equity securities	**–**	41,143,329	41,318,244
Debt securities*	**–**	150,558,366	171,976,458
	154,455,986	272,653,544	762,723,099
Held at FVOCI			
Financial investments designated at FVOCI			
Tier 1 sukuk	**141,632,674**	119,921,195	92,870,664
	141,632,674	119,921,195	92,870,664
Held at amortized cost			
Time deposits	**888,894,412**	754,630,389	245,692,187
Debt securities	**241,478,489**	278,438,770	252,139,458
Expected credit losses	**(3,042,885)**	(2,935,444)	(1,595,544)
	1,127,330,016	1,030,133,715	496,236,101
Total financial investments	**1,423,418,676**	1,422,708,454	1,351,829,864

Time deposits are placed with banks which have credit ratings of BBB and above. Such deposits earn special commission at an average effective commission rate of 5.21% (2022: 3.72%) per annum and have average term of four years (2022: four years).

*At 31 December 2022 and 1 January 2022, debt securities classified under financial investments designated at fair value through income statement comprised Funds at Lloyd's (FAL) amounting to SR 150,558,366 and SR 171,976,458 respectively. During the period, these investments have been liquidated and placed with Custodian from Lloyd's earning average interest ranging from 4.33% to 4.82%. These funds serve as collateral for participation in Lloyd's Syndicates for the underwriting years 2021, 2022, and 2023. Due to the restricted nature of these funds, they have been classified under prepaid expenses, deposits, and other assets as at 31 December 2023.

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

	31 December 2023 (SR)			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at the beginning of the year	**1,697,733**	**–**	**1,237,711**	**2,935,444**
Charge during the year	**719,656**	**–**	**(612,215)**	**107,441**
	2,417,389	**–**	**625,496**	**3,042,885**

	31 December 2022 (SR)			
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	1,595,544	–	–	1,595,544
Charge during the year	102,189	–	1,237,711	1,339,900
	1,697,733	–	1,237,711	2,935,444

The value of investments classified at Stage 1 and Stage 3 amounts to SR 1,128,895,377 and SR 1,477,524 respectively (31 December 2022: Stage 1 – SR 1,031,694,663 Stage 3 – SR 1,374,496).

Notes to the Financial Statements →

iii. The movement of financial investments is as follows:

	31 December 2023 (SR)			
	FVIS	**FVOCI**	**Amortized cost**	**Total**
Opening balance	**272,653,544**	**119,921,195**	**1,030,133,715**	**1,422,708,454**
Additions	**273,799,473**	**21,000,000**	**214,672,255**	**509,471,728**
Disposals/Maturity	**(396,850,320)**	**–**	**(126,765,889)**	**(523,616,209)**
Unrealized gains	**4,871,961**	**711,479**	**–**	**5,583,440**
Realized losses	**(18,672)**	**–**	**–**	**(18,672)**
Accrued interest	**–**	**–**	**7,510,884**	**7,510,884**
Amortization of discount/(premium), net	**–**	**–**	**1,886,492**	**1,886,492**
Expected credit losses	**–**	**–**	**(107,441)**	**(107,441)**
Closing balance	**154,455,986**	**141,632,674**	**1,127,330,016**	**1,423,418,676**

	31 December 2022 (Restated) (SR)			
	FVIS	FVOCI	Amortized cost	Total
Opening balance	762,723,099	92,870,664	496,236,101	1,351,829,864
Additions	242,152,144	35,335,572	583,645,142	861,132,858
Disposals/Maturity	(704,771,857)	–	(54,810,000)	(759,581,857)
Unrealized gains	(33,979,564)	(8,285,041)	–	(42,264,605)
Realized losses	6,529,722	–	–	6,529,722
Accrued interest	–	–	3,729,955	3,729,955
Amortization of discount/(premium), net	–	–	2,672,417	2,672,417
Expected credit losses	–	–	(1,339,900)	(1,339,900)
Closing balance	272,653,544	119,921,195	1,030,133,715	1,422,708,454

8. REINSURANCE AND RETROCESSION CONTRACTS

	Property and Casualty (P&C) SR	Motor SR	Protection SR	Health SR	Inherent Defects Insurance (IDI) SR	Total SR
31 December 2023						
Reinsurance contracts						
Reinsurance contract assets	**(75,907,622)**	**(468,928)**	**(1,417,258)**	**(33,479)**	**–**	**(77,827,287)**
Reinsurance contract liabilities	**922,782,045**	**100,492,575**	**27,119,549**	**7,868,292**	**229,639,571**	**1,287,902,032**
Reinsurance contract balances	**846,874,423**	**100,023,647**	**25,702,291**	**7,834,813**	**229,639,571**	**1,210,074,745**
Retrocession contracts						
Retrocession contract assets	**(239,011,184)**	**(13,565)**	**–**	**–**	**(200,568,418)**	**(439,593,167)**
Retrocession contract liabilities	**–**	**–**	**189,653**	**–**	**–**	**189,653**
Retrocession contract balances	**(239,011,184)**	**(13,565)**	**189,653**	**–**	**(200,568,418)**	**(439,403,514)**
31 December 2022						
Reinsurance contracts						
Reinsurance contract assets	(70,687,379)	(10,041,750)	(8,830,227)	(327,466)	(15,149,733)	(105,036,555)
Reinsurance contract liabilities	710,527,979	97,344,652	40,889,018	71,230,138	—	919,991,787
Reinsurance contract balances	639,840,600	87,302,902	32,058,791	70,902,672	(15,149,733)	814,955,232
Retrocession contracts						
Retrocession contract assets	(189,193,925)	(52,150)	–	–	–	(189,246,075)
Retrocession contract liabilities	–	–	52,341	–	12,103,403	12,155,744
Retrocession contract balances	(189,193,925)	(52,150)	52,341	–	12,103,403	(177,090,331)
1 January 2022						
Reinsurance contracts						
Reinsurance contract assets	(61,964,902)	(7,879,227)	(6,457,488)	(326,826)	(165,976)	(76,794,419)
Reinsurance contract liabilities	613,793,913	105,971,685	59,179,945	85,354,643	–	864,300,186
Reinsurance contract balances	551,829,011	98,092,458	52,722,457	85,027,817	(165,976)	787,505,767
Retrocession contracts						
Retrocession contract assets	(211,404,395)	(62,017)	(74,499)	–	(8,307)	(211,549,218)
Retrocession contract liabilities	–	–	–	–	–	–
Retrocession contract balances	(211,404,395)	(62,017)	(74,499)	–	(8,307)	(211,549,218)

A. Movements in reinsurance and retrocession contract balances

Description	Reinsurance contracts SR	Description	Retrocession contracts SR
1 January 2023	814,955,232	1 January 2023	(177,090,331)
Premiums, net of ceding commission, received	1,148,415,668	Premiums paid	(356,396,108)
Claims and other reinsurance service expenses paid	(671,010,836)	Amounts received	116,657,328
Acquisition cash flows	(19,723,122)	Retrocession expenses	(2,349,500)
Reinsurance revenue	(627,187,025)	Retrocession finance income	(20,224,903)
Reinsurance service expenses	509,774,279		
Reinsurance finance expenses	54,850,549		
31 December 2023	**1,210,074,745**	**31 December 2023**	**(439,403,514)**

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

For each segment, the Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of income.

A second reconciliation is presented, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

i. Property and Casualty

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract liabilities	(140,872,072)	14,283,817	806,459,788	30,656,446	710,527,979
Reinsurance contract assets	(18,291,500)	291,820	(58,081,491)	5,393,792	(70,687,379)
Net opening balance	(159,163,572)	14,575,637	748,378,297	36,050,238	639,840,600
Changes in the statement of income					
Reinsurance revenue	(547,578,499)	–	–	–	(547,578,499)
Reinsurance service expenses					
Incurred claims and other directly attributable expenses	–	(107,151,106)	589,588,663	29,092,921	511,530,478
Amortisation of insurance acquisition cash flows	12,285,728	–	–	–	12,285,728
Losses and reversals of losses on onerous contracts, net	–	127,962,193	–	–	127,962,193
Adjustments to liabilities for incurred claims	–	–	(205,154,291)	(22,498,481)	(227,652,772)
	12,285,728	20,811,087	384,434,372	6,594,440	424,125,627
Investment components	(2,915,450)	–	2,915,450	–	–
Reinsurance service result – Gross	(538,208,221)	20,811,087	387,349,822	6,594,440	(123,452,872)
Net finance expenses from reinsurance contracts	(28,501,417)	7,098,472	53,856,164	–	32,453,219
Effect of movement in exchange rates	780,428	–	(4,351,085)	16,543	(3,554,114)
Total changes in the statement of income	(565,929,210)	27,909,559	436,854,901	6,610,983	(94,553,767)
Cash flows					
Premiums, net of ceding commission, received	390,694,468	–	427,685,949	–	818,380,417
Claims and other reinsurance service expenses paid	–	–	(499,872,441)	–	(499,872,441)
Reinsurance acquisition cash flows	(16,920,386)	–	–	–	(16,920,386)
	373,774,082	–	(72,186,492)	–	301,587,590
Changes that relate to premium receivables – premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	395,345,865	–	(395,345,865)	–	–
Net closing balance	44,027,165	42,485,196	717,700,841	42,661,221	846,874,423
Reinsurance contract liabilities	42,185,996	42,312,616	805,840,955	32,442,478	922,782,045
Reinsurance contract assets	1,841,169	172,580	(88,140,114)	10,218,743	(75,907,622)
Net closing balance	44,027,165	42,485,196	717,700,841	42,661,221	846,874,423

Notes to the Financial Statements →

31 December 2022 (SR)				
Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
(97,671,200)	11,607,862	670,382,418	29,474,833	613,793,913
(30,827,025)	135,250	(37,784,041)	6,510,914	(61,964,902)
(128,498,225)	11,743,112	632,598,377	35,985,747	551,829,011
(546,057,276)	–	–	–	(546,057,276)
–	(57,737,122)	505,183,973	21,809,867	469,256,718
8,509,118	–	–	–	8,509,118
–	59,131,662	–	–	59,131,662
–	–	(54,745,549)	(19,985,461)	(74,731,010)
8,509,118	1,394,540	450,438,424	1,824,406	462,166,488
(5,516,142)	–	5,516,142	–	–
(543,064,300)	1,394,540	455,954,566	1,824,406	(83,890,788)
(5,586,128)	1,437,985	13,434,701	–	9,286,558
7,464,677	–	(24,500,535)	(1,759,915)	(18,795,773)
(541,185,751)	2,832,525	444,888,732	64,491	(93,400,003)
222,241,165	–	268,391,403	–	490,632,568
–	–	(298,424,371)	–	(298,424,371)
(10,796,605)	–	–	–	(10,796,605)
211,444,560	–	(30,032,968)	–	181,411,592
299,075,844	–	(299,075,844)	–	–
(159,163,572)	14,575,637	748,378,297	36,050,238	639,840,600
(140,872,072)	14,283,817	806,459,788	30,656,446	710,527,979
(18,291,500)	291,820	(58,081,491)	5,393,792	(70,687,379)
(159,163,572)	14,575,637	748,378,297	36,050,238	639,840,600

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts				
Reinsurance contract liabilities	609,695,291	35,122,585	65,710,103	710,527,979
Reinsurance contract assets	(110,772,152)	6,983,578	33,101,195	(70,687,379)
Net opening balance	498,923,139	42,106,163	98,811,298	639,840,600
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	(181,192,109)	(181,192,109)
Change in the risk adjustment for non-financial risk for the risk expired	–	(156,699)	–	(156,699)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	29,092,922	–	29,092,922
Experience adjustments	128,493,593	–	–	128,493,593
Changes that relate to future services				
Contracts initially recognised in the period	(66,534,640)	19,966,234	165,767,925	119,199,519
Changes in estimates that adjust the CSM	43,156,046	(8,696,920)	(34,459,126)	–
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	14,127,321	(5,364,647)	–	8,762,674
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(205,154,292)	(22,498,480)	–	(227,652,772)
Reinsurance service result – Gross	(85,911,972)	12,342,410	(49,883,310)	(123,452,872)
Net finance expenses from reinsurance contracts	19,589,303	162,084	12,701,832	32,453,219
Effect of movement in exchange rates	(3,630,307)	76,193	–	(3,554,114)
Total changes in the statement of income	(69,952,976)	12,580,687	(37,181,478)	(94,553,767)
Cash flows				
Premiums, net of ceding commission, received	818,380,417	–	–	818,380,417
Claims and other reinsurance service expenses paid	(499,872,441)	–	–	(499,872,441)
Reinsurance acquisition cash flows	(16,920,386)	–	–	(16,920,386)
	301,587,590	–	–	301,587,590
Net closing balance	730,557,753	54,686,850	61,629,820	846,874,423
Reinsurance contract liabilities	827,473,320	40,185,943	55,122,782	922,782,045
Reinsurance contract assets	(96,915,567)	14,500,907	6,507,038	(75,907,622)
Net closing balance	730,557,753	54,686,850	61,629,820	846,874,423

31 December 2022 (SR)			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
522,463,209	34,561,590	56,769,114	613,793,913
(106,535,589)	9,278,224	35,292,463	(61,964,902)
415,927,620	43,839,814	92,061,577	551,829,011
–	–	(199,861,770)	(199,861,770)
–	(30,913)	–	(30,913)
–	21,809,871	–	21,809,871
109,791,372	–	–	109,791,372
(124,736,085)	10,276,491	172,882,931	58,423,337
(19,746,690)	(9,523,721)	29,270,411	–
3,071,057	(2,362,732)	–	708,325
(54,745,550)	(19,985,460)	–	(74,731,010)
(86,365,896)	183,536	2,291,572	(83,890,788)
4,828,409	–	4,458,149	9,286,558
(16,878,586)	(1,917,187)	–	(18,795,773)
(98,416,073)	(1,733,651)	6,749,721	(93,400,003)
490,632,568	–	–	490,632,568
(298,424,371)	–	–	(298,424,371)
(10,796,605)	–	–	(10,796,605)
181,411,592	–	–	181,411,592
498,923,139	42,106,163	98,811,298	639,840,600
609,695,291	35,122,585	65,710,103	710,527,979
(110,772,152)	6,983,578	33,101,195	(70,687,379)
498,923,139	42,106,163	98,811,298	639,840,600

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets	13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)
Reinsurance contract liabilities	–	–	–	–	–
Net opening balance	13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)
Allocation of reinsurance premiums paid	42,108,668	–	–	–	42,108,668
Income on initial recognition of onerous underlying reinsurance contracts	–	(31,224,779)	–	–	(31,224,779)
Amounts recoverable from retrocessionaires					
Recoveries of incurred claims and other reinsurance services	–	–	(76,960,290)	(4,861,866)	(81,822,156)
Recoveries and reversals of recoveries of losses on onerous underlying contracts, net	–	27,830,578	–	–	27,830,578
Adjustments to assets for incurred claims	–	–	42,858,100	10,264,260	53,122,360
	–	27,830,578	(34,102,190)	5,402,394	(869,218)
Changes that relate to future service	–	2,997,509	–	–	2,997,509
Effect of changes in the risk of retrocessionaires' non-performance	29,207	–	237,165	–	266,372
Net expenses/(income) from retrocession contracts	42,137,875	(396,692)	(33,865,025)	5,402,394	13,278,552
Net finance income from retrocession contracts	3,923,985	(1,869,665)	(9,825,037)	–	(7,770,717)
Effect of movement in exchange rates	–	–	(23,209)	1,490	(21,719)
Total changes in the statement of income	46,061,860	(2,266,357)	(43,713,271)	5,403,884	5,486,116
Cash flows					
Premiums, net of ceding commissions, paid	(51,087,184)	–	(118,546,490)	–	(169,633,674)
Recoveries from retrocession	–	–	114,330,299	–	114,330,299
	(51,087,184)	–	(4,216,191)	–	(55,303,375)
Changes that relate to premium payables – premiums expected to be paid transferred from the liabilities for remaining coverage to the liabilities for incurred claims	(18,595,142)	–	18,595,142	–	–
Net closing balance	(9,979,021)	(3,223,310)	(216,729,282)	(9,079,571)	(239,011,184)
Reinsurance contract assets	(9,979,021)	(3,223,310)	(216,729,282)	(9,079,571)	(239,011,184)
Reinsurance contract liabilities	–	–	–	–	–
Net closing balance	(9,979,021)	(3,223,310)	(216,729,282)	(9,079,571)	(239,011,184)

31 December 2022 (SR)				
Assets for remaining coverage		Assets for incurred claims		Total
Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
(35,563,093)	(96,007)	(167,585,936)	(8,159,359)	(211,404,395)
–	–	–	–	–
(35,563,093)	(96,007)	(167,585,936)	(8,159,359)	(211,404,395)
123,662,175	–	–	–	123,662,175
–	(24,947,905)	–	–	(24,947,905)
–	–	(94,022,326)	(6,798,518)	(100,820,844)
–	22,087,801	–	–	22,087,801
–	–	3,320,741	352,296	3,673,037
–	22,087,801	(90,701,585)	(6,446,222)	(75,060,006)
–	2,337,534	–	–	2,337,534
–	–	–	–	–
123,662,175	(522,570)	(90,701,585)	(6,446,222)	25,991,798
328,982	(338,376)	(1,215,018)	–	(1,224,412)
37,488	–	424,856	122,126	584,470
124,028,645	(860,946)	(91,491,747)	(6,324,096)	25,351,856
(40,689,206)	–	(22,951,184)	–	(63,640,390)
–	–	60,499,004	–	60,499,004
(40,689,206)	–	37,547,820	–	(3,141,386)
(34,134,901)	–	34,134,901	–	–
13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)
13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)
–	–	–	–	–
13,641,445	(956,953)	(187,394,962)	(14,483,455)	(189,193,925)

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts				
Retrocession contract assets	(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)
Retrocession contract liabilities	–	–	–	–
Net opening balance	(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	54,984,219	54,984,219
Change in the risk adjustment for non-financial risk for the risk expired	–	6,152	–	6,152
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	(4,681,209)	–	(4,681,209)
Experience adjustments	(62,192,072)	–	–	(62,192,072)
Changes that relate to future services				
Contracts initially recognised in the period	35,984,826	(1,281,283)	(65,928,322)	(31,224,779)
Changes in recoveries of losses on onerous contracts that adjust the CSM	1,909,909	(1,280,204)	(629,705)	–
Changes in estimates that adjust the CSM	(2,138,749)	(707,665)	2,846,414	–
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	(2,843,890)	3,247,062	2,594,337	2,997,509
Changes that relate to past services				
Adjustments to liabilities for incurred claims	42,858,100	10,264,260	–	53,122,360
Effect of changes in the risk of reinsurers non-performance	266,372	–	–	266,372
Net expenses/(income) from retrocession contracts	13,844,496	5,567,113	(6,133,057)	13,278,552
Net finance (income)/expense from retrocession contracts	(3,422,289)	–	(4,348,428)	(7,770,717)
Effect of movement in exchange rates	(23,209)	1,490	–	(21,719)
Total changes in the statement of income	10,398,998	5,568,603	(10,481,485)	5,486,116
Cash flows				
Premiums, net of ceding commissions, paid	(169,633,674)	–	–	(169,633,674)
Recoveries from retrocession	114,330,299	–	–	114,330,299
	(55,303,375)	–	–	(55,303,375)
Net closing balance	(191,510,646)	(10,478,413)	(37,022,125)	(239,011,184)
Retrocession contract assets	(191,510,646)	(10,478,413)	(37,022,125)	(239,011,184)
Retrocession contract liabilities	–	–	–	–
Net closing balance	(191,510,646)	(10,478,413)	(37,022,125)	(239,011,184)

31 December 2022 (SR)			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
(168,682,099)	(9,185,729)	(33,536,567)	(211,404,395)
–	–	–	–
(168,682,099)	(9,185,729)	(33,536,567)	(211,404,395)
–	–	42,970,094	42,970,094
–	6,485	–	6,485
–	(6,798,518)	–	(6,798,518)
8,751,071	–	–	8,751,071
47,646,069	(1,818,633)	(70,775,341)	(24,947,905)
(22,197,723)	(2,032,552)	24,230,275	–
(1,682,034)	(482,905)	2,164,939	–
(11,224,994)	3,790,414	9,772,114	2,337,534
3,320,741	352,296	–	3,673,037
–	–	–	–
24,613,130	(6,983,413)	8,362,081	25,991,798
141,742	–	(1,366,154)	(1,224,412)
462,344	122,126	–	584,470
25,217,216	(6,861,287)	6,995,927	25,351,856
(63,640,390)	–	–	(63,640,390)
60,499,004	–	–	60,499,004
(3,141,386)	–	–	(3,141,386)
(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)
(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)
–	–	–	–
(146,606,269)	(16,047,016)	(26,540,640)	(189,193,925)

Notes to the Financial Statements →

ii. Motor

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract liabilities	(23,884,886)	4,753,741	113,863,102	2,612,695	97,344,652
Reinsurance contract assets	(127,241)	–	(10,020,793)	106,284	(10,041,750)
Net opening balance	(24,012,127)	4,753,741	103,842,309	2,718,979	87,302,902
Changes in the statement of income					
Reinsurance revenue	(44,815,065)	–	–	–	(44,815,065)
Reinsurance service expenses					
Incurred claims and other directly attributable expenses	–	(7,696,188)	40,960,936	651,362	33,916,110
Amortisation of insurance acquisition cash flows	698,286	–	–	–	698,286
Losses and reversals of losses on onerous contracts, net	–	2,708,111	–	–	2,708,111
Adjustments to liabilities for incurred claims	–	–	4,651,137	(1,550,135)	3,101,002
	698,286	(4,988,077)	45,612,073	(898,773)	40,423,509
Investment components	(21,110)	–	21,110	–	–
Reinsurance service result – Gross	(44,137,889)	(4,988,077)	45,633,183	(898,773)	(4,391,556)
Net finance expenses/(income) from reinsurance contracts	(679,322)	573,436	8,376,198	–	8,270,312
Effect of movement in exchange rates	1,278	–	(236,628)	(16,692)	(252,042)
Total changes in the statement of income	(44,815,933)	(4,414,641)	53,772,753	(915,465)	3,626,714
Cash flows					
Premiums, net of ceding commission, received	26,690,428	–	1,159,766	–	27,850,194
Claims and other reinsurance service expenses paid	–	–	(18,141,532)	–	(18,141,532)
Reinsurance acquisition cash flows	(614,631)	–	–	–	(614,631)
	26,075,797	–	(16,981,766)	–	9,094,031
Changes that relate to premium receivables – premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	47,646,522	–	(47,646,522)	–	–
Net closing balance	4,894,259	339,100	92,986,774	1,803,514	100,023,647
Reinsurance contract liabilities	4,894,259	339,100	93,462,801	1,796,415	100,492,575
Reinsurance contract assets	–	–	(476,027)	7,099	(468,928)
Net closing balance	4,894,259	339,100	92,986,774	1,803,514	100,023,647

31 December 2022 (SR)				
Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
(13,566,864)	740,490	116,247,398	2,550,661	105,971,685
(389,247)	–	(7,635,652)	145,672	(7,879,227)
(13,956,111)	740,490	108,611,746	2,696,333	98,092,458
(82,155,260)	–	–	–	(82,155,260)
–	(2,109,414)	69,932,212	1,296,451	69,119,249
861,521	–	–	–	861,521
–	6,080,067	–	–	6,080,067
–	–	(11,416,240)	(1,224,531)	(12,640,771)
861,521	3,970,653	58,515,972	71,920	63,420,066
(893,251)	–	893,251	–	–
(82,186,990)	3,970,653	59,409,223	71,920	(18,735,194)
(1,004,429)	42,598	611,368	–	(350,463)
10,825	–	4,608,472	(49,274)	4,570,023
(83,180,594)	4,013,251	64,629,063	22,646	(14,515,634)
27,251,641	–	26,207,175	–	53,458,816
–	–	(48,988,503)	–	(48,988,503)
(744,235)	–	–	–	(744,235)
26,507,406	–	(22,781,328)	–	3,726,078
46,617,172	–	(46,617,172)	–	–
(24,012,127)	4,753,741	103,842,309	2,718,979	87,302,902
(23,884,886)	4,753,741	113,863,102	2,612,695	97,344,652
(127,241)	–	(10,020,793)	106,284	(10,041,750)
(24,012,127)	4,753,741	103,842,309	2,718,979	87,302,902

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts				
Reinsurance contract liabilities	87,235,597	2,955,039	7,154,016	97,344,652
Reinsurance contract assets	(10,180,722)	107,678	31,294	(10,041,750)
Net opening balance	77,054,875	3,062,717	7,185,310	87,302,902
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	(14,662,348)	(14,662,348)
Change in the risk adjustment for non-financial risk for the risk expired	–	(9,169)	–	(9,169)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	651,362	–	651,362
Experience adjustments	3,819,486	–	–	3,819,486
Changes that relate to future services				
Contracts initially recognised in the period	(6,920,710)	595,887	11,473,797	5,148,974
Changes in estimates that adjust the CSM	3,328,102	(729,715)	(2,598,387)	–
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	(2,334,066)	(106,797)	–	(2,440,863)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	4,651,137	(1,550,135)	–	3,101,002
Reinsurance service result – Gross	2,543,949	(1,148,567)	(5,786,938)	(4,391,556)
Net finance expenses/(income) from reinsurance contracts	7,374,472	159	895,681	8,270,312
Effect of movement in exchange rates	(235,335)	(16,707)	–	(252,042)
Total changes in the statement of income	9,683,086	(1,165,115)	(4,891,257)	3,626,714
Cash flows				
Premiums, net of ceding commission, received	27,850,194	–	–	27,850,194
Claims and other reinsurance service expenses paid	(18,141,532)	–	–	(18,141,532)
Reinsurance acquisition cash flows	(614,631)	–	–	(614,631)
	9,094,031	–	–	9,094,031
Net closing balance	95,831,992	1,897,602	2,294,053	100,023,647
Reinsurance contract liabilities	96,308,019	1,890,503	2,294,053	100,492,575
Reinsurance contract assets	(476,027)	7,099	–	(468,928)
Net closing balance	95,831,992	1,897,602	2,294,053	100,023,647

	31 December 2022 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	99,115,959	3,020,824	3,834,902	105,971,685
	(8,067,248)	154,307	33,714	(7,879,227)
	91,048,711	3,175,131	3,868,616	98,092,458
	–	–	(15,973,250)	(15,973,250)
	–	(5,168)	–	(5,168)
	–	1,296,451	–	1,296,451
	2,507,477	–	–	2,507,477
	(9,586,731)	889,776	10,569,766	1,872,811
	(7,541,537)	(933,708)	8,475,245	–
	4,293,128	(85,872)	–	4,207,256
	(11,416,240)	(1,224,531)	–	(12,640,771)
	(21,743,903)	(63,052)	3,071,761	(18,735,194)
	(595,396)	–	244,933	(350,463)
	4,619,385	(49,362)	–	4,570,023
	(17,719,914)	(112,414)	3,316,694	(14,515,634)
	53,458,816	–	–	53,458,816
	(48,988,503)	–	–	(48,988,503)
	(744,235)	–	–	(744,235)
	3,726,078	–	–	3,726,078
	77,054,875	3,062,717	7,185,310	87,302,902
	87,235,597	2,955,039	7,154,016	97,344,652
	(10,180,722)	107,678	31,294	(10,041,750)
	77,054,875	3,062,717	7,185,310	87,302,902

Notes to the Financial Statements →

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Retrocession contracts					
Retrocession contract assets	31,366	–	(79,061)	(4,455)	(52,150)
Net opening balance	31,366	–	(79,061)	(4,455)	(52,150)
Allocation of reinsurance premiums paid	(22,359)	–	–	–	(22,359)
Amounts recoverable from retrocessionaires	–	–			
Recoveries of incurred claims and other reinsurance services	–	–	(24,051)	(865)	(24,916)
Adjustments to assets for incurred claims	–	–	82,191	4,437	86,628
Net expenses/(income) from retrocession contracts	(22,359)	–	58,140	3,572	39,353
Net finance income from retrocession contracts	923	–	(4,341)	–	(3,418)
Effect of movement in exchange rates	–	–	–	–	–
Total changes in the statement of income	(21,436)	–	53,799	3,572	35,935
Cash flows					
Recoveries from retrocession	–	–	2,650	–	2,650
	–	–	2,650	–	2,650
Net closing balance	9,930	–	(22,612)	(883)	(13,565)
Retrocession contract assets	9,930	–	(22,612)	(883)	(13,565)
Net closing balance	9,930	–	(22,612)	(883)	(13,565)

	31 December 2022 (SR)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
	56,049	–	(114,431)	(3,635)	(62,017)
	56,049	–	(114,431)	(3,635)	(62,017)
	(25,729)	–	–	–	(25,729)
	–	–			
	–	–	(70,682)	(3,986)	(74,668)
	–	–	108,349	3,166	111,515
	(25,729)	–	37,667	(820)	11,118
	1,046	–	(2,272)	–	(1,226)
	–	–	(25)	–	(25)
	(24,683)	–	35,370	(820)	9,867
	–	–	–	–	–
	–	–	–	–	–
	31,366	–	(79,061)	(4,455)	(52,150)
	31,366	–	(79,061)	(4,455)	(52,150)
	31,366	–	(79,061)	(4,455)	(52,150)

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts				
Retrocession contract assets	(79,089)	(4,455)	31,394	(52,150)
Net opening balance	(79,089)	(4,455)	31,394	(52,150)
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	(42,191)	(42,191)
Change in the risk adjustment for non-financial risk for the risk expired	–	5	–	5
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	(865)	–	(865)
Experience adjustments	(4,224)	–	–	(4,224)
Changes that relate to future services				
Contracts initially recognised in the period	(24,122)	(929)	25,051	–
Changes in estimates that adjust the CSM	–	–	–	–
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	5,759	924	(6,683)	–
Changes that relate to past services				
Adjustments to liabilities for incurred claims	82,191	4,437	–	86,628
Net expenses/(income) from retrocession contracts	59,604	3,572	(23,823)	39,353
Net finance income from retrocession contracts	(5,805)	–	2,387	(3,418)
Effect of movement in exchange rates	–	–	–	–
Total changes in the statement of income	53,799	3,572	(21,436)	35,935
Cash flows				
Recoveries from retrocession	2,650	–		2,650
	2,650	–		2,650
Net closing balance	(22,640)	(883)	9,958	(13,565)
Retrocession contract assets	(22,640)	(883)	9,958	(13,565)
Net closing balance	(22,640)	(883)	9,958	(13,565)

31 December 2022 (SR)			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
(114,431)	(3,635)	56,049	(62,017)
(114,431)	(3,635)	56,049	(62,017)
–	–	(83,200)	(83,200)
–	19	–	19
–	(3,986)	–	(3,986)
(13,230)	–	–	(13,230)
(79,253)	(3,986)	83,239	–
21	(17)	(4)	–
23,132	3,984	(27,116)	–
108,349	3,166	–	111,515
39,019	(820)	(27,081)	11,118
(3,652)	–	2,426	(1,226)
(25)	–	–	(25)
35,342	(820)	(24,655)	9,867
–	–	–	–
–	–	–	–
(79,089)	(4,455)	31,394	(52,150)
(79,089)	(4,455)	31,394	(52,150)
(79,089)	(4,455)	31,394	(52,150)

iii. Protection

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract liabilities	(5,400,194)	72,536	45,532,445	684,231	40,889,018
Reinsurance contract assets	(5,545,719)	49	(3,521,022)	236,465	(8,830,227)
Net opening balance	(10,945,913)	72,585	42,011,423	920,696	32,058,791
Changes in the statement of income					
Reinsurance revenue	(6,564,203)	–	–	–	(6,564,203)
Reinsurance service expenses					
Incurred claims and other directly attributable expenses	–	(161,128)	15,924,409	141,623	15,904,904
Amortisation of insurance acquisition cash flows	684,839	–	–	–	684,839
Losses and reversals of losses on onerous contracts, net	–	1,172,605	–	–	1,172,605
Adjustments to liabilities for incurred claims	–	–	(11,620,331)	(439,965)	(12,060,296)
	684,839	1,011,477	4,304,078	(298,342)	5,702,052
Investment components	(2,363)	–	2,363	–	–
Reinsurance service result – Gross	(5,881,727)	1,011,477	4,306,441	(298,342)	(862,151)
Net finance expenses from reinsurance contracts	(2,787,706)	28,486	4,940,489	–	2,181,269
Effect of movement in exchange rates	108,812	–	(536,007)	(12,415)	(439,610)
Total changes in the statement of income	(8,560,621)	1,039,963	8,710,923	(310,757)	879,508
Cash flows					
Premiums, net of ceding commission, received	9,945,674	–	31,624,950	–	41,570,624
Claims and other reinsurance service expenses paid	–	–	(48,143,398)	–	(48,143,398)
Reinsurance acquisition cash flows	(663,234)	–	–	–	(663,234)
	9,282,440	–	(16,518,448)	–	(7,236,008)
Changes that relate to premium receivables – premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	9,240,236	–	(9,240,236)	–	–
Net closing balance	(983,858)	1,112,548	24,963,662	609,939	25,702,291
Reinsurance contract liabilities	(991,187)	1,112,548	26,465,597	532,591	27,119,549
Reinsurance contract assets	7,329	–	(1,501,935)	77,348	(1,417,258)
Net closing balance	(983,858)	1,112,548	24,963,662	609,939	25,702,291

Notes to the Financial Statements →

31 December 2022 (SR)				
Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
(4,650,734)	9,530	62,586,521	1,234,628	59,179,945
(10,886,897)	2,592,477	1,638,333	198,599	(6,457,488)
(15,537,631)	2,602,007	64,224,854	1,433,227	52,722,457
(17,207,163)	–	–	–	(17,207,163)
–	(2,883,905)	14,675,550	529,083	12,320,728
656,567	–	–	–	656,567
–	66,392	–	—	66,392
–	–	3,831,286	(902,171)	2,929,115
656,567	(2,817,513)	18,506,836	(373,088)	15,972,802
(68,057)	–	68,057	–	–
(16,618,653)	(2,817,513)	18,574,893	(373,088)	(1,234,361)
(1,058,094)	288,091	2,301,597	–	1,531,594
3,799,312	–	(1,714,524)	(139,443)	1,945,345
(13,877,435)	(2,529,422)	19,161,966	(512,531)	2,242,578
4,941,046	–	56,081,523	–	61,022,569
–	–	(82,966,860)	–	(82,966,860)
(961,953)	–	–	–	(961,953)
3,979,093	–	(26,885,337)	–	(22,906,244)
14,490,060	–	(14,490,060)	–	–
(10,945,913)	72,585	42,011,423	920,696	32,058,791
(5,400,194)	72,536	45,532,445	684,231	40,889,018
(5,545,719)	49	(3,521,022)	236,465	(8,830,227)
(10,945,913)	72,585	42,011,423	920,696	32,058,791

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts				
Reinsurance contract liabilities	40,085,048	731,233	72,737	40,889,018
Reinsurance contract assets	(10,463,904)	251,219	1,382,458	(8,830,227)
Net opening balance	29,621,144	982,452	1,455,195	32,058,791
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	(1,365,673)	(1,365,673)
Change in the risk adjustment for non-financial risk for the risk expired	–	(2,309)	–	(2,309)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	141,623	–	141,623
Experience adjustments	11,251,899	–	–	11,251,899
Changes that relate to future services				
Contracts initially recognised in the period	(1,103,027)	181,426	1,079,250	157,649
Changes in estimates that adjust the CSM	1,095,442	(147,847)	(947,595)	–
Changes in estimates that result in losses and reversals of losses on onerous contracts, net	1,056,303	(41,347)	–	1,014,956
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(11,620,330)	(439,966)	–	(12,060,296)
Reinsurance service result – Gross	680,287	(308,420)	(1,234,018)	(862,151)
Net finance expenses from reinsurance contracts	2,072,414	6,952	101,903	2,181,269
Effect of movement in exchange rates	(421,965)	(17,645)	–	(439,610)
Total changes in the statement of income	2,330,736	(319,113)	(1,132,115)	879,508
Cash flows				
Premiums, net of ceding commission, received	41,570,624	–	–	41,570,624
Claims and other reinsurance service expenses paid	(48,143,398)	–	–	(48,143,398)
Reinsurance acquisition cash flows	(663,234)	–	–	(663,234)
	(7,236,008)	–	–	(7,236,008)
Net closing balance	24,715,872	663,339	323,080	25,702,291
Reinsurance contract liabilities	26,261,115	585,732	272,702	27,119,549
Reinsurance contract assets	(1,545,243)	77,607	50,378	(1,417,258)
Net closing balance	24,715,872	663,339	323,080	25,702,291

31 December 2022 (SR)			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
57,425,537	1,255,440	498,968	59,179,945
(7,331,499)	222,379	651,632	(6,457,488)
50,094,038	1,477,819	1,150,600	52,722,457
–	–	(8,669,280)	(8,669,280)
–	(769)	–	(769)
–	528,847	–	528,847
3,911,334	–	–	3,911,334
(1,573,669)	137,536	1,504,459	68,326
(7,328,579)	(96,564)	7,425,143	–
12,922	(14,856)	–	(1,934)
3,831,287	(902,172)	–	2,929,115
(1,146,705)	(347,978)	260,322	(1,234,361)
1,487,321	–	44,273	1,531,594
2,092,734	(147,389)	–	1,945,345
2,433,350	(495,367)	304,595	2,242,578
61,022,569	–	–	61,022,569
(82,966,860)	–	–	(82,966,860)
(961,953)	–	–	(961,953)
(22,906,244)	–	–	(22,906,244)
29,621,144	982,452	1,455,195	32,058,791
40,085,048	731,233	72,737	40,889,018
(10,463,904)	251,219	1,382,458	(8,830,227)
29,621,144	982,452	1,455,195	32,058,791

Notes to the Financial Statements →

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Retrocession contracts					
Retrocession contract assets	–	–	–	–	–
Retrocession contract liabilities	351	(363)	53,374	(1,021)	52,341
Net opening balance	351	(363)	53,374	(1,021)	52,341
Allocation of reinsurance premiums paid	110,500	–	–	–	110,500
Income on initial recognition of onerous underlying reinsurance contracts	–	(788)	–	–	(788)
Amounts recoverable from retrocessionaires					
Recoveries of incurred claims and other reinsurance services	–	–	(874)	–	(874)
Recoveries and reversals of recoveries of losses on onerous underlying reinsurance contracts, net	–	806	–	–	806
Adjustments to assets for incurred claims	–	–	263,867	360	264,227
	–	806	262,993	360	264,159
Changes that relate to future service	–	(5,075)	–	–	(5,075)
Effect of changes in the risk of reinsurers non-performance	–	–	(402)	–	(402)
Net expenses/(income) from retrocession contracts	110,500	(5,057)	262,591	360	368,394
Net finance expense/(income) from retrocession contracts	6,975	(142)	419	–	7,252
Effect of movement in exchange rates	–	–	(3)	–	(3)
Total changes in the statement of income	117,475	(5,199)	263,007	360	375,643
Cash flows					
Premiums, net of ceding commissions, paid	(113,696)	–	(125,509)	–	(239,205)
Recoveries from retrocession	–	–	874	–	874
	(113,696)	–	(124,635)	–	(238,331)
Changes that relate to premium payables – premiums expected to be paid transferred from the liabilities for remaining coverage to the liabilities for incurred claims	(2,822)	–	2,822	–	–
Net closing balance	1,308	(5,562)	194,568	(661)	189,653
Retrocession contract liabilities	1,308	(5,562)	194,568	(661)	189,653
Net closing balance	1,308	(5,562)	194,568	(661)	189,653

31 December 2022 (SR)				
Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
–	–	(71,074)	(3,425)	(74,499)
–	–	–	–	–
–	–	(71,074)	(3,425)	(74,499)
272,217	–	–	–	272,217
–	(342)	–	–	(342)
–	–	(1,529)	–	(1,529)
–	81	–	–	81
–	–	195,745	2,404	198,149
–	81	194,216	2,404	196,701
–	(96)	–	–	(96)
–	–	–	–	–
272,217	(357)	194,216	2,404	468,480
9	(6)	(913)	–	(910)
–	–	–	–	–
272,226	(363)	193,303	2,404	467,570
(271,875)	–	(70,214)	–	(342,089)
–	–	1,359	–	1,359
(271,875)	–	(68,855)	–	(340,730)
–	–	–	–	–
351	(363)	53,374	(1,021)	52,341
351	(363)	53,374	(1,021)	52,341
351	(363)	53,374	(1,021)	52,341

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts				
Retrocession contract assets	–	–	–	–
Retrocession contract liabilities	53,346	(1,021)	16	52,341
Net opening balance	53,346	(1,021)	16	52,341
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	108,403	108,403
Experience adjustments	2,029	–	–	2,029
Changes that relate to future services				
Contracts initially recognised in the period	201,308	–	(202,096)	(788)
Changes in recoveries of losses on onerous contracts that adjust the CSM	–	–	–	–
Changes in estimates that adjust the CSM	(1,457)	(207)	1,664	–
Changes in estimates that relate to losses and reversals of losses on onerous underlying reinsurance contracts, net	(105,318)	207	100,036	(5,075)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	263,867	360	–	264,227
Effect of changes in the risk of reinsurers non-performance	(402)	–	–	(402)
Net expenses/(income) from retrocession contracts	360,027	360	8,007	368,394
Net finance income from retrocession contracts	19,530	–	(12,278)	7,252
Effect of movement in exchange rates	(3)	–	–	(3)
Total changes in the statement of income	379,554	360	(4,271)	375,643
Cash flows				
Premiums, net of ceding commissions, paid	(239,205)	–	–	(239,205)
Recoveries from retrocession	874	–	–	874
	(238,331)	–	–	(238,331)
Net closing balance	194,569	(661)	(4,255)	189,653
Retrocession contract liabilities	194,569	(661)	(4,255)	189,653
Net closing balance	194,569	(661)	(4,255)	189,653

Notes to the Financial Statements →

31 December 2022 (SR)			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
(71,074)	(3,425)	–	(74,499)
–	–	–	–
(71,074)	(3,425)	–	(74,499)
–	–	10,402	10,402
260,367	–	–	260,367
258,266	–	(258,608)	(342)
–	–	–	–
163	(67)	(96)	–
(252,988)	67	252,825	(96)
195,745	2,404	–	198,149
–	–	–	–
461,553	2,404	4,523	468,480
3,597	–	(4,507)	(910)
–	–	–	–
465,150	2,404	16	467,570
(342,089)	–	–	(342,089)
1,359	–	–	1,359
(340,730)	–	–	(340,730)
53,346	(1,021)	16	52,341
53,346	(1,021)	16	52,341
53,346	(1,021)	16	52,341

iv. Medical

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract liabilities	(5,339,325)	–	74,596,901	1,972,562	71,230,138
Reinsurance contract assets	–	–	(327,529)	63	(327,466)
Net opening balance	(5,339,325)	–	74,269,372	1,972,625	70,902,672
Changes in the statement of income					
Reinsurance revenue	(16,336,497)	–	–	–	(16,336,497)
Reinsurance service expenses					
Incurred claims and other directly attributable expenses	–	(477,269)	19,334,001	768,037	19,624,769
Amortisation of insurance acquisition cash flows	968,347	–	–	–	968,347
Losses and reversals of losses on onerous contracts, net	–	1,034,425	–	–	1,034,425
Adjustments to liabilities for incurred claims	–	–	(11,312,152)	(1,581,992)	(12,894,144)
	968,347	557,156	8,021,849	(813,955)	8,733,397
Reinsurance service result – Gross	(15,368,150)	557,156	8,021,849	(813,955)	(7,603,100)
Net finance expenses from reinsurance contracts	(1,776,457)	52,969	3,564,518	–	1,841,030
Effect of movement in exchange rates	–	–	8,945	(479)	8,466
Total changes in the statement of income	(17,144,607)	610,125	11,595,312	(814,434)	(5,753,604)
Cash flows					
Premiums, net of ceding commission, received	5,656,898	–	33,800,924	–	39,457,822
Claims and other reinsurance service expenses paid	–	–	(95,425,860)	–	(95,425,860)
Reinsurance acquisition cash flows	(1,346,217)	–	–	–	(1,346,217)
	4,310,681	–	(61,624,936)	–	(57,314,255)
Changes that relate to premium receivables – premiums expected to be received transferred from the liabilities for remaining coverage to the liabilities for incurred claims	18,401,457	–	(18,401,457)	–	–
Net closing balance	228,206	610,125	5,838,291	1,158,191	7,834,813
Reinsurance contract liabilities	228,206	610,125	5,873,662	1,156,299	7,868,292
Reinsurance contract assets	–	–	(35,371)	1,892	(33,479)
Net closing balance	228,206	610,125	5,838,291	1,158,191	7,834,813

31 December 2022 (SR)				
Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
446,575	4,953,570	76,476,830	3,477,668	85,354,643
–	–	(326,964)	138	(326,826)
446,575	4,953,570	76,149,866	3,477,806	85,027,817
(48,195,625)	–	–	–	(48,195,625)
–	(5,028,566)	44,437,809	1,832,963	41,242,206
1,154,185	–	–	–	1,154,185
–	(10,363)	–	–	(10,363)
–	–	4,711,804	(3,338,156)	1,373,648
1,154,185	(5,038,929)	49,149,613	(1,505,193)	43,759,676
(47,041,440)	(5,038,929)	49,149,613	(1,505,193)	(4,435,949)
(1,620,353)	85,359	2,746,157	–	1,211,163
–	–	314,656	12	314,668
(48,661,793)	(4,953,570)	52,210,426	(1,505,181)	(2,910,118)
1,737,937	–	38,848,855	–	40,586,792
–	–	(50,869,946)	–	(50,869,946)
(931,873)	–	–	–	(931,873)
806,064	–	(12,021,091)	–	(11,215,027)
42,069,829	–	(42,069,829)	–	–
(5,339,325)	–	74,269,372	1,972,625	70,902,672
(5,339,325)	–	74,596,901	1,972,562	71,230,138
–	–	(327,529)	63	(327,466)
(5,339,325)	–	74,269,372	1,972,625	70,902,672

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Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts				
Reinsurance contract liabilities	68,788,130	2,041,689	400,319	71,230,138
Reinsurance contract assets	(327,529)	63	–	(327,466)
Net opening balance	68,460,601	2,041,752	400,319	70,902,672
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	(654,004)	(654,004)
Change in the risk adjustment for non-financial risk for the risk expired	–	(70,517)	–	(70,517)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	768,037	–	768,037
Experience adjustments	4,213,103	–	–	4,213,103
Changes that relate to future services				
Contracts initially recognised in the period	(625,496)	935,866	600,563	910,933
Changes in estimates that adjust the CSM	681,879	(350,600)	(331,279)	–
Changes in estimates that result in losses and reversals of losses on onerous contracts	349,358	(225,866)	–	123,492
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(11,312,152)	(1,581,992)	–	(12,894,144)
Reinsurance service result – Gross	(6,693,308)	(525,072)	(384,720)	(7,603,100)
Net finance expenses from reinsurance contracts	1,793,479	–	47,551	1,841,030
Effect of movement in exchange rates	8,944	(478)	–	8,466
Total changes in the statement of income	(4,890,885)	(525,550)	(337,169)	(5,753,604)
Cash flows				
Premiums, net of ceding commission, received	39,457,822	–	–	39,457,822
Claims and other insurance service expenses paid	(95,425,860)	–	–	(95,425,860)
Insurance acquisition cash flows	(1,346,217)	–	–	(1,346,217)
	(57,314,255)	–	–	(57,314,255)
Net closing balance	6,255,461	1,516,202	63,150	7,834,813
Reinsurance contract liabilities	6,290,832	1,514,310	63,150	7,868,292
Reinsurance contract assets	(35,371)	1,892	–	(33,479)
Net closing balance	6,255,461	1,516,202	63,150	7,834,813

	31 December 2022 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	78,573,647	5,386,672	1,394,324	85,354,643
	(326,964)	138	–	(326,826)
	78,246,683	5,386,810	1,394,324	85,027,817
	–	–	(3,907,116)	(3,907,116)
	–	(21,436)	–	(21,436)
	–	1,832,964	–	1,832,964
	(3,703,646)	–	–	(3,703,646)
	(507,036)	230,603	444,506	168,073
	(568,359)	(1,870,609)	2,438,968	–
	–	(178,436)	–	(178,436)
	4,711,804	(3,338,156)	–	1,373,648
	(67,237)	(3,345,070)	(1,023,642)	(4,435,949)
	1,181,526	–	29,637	1,211,163
	314,656	12	–	314,668
	1,428,945	(3,345,058)	(994,005)	(2,910,118)
	40,586,792	–	–	40,586,792
	(50,869,946)	–	–	(50,869,946)
	(931,873)	–	–	(931,873)
	(11,215,027)	–	–	(11,215,027)
	68,460,601	2,041,752	400,319	70,902,672
	68,788,130	2,041,689	400,319	71,230,138
	(327,529)	63	–	(327,466)
	68,460,601	2,041,752	400,319	70,902,672

v. Inherent Defects Insurance

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets	(15,604,481)	–	415,524	39,224	(15,149,733)
Net opening balance	(15,604,481)	–	415,524	39,224	(15,149,733)
Changes in the statement of income					
Reinsurance revenue	(11,892,761)	–	–	–	(11,892,761)
Reinsurance service expenses					
Incurred claims and other directly attributable expenses	–	–	28,449,364	1,780,345	30,229,709
Amortisation of insurance acquisition cash flows	265,973	–	–	–	265,973
Adjustments to liabilities for incurred claims	–	–	333,236	(39,224)	294,012
	265,973	–	28,782,600	1,741,121	30,789,694
Reinsurance service result – Gross	(11,626,788)	–	28,782,600	1,741,121	18,896,933
Net finance expenses/(income) from reinsurance contracts	14,301,964	–	40,055	–	14,342,019
Total changes in the statement of income	2,675,176	–	28,822,655	1,741,121	33,238,952
Cash flows					
Premiums, net of ceding commission, received	220,584,554	–	572,057	–	221,156,611
Claims and other reinsurance service expenses paid	–	–	(9,427,605)	–	(9,427,605)
Reinsurance acquisition cash flows	(178,654)	–	–	–	(178,654)
	220,405,900	–	(8,855,548)	–	211,550,352
Net closing balance	207,476,595	–	20,382,631	1,780,345	229,639,571
Reinsurance contract liabilities	207,476,595	–	20,382,631	1,780,345	229,639,571
Reinsurance contract assets	–	–	–	–	–
Net closing balance	207,476,595	–	20,382,631	1,780,345	229,639,571

	31 December 2022 (SR)				
	Liabilities (assets) for remaining coverage		Liabilities (assets) for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
	(166,313)	–	311	26	(165,976)
	(166,313)	–	311	26	(165,976)
	(3,382,594)	–	–	–	(3,382,594)
	–	–	5,559,191	39,224	5,598,415
	251,085	–	–	–	251,085
	–	–	(316)	(26)	(342)
	251,085	–	5,558,875	39,198	5,849,158
	(3,131,509)	–	5,558,875	39,198	2,466,564
	(12,920,317)	–	5	–	(12,920,312)
	(16,051,826)	–	5,558,880	39,198	(10,453,748)
	3,626,617	–	–	–	3,626,617
	–	–	(5,143,667)	–	(5,143,667)
	(3,012,959)	–	–	–	(3,012,959)
	613,658	–	(5,143,667)	–	(4,530,009)
	(15,604,481)	–	415,524	39,224	(15,149,733)
	–	–	–	–	–
	(15,604,481)	–	415,524	39,224	(15,149,733)
	(15,604,481)	–	415,524	39,224	(15,149,733)

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Reinsurance contracts				
Reinsurance contract assets	(138,978,866)	18,959,197	104,869,936	(15,149,733)
Net opening balance	(138,978,866)	18,959,197	104,869,936	(15,149,733)
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	(12,086,926)	(12,086,926)
Change in the risk adjustment for non-financial risk for the risk expired	–	(1,278)	–	(1,278)
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	1,780,345	–	1,780,345
Experience adjustments	28,910,780	–	–	28,910,780
Changes that relate to future services				
Contracts initially recognised in the period	(121,040,047)	18,043,203	102,996,844	–
Changes in estimates that adjust the CSM	(31,547,188)	(2,208,541)	33,755,729	–
Changes that relate to past services				
Adjustments to liabilities for incurred claims	333,236	(39,224)	–	294,012
Reinsurance service result – Gross	(123,343,219)	17,574,505	124,665,647	18,896,933
Net finance expenses/(income) from reinsurance contracts	5,223,511	–	9,118,508	14,342,019
Total changes in the statement of income	(118,119,708)	17,574,505	133,784,155	33,238,952
Cash flows				
Premiums, net of ceding commission, received	221,156,611	–	–	221,156,611
Claims and other reinsurance service expenses paid	(9,427,605)	–	–	(9,427,605)
Reinsurance acquisition cash flows	(178,654)	–	–	(178,654)
	211,550,352	–	–	211,550,352
Net closing balance	(45,548,222)	36,533,702	238,654,091	229,639,571
Reinsurance contract liabilities	(45,548,222)	36,533,702	238,654,091	229,639,571
Reinsurance contract assets	–	–	–	–
Net closing balance	(45,548,222)	36,533,702	238,654,091	229,639,571

31 December 2022 (SR)			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
(210,850)	310	44,564	(165,976)
(210,850)	310	44,564	(165,976)
–	–	(481,974)	(481,974)
–	–	–	–
–	39,224	–	39,224
2,909,656	–	–	2,909,656
(111,879,169)	17,818,183	94,060,986	–
(10,707,998)	1,101,506	9,606,492	–
(316)	(26)	–	(342)
(119,677,827)	18,958,887	103,185,504	2,466,564
(14,560,180)	–	1,639,868	(12,920,312)
(134,238,007)	18,958,887	104,825,372	(10,453,748)
3,626,617	–	–	3,626,617
(5,143,667)	–	–	(5,143,667)
(3,012,959)	–	–	(3,012,959)
(4,530,009)	–	–	(4,530,009)
(138,978,866)	18,959,197	104,869,936	(15,149,733)
–	–	–	–
(138,978,866)	18,959,197	104,869,936	(15,149,733)
(138,978,866)	18,959,197	104,869,936	(15,149,733)

Retrocession contracts

Analysis by remaining coverage and incurred claims

	31 December 2023 (SR)				
	Liabilities (assets) for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Retrocession contracts					
Retrocession contract assets	–	–	–	–	–
Retrocession contract liabilities	12,543,326	–	(401,978)	(37,945)	12,103,403
Net opening balance	12,543,326	–	(401,978)	(37,945)	12,103,403
Allocation of reinsurance premiums paid	4,184,437	–	–	–	4,184,437
Amounts recoverable from retrocessionaires					
Recoveries of incurred claims and other reinsurance services	–	–	(20,011,892)	(1,722,105)	(21,733,997)
Adjustments to assets for incurred claims	–	–	333,054	37,945	370,999
	–	–	(19,678,838)	(1,684,160)	(21,362,998)
Effect of changes in the risk of reinsurers non-performance	1,142,762	–	–	–	1,142,762
Net expenses/(income) from retrocession contracts	5,327,199	–	(19,678,838)	(1,684,160)	(16,035,799)
Net finance (income)/expense from retrocession contracts	(12,397,549)	–	(38,749)	–	(12,436,298)
Total changes in the statement of income	(7,070,350)	–	(19,717,587)	(1,684,160)	(28,472,097)
Cash flows					
Premiums, net of ceding commissions, paid	(184,652,204)	–	(1,871,025)	–	(186,523,229)
Recoveries from retrocession	–	–	2,323,505	–	2,323,505
	(184,652,204)	–	452,480	–	(184,199,724)
Net closing balance	(179,179,228)	–	(19,667,085)	(1,722,105)	(200,568,418)
Retrocession contract assets	(179,179,228)	–	(19,667,085)	(1,722,105)	(200,568,418)
Retrocession contract liabilities	–	–	–	–	–
Net closing balance	(179,179,228)	–	(19,667,085)	(1,722,105)	(200,568,418)

Notes to the Financial Statements →

	31 December 2022 (SR)				
	Liabilities (assets) for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
	379,113	–	(387,411)	(9)	(8,307)
	–	–	–	–	–
	379,113	–	(387,411)	(9)	(8,307)
	(4,028,337)	–	–	–	(4,028,337)
	–	–	(558,335)	(37,945)	(596,280)
	–	–	393,675	9	393,684
	–	–	(164,660)	(37,936)	(202,596)
	–	–	–	–	–
	(4,028,337)	–	(164,660)	(37,936)	(4,230,933)
	12,371,170	–	(6,264)	–	12,364,906
	8,342,833	–	(170,924)	(37,936)	8,133,973
	3,821,380	–	–	–	3,821,380
	–	–	156,357	–	156,357
	3,821,380	–	156,357	–	3,977,737
	12,543,326	–	(401,978)	(37,945)	12,103,403
	–	–	–	–	–
	12,543,326	–	(401,978)	(37,945)	12,103,403
	12,543,326	–	(401,978)	(37,945)	12,103,403

Notes to the Financial Statements →

Analysis by measurement component

	31 December 2023 (SR)			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
Retrocession contracts				
Retrocession contract assets	–	–	–	–
Retrocession contract liabilities	134,773,085	(18,341,127)	(104,328,555)	12,103,403
Net opening balance	134,773,085	(18,341,127)	(104,328,555)	12,103,403
Changes in the statement of income				
Changes that relate to current services				
CSM recognised for the services provided	–	–	9,039,213	9,039,213
Change in the risk adjustment for non-financial risk for the risk expired	–	1,237	–	1,237
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	–	(1,722,105)	–	(1,722,105)
Experience adjustments	(24,867,905)	–	–	(24,867,905)
Changes that relate to future services				
Contracts initially recognised in the period	98,668,701	(17,142,888)	(81,525,813)	98,668,701
Changes in estimates that adjust the CSM	154,901,526		(154,901,526)	154,901,526
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(167,624,714)	2,138,427	165,486,287	(167,624,714)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	333,054	37,945	–	370,999
Effect of changes in the risk of reinsurers non-performance	1,142,762	–	–	1,142,762
Net expenses/(income) from retrocession contracts	62,553,424	(16,687,384)	(61,901,839)	(16,035,799)
Net finance (income)/expense from retrocession contracts	(4,651,549)	–	(7,784,749)	(12,436,298)
Effect of movement in exchange rates	–	–	–	–
Total changes in the statement of income	57,901,875	(16,687,384)	(69,686,588)	(28,472,097)
Cash flows				
Premiums, net of ceding commissions, paid	(186,523,229)	–	–	(186,523,229)
Recoveries from retrocession	2,323,505	–	–	2,323,505
	(184,199,724)	–	–	(184,199,724)
Net closing balance	8,475,236	(35,028,511)	(174,015,143)	(200,568,418)
Retrocession contract assets	8,475,236	(35,028,511)	(174,015,143)	(200,568,418)
Retrocession contract liabilities	–	–	–	–
Net closing balance	8,475,236	(35,028,511)	(174,015,143)	(200,568,418)

Notes to the Financial Statements →

31 December 2022 (SR)			
Present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
(355,293)	(113)	347,099	(8,307)
–	–	–	–
(355,293)	(113)	347,099	(8,307)
–	–	666,078	666,078
–	–	–	–
–	(37,945)	–	(37,945)
(5,252,750)	–	–	(5,252,750)
109,681,234	(17,237,310)	(92,443,924)	–
–	–	–	–
12,358,037	(1,065,768)	(11,292,269)	–
393,675	9	–	393,684
–	–	–	–
117,180,196	(18,341,014)	(103,070,115)	(4,230,933)
13,970,445	–	(1,605,539)	12,364,906
–	–	–	–
131,150,641	(18,341,014)	(104,675,654)	8,133,973
3,821,380	–	–	3,821,380
156,357	–	–	156,357
3,977,737	–	–	3,977,737
134,773,085	(18,341,127)	(104,328,555)	12,103,403
–	–	–	–
134,773,085	(18,341,127)	(104,328,555)	12,103,403
134,773,085	(18,341,127)	(104,328,555)	12,103,403

B. Effect of contracts initially recognized in the year

i. Property and Casualty

	31 December 2023 (SR)			31 December 2022 (SR)		
Reinsurance contracts	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
Claims and other directly attributable expenses	545,628,004	243,317,035	788,945,039	515,824,503	144,349,744	660,174,247
Reinsurance acquisition cash flows	14,231,943	1,877,216	16,109,159	9,922,426	731,227	10,653,653
Estimates of present value of cash outflows	559,859,947	245,194,251	805,054,198	525,746,929	145,080,971	670,827,900
Estimates of present value of cash inflows	(739,349,143)	(132,239,695)	(871,588,838)	(706,046,214)	(89,517,771)	(795,563,985)
Risk adjustment for non-financial risk	13,721,271	6,244,963	19,966,234	7,416,354	2,860,137	10,276,491
CSM	165,767,925	–	165,767,925	172,882,931	–	172,882,931
Losses recognized on initial recognition	–	119,199,519	119,199,519	–	58,423,337	58,423,337

	31 December 2023 (SR)			31 December 2022 (SR)		
Retrocession contracts	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component
Estimates of present value of cash inflows	(62,513,688)	(14,333,891)	(76,847,579)	(42,681,018)	(35,734,995)	(78,416,013)
Estimates of present value of cash outflows	109,996,083	2,836,322	112,832,405	125,004,782	1,057,300	126,062,082
Risk adjustment for non-financial risk	(708,132)	(573,151)	(1,281,283)	(1,281,935)	(536,698)	(1,818,633)
Income recognized on initial recognition	28,343,207	2,881,572	31,224,779	3,019,604	21,928,301	24,947,905
CSM	75,117,470	(9,189,148)	65,928,322	84,061,433	(13,286,092)	70,775,341

ii. Motor

Reinsurance contracts	31 December 2023 (SR)			31 December 2022 (SR)		
	Profitable contracts issued	**Onerous contracts issued**	**Total**	Profitable contracts issued	Onerous contracts issued	Total
Claims and other directly attributable expenses	**35,256,515**	**5,165,941**	**40,422,456**	73,037,629	4,796,819	77,834,448
Reinsurance acquisition cash flows	**577,738**	**1,281**	**579,019**	704,268	24,732	729,000
Estimates of present value of cash outflows	**35,834,253**	**5,167,222**	**41,001,475**	73,741,897	4,821,551	78,563,448
Estimates of present value of cash inflows	**(47,816,240)**	**(105,945)**	**(47,922,185)**	(85,143,405)	(3,006,774)	(88,150,179)
Risk adjustment for non-financial risk	**508,190**	**87,697**	**595,887**	831,742	58,034	889,776
CSM	**11,473,797**	**–**	**11,473,797**	10,569,766	–	10,569,766
Losses recognized on initial recognition	**–**	**5,148,974**	**5,148,974**	–	1,872,811	1,872,811

Retrocession contracts	31 December 2023 (SR)			31 December 2022 (SR)		
	Contracts initiated without loss-recovery component	**Contracts initiated with loss-recovery component**	**Total**	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component
Estimates of present value of cash inflows	**–**	**(24,122)**	**(24,122)**	–	(79,253)	(79,253)
Risk adjustment for non-financial risk	**–**	**(929)**	**(929)**	–	(3,986)	(3,986)
CSM	**–**	**(25,051)**	**(25,051)**	–	(83,239)	(83,239)

iii. Protection

Reinsurance contracts	31 December 2023 (SR) Profitable contracts issued	31 December 2023 (SR) Onerous contracts issued	31 December 2023 (SR) Total	31 December 2022 (SR) Profitable contracts issued	31 December 2022 (SR) Onerous contracts issued	31 December 2022 (SR) Total
Claims and other directly attributable expenses	8,673,887	3,759,611	12,433,498	9,209,074	4,541,048	13,750,122
Reinsurance acquisition cash flows	430,245	179,213	609,458	652,142	259,856	911,998
Estimates of present value of cash outflows	9,104,132	3,938,824	13,042,956	9,861,216	4,800,904	14,662,120
Estimates of present value of cash inflows	(10,308,098)	(3,837,885)	(14,145,983)	(11,450,472)	(4,785,317)	(16,235,789)
Risk adjustment for non-financial risk	124,716	56,710	181,426	84,797	52,739	137,536
CSM	1,079,250	–	1,079,250	1,504,459	–	1,504,459
Losses recognized on initial recognition	–	157,649	157,649	–	68,326	68,326

Retrocession contracts	31 December 2023 (SR) Contracts initiated without loss-recovery component	31 December 2023 (SR) Contracts initiated with loss-recovery component	31 December 2023 (SR) Total	31 December 2022 (SR) Contracts initiated without loss-recovery component	31 December 2022 (SR) Contracts initiated with loss-recovery component	31 December 2022 (SR) Contracts initiated without loss-recovery component
Estimates of present value of cash inflows	(774)	–	(774)	(1,298)	–	(1,298)
Estimates of present value of cash outflows	202,082	–	202,082	259,564	–	259,564
Risk adjustment for non-financial risk	–	–	–	–	–	–
Income recognized on initial recognition	788	–	788	342	–	342
CSM	202,096	–	202,096	258,608	–	258,608

iv. Health

Reinsurance contracts	31 December 2023 (SR) Profitable contracts issued	31 December 2023 (SR) Onerous contracts issued	31 December 2023 (SR) Total	31 December 2022 (SR) Profitable contracts issued	31 December 2022 (SR) Onerous contracts issued	31 December 2022 (SR) Total
Claims and other directly attributable expenses	**13,192,853**	**15,439,307**	**28,632,160**	11,859,784	3,524,452	15,384,236
Reinsurance acquisition cash flows	**621,168**	**654,198**	**1,275,366**	720,644	196,587	917,231
Estimates of present value of cash outflows	**13,814,021**	**16,093,505**	**29,907,526**	12,580,428	3,721,039	16,301,467
Estimates of present value of cash inflows	**(14,870,399)**	**(15,662,623)**	**(30,533,022)**	(13,205,969)	(3,602,534)	(16,808,503)
Risk adjustment for non-financial risk	**455,815**	**480,051**	**935,866**	181,035	49,568	230,603
CSM	**600,563**	**–**	**600,563**	444,506	–	444,506
Losses recognized on initial recognition	**–**	**910,933**	**910,933**	–	168,073	168,073

v. Inherent Defects Insurance

Reinsurance contracts	31 December 2023 (SR) Profitable contracts issued	31 December 2023 (SR) Onerous contracts issued	31 December 2023 (SR) Total	31 December 2022 (SR) Profitable contracts issued	31 December 2022 (SR) Onerous contracts issued	31 December 2022 (SR) Total
Claims and other directly attributable expenses	**206,566,230**	**–**	**206,566,230**	231,492,214	–	231,492,214
Reinsurance acquisition cash flows	**169,252**	**–**	**169,252**	2,965,619	–	2,965,619
Estimates of present value of cash outflows	**206,735,482**	**–**	**206,735,482**	234,457,833	–	234,457,833
Estimates of present value of cash inflows	**(327,775,529)**	**–**	**(327,775,529)**	(346,337,002)	–	(346,337,002)
Risk adjustment for non-financial risk	**18,043,203**	**–**	**18,043,203**	17,818,183	–	17,818,183
CSM	**102,996,844**	**–**	**102,996,844**	94,060,986	–	94,060,986
Losses recognized on initial recognition	**–**	**–**	**–**	–	–	–

Retrocession contracts	31 December 2023 (SR) Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total	31 December 2022 (SR) Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Contracts initiated without loss-recovery component
Estimates of present value of cash inflows	(211,767,721)	–	(211,767,721)	(225,365,181)	–	(225,365,181)
Estimates of present value of cash outflows	310,436,422	–	310,436,422	335,046,415	–	335,046,415
Risk adjustment for non-financial risk	(17,142,888)	–	(17,142,888)	(17,237,310)	–	(17,237,310)
CSM	81,525,813	–	81,525,813	**92,443,924**	**–**	**92,443,924**

C. Contractual service margin

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

Reinsurance contracts	31 December 2023 (SR) 1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
Property and Casualty	54,285,886	6,387,803	847,705	108,426	–	–	61,629,820
Motor	2,050,099	243,954	–	–	–	–	2,294,053
Protection	294,330	21,088	6,953	139	156	414	323,080
Health	58,292	4,858	–	–	–	–	63,150
Inherent Defects Insurance	11,885,755	14,406,654	16,011,280	17,505,669	19,446,614	159,398,119	238,654,091
Total	68,574,362	21,064,357	16,865,938	17,614,234	19,446,770	159,398,533	302,964,194

Reinsurance contracts	31 December 2022 (SR) 1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
Property and Casualty	83,286,463	14,155,749	1,161,910	181,504	25,672	–	98,811,298
Motor	7,012,023	173,287	–	–	–	–	7,185,310
Protection	1,345,516	94,042	9,268	6,229	20	120	1,455,195
Health	367,736	32,583	–	–	–	–	400,319
Inherent Defects Insurance	6,378,780	7,052,956	7,465,321	7,909,313	8,334,942	67,728,624	104,869,936
Total	98,390,518	21,508,617	8,636,499	8,097,046	8,360,634	67,728,744	212,722,058

Retrocession contracts	**31 December 2023 (SR) 1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**More than 5 years**	**Total**
Property and Casualty	**(30,322,934)**	**(4,784,848)**	**(1,412,011)**	**(502,332)**	**–**	**–**	**(37,022,125)**
Motor	**9,958**	**–**	**–**	**–**	**–**	**–**	**9,958**
Protection	**(436)**	**(370)**	**(394)**	**(416)**	**(446)**	**(2,193)**	**(4,255)**
Inherent Defects Insurance	**(8,771,263)**	**(10,602,602)**	**(11,759,553)**	**(12,841,911)**	**(14,254,822)**	**(115,784,992)**	**(174,015,143)**
Total	**(39,084,675)**	**(15,387,820)**	**(13,171,958)**	**(13,344,659)**	**(14,255,268)**	**(115,787,185)**	**(211,031,565)**

Retrocession contracts	31 December 2022 (SR) 1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
Property and Casualty	(22,240,701)	(3,794,115)	(388,938)	(106,336)	(10,550)	–	(26,540,640)
Motor	31,394	–	–	–	–	–	31,394
Protection	16	–	–	–	–	–	16
Inherent Defects Insurance	(6,373,861)	(7,043,912)	(7,447,508)	(7,886,171)	(8,309,656)	(67,267,447)	(104,328,555)
Total	(28,583,152)	(10,838,027)	(7,836,446)	(7,992,507)	(8,320,206)	(67,267,447)	(130,837,785)

D. Claims development table

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

Gross of retrocession

Underwriting year	2013 and prior SR	2014 SR	2015 SR	2016 SR	2017 SR	2018 SR
Estimates of undiscounted gross cumulative claims						
At end of underwriting year	326,968,477	184,231,909	242,728,277	166,267,303	323,560,488	282,831,889
One year later	807,986,514	360,219,868	1,074,743,558	324,048,753	576,963,497	539,563,402
Two years later	834,852,120	350,425,942	1,095,518,847	352,196,791	607,942,353	532,756,041
Three years later	834,092,900	370,528,846	1,068,163,227	360,149,086	635,391,519	530,496,344
Four years later	851,903,428	363,998,517	1,064,368,673	351,483,662	652,240,936	527,369,936
Five years later	833,672,525	365,260,904	1,057,430,481	365,444,867	655,870,563	540,855,987
Six years later	839,691,477	364,410,626	1,060,179,866	357,061,503	678,245,717	–
Seven years later	831,859,149	364,475,688	1,057,901,476	350,059,009	–	–
Eight years later	829,899,368	363,362,558	1,054,468,442	–	–	–
Nine years later	826,438,813	360,962,825	–	–	–	–
Ten years later	822,877,520	–	–	–	–	–
Current estimate of cumulative claims incurred	**822,877,520**	**360,962,825**	**1,054,468,442**	**350,059,009**	**678,245,717**	**540,855,987**
Cumulative payments to date	(802,887,923)	(348,445,213)	(1,038,374,640)	(324,687,011)	(636,518,814)	(471,716,253)
Effect of discounting						
Effect of risk adjustment						
Payable claims and other expenses						
Reinstatement premium						
LIC Others						
Gross liabilities for incurred claims						

	2019 SR	2020 SR	2021 SR	2022 SR	2023 SR	Total SR
	248,740,712	280,902,478	328,909,284	262,523,206	**407,329,820**	
	422,832,375	516,532,228	703,048,055	610,929,239	–	
	435,145,795	578,110,183	736,721,740	–	–	
	441,480,622	515,640,443	–	–	–	
	434,045,275	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	434,045,275	**515,640,443**	**736,721,740**	**610,929,239**	**407,329,820**	**6,512,136,017**
	(370,510,526)	(403,986,934)	(431,611,849)	(110,379,909)	**(4,457,402)**	(4,943,576,474)
						(143,447,799)
						48,013,210
						515,597,793
						(80,307,455)
						(998,529,883)
						909,885,409

Notes to the Financial Statements →

Net of retrocession

Underwriting year	2013 and prior SR	2014 SR	2015 SR	2016 SR	2017 SR	2018 SR
Estimates of undiscounted net cumulative claims						
At end of underwriting year	276,426,974	156,137,999	231,126,743	165,314,261	219,104,644	218,615,217
One year later	601,917,370	316,800,613	994,226,860	325,244,631	410,535,835	427,567,472
Two years later	636,828,522	311,680,480	1,008,411,285	341,080,047	455,321,351	451,638,168
Three years later	647,342,057	342,110,021	985,848,692	355,423,583	444,474,595	450,490,700
Four years later	654,319,612	339,134,581	987,086,976	346,698,613	458,098,595	437,779,889
Five years later	644,531,968	341,005,938	984,113,721	360,667,432	454,219,162	447,974,785
Six years later	650,910,013	328,684,468	986,861,970	352,206,856	457,401,150	–
Seven years later	648,524,320	329,226,785	984,563,442	345,096,168	–	–
Eight years later	649,675,072	328,118,429	981,145,075	–	–	–
Nine years later	647,644,992	325,728,065	–	–	–	–
Ten years later	645,564,036	–	–	–	–	–
Current estimate of cumulative claims incurred	**645,564,036**	**325,728,065**	**981,145,075**	**345,096,168**	**457,401,150**	**447,974,785**
Cumulative payments to date	(626,757,126)	(314,933,212)	(967,998,037)	(321,014,275)	(420,267,732)	(397,591,844)
Effect of discounting						
Effect of risk adjustment						
Payable claims and other expenses						
Reinstatement premium						
LIC Others						
Net liabilities for incurred claims						

Notes to the Financial Statements →

	2019 SR	2020 SR	2021 SR	2022 SR	2023 SR	Total SR
	151,400,260	231,961,998	307,192,228	215,086,418	**334,673,045**	
	316,464,005	438,505,220	636,767,141	521,999,478	–	
	331,955,503	507,552,513	673,959,705	–	–	
	350,965,654	463,387,245	–	–	–	
	345,884,952	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	–	–	–	–	–	
	345,884,952	**463,387,245**	**673,959,705**	**521,999,478**	334,673,045	**5,542,813,704**
	(288,703,612)	(380,963,990)	(388,044,351)	(109,604,334)	**(4,454,908)**	(4,220,333,421)
						(121,861,425)
						37,209,990
						480,525,072
						(58,807,428)
						(996,688,714)
						662,857,778

9. PROPERTY AND EQUIPMENT, NET

	Land SR	Building SR	Computers and equipment SR	Furniture and fixtures SR
Cost:				
As at 1 January 2023	**18,329,960**	**11,454,040**	**16,019,934**	**5,601,695**
Additions during the year	–	–	7,251,332	537,756
Transfers during the year	–	–	–	–
As at 31 December 2023	**18,329,960**	**11,454,040**	**23,271,266**	**6,139,451**
Accumulated depreciation:				
As at 1 January 2023	–	3,094,905	14,752,673	4,409,284
Charged for the year	–	347,092	1,368,991	527,128
As at 31 December 2023	–	3,441,997	16,121,664	4,936,412
Net book value				
As at 31 December 2023		8,012,043	7,149,602	1,203,039

	Land SR	Building SR	Computers and equipment SR	Furniture and fixtures SR
Cost:				
As at 1 January 2022	18,329,960	11,454,040	17,582,988	5,493,505
Additions during the year	–	–	657,565	119,644
Transfers during the year	–	–	(2,220,619)	(11,454)
As at 31 December 2022	18,329,960	11,454,040	16,019,934	5,601,695
Accumulated depreciation:				
As at 1 January 2022	–	2,720,754	15,545,680	3,856,141
Charged for the year	–	374,151	1,427,549	564,660
Disposals during the year	–	–	(2,220,556)	(11,517)
As at 31 December 2022	–	3,094,905	14,752,673	4,409,284
Net book value				
As at 31 December 2022	18,329,960	8,359,135	1,267,261	1,192,411

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

Notes to the Financial Statements →

Motor vehicles	**Leasehold Improvements**	**Work-in-progress***	**Right-of-Use Assets**	**Total**
SR	**SR**	**SR**	**SR**	**SR**
1,144,711	**982,013**	**5,849,089**	**692,419**	**60,073,861**
–	**–**	**3,473,912**	**–**	**11,263,000**
–	**–**	**(7,789,088)**	**–**	**(7,789,088)**
1,144,711	**982,013**	**1,533,913**	**692,419**	**63,547,773**
809,230	**475,025**	**–**	**153,535**	**23,694,652**
143,775	**96,141**	**–**	**230,804**	**2,713,931**
953,005	**571,166**	**–**	**384,339**	**26,408,583**
191,706	**410,847**	**1,533,913**	**308,080**	**37,139,190**

Motor vehicles	Leasehold Improvements	Work-in-progress*	Right-of-Use Assets	Total
SR	SR	SR	SR	SR
1,144,711	982,013	5,273,162	660,129	60,920,508
–	–	575,927	692,419	2,045,555
–	–	–	(660,129)	(2,892,202)
1,144,711	982,013	5,849,089	692,419	60,073,861
665,464	366,595	–	610,047	23,764,681
143,766	108,430	–	203,617	2,822,173
–	–	–	(660,129)	(2,892,202)
809,230	475,025	–	153,535	23,694,652
335,481	506,988	5,849,089	538,884	36,379,209

10. PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS

	31 December 2023 SR	31 December 2022 (Restated) SR	1 January 2022 (Restated) SR
Funds at Lloyds* (refer note 7)	**149,740,267**	–	–
Retroceded share of deposits received against IDI	**–**	62,115,699	–
Premium and claim deposits	**67,756,502**	50,853,839	61,714,784
Refundable deposit (refer note 16)	**40,032,377**	37,857,490	37,857,490
Value added tax	**40,559,340**	44,767,148	34,215,590
Prepaid expenses	**1,071,795**	1,448,207	1,475,008
Advances to employees	**1,250,778**	1,344,516	574,371
Others	**3,506,422**	884,702	481,885
	303,917,481	199,271,601	136,319,128

Funds at Lloyds are neither past due nor impaired and are classified in Stage 1.

11. INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

	31 December 2023 SR	31 December 2022 (Restated) SR	1 January 2022 (Restated) SR
Opening balance	**160,687,437**	132,579,526	120,141,077
Share of profit of equity accounted investee	**40,070,637**	33,104,574	18,657,921
Company's share of other comprehensive income – Impact of foreign currency exchange	**5,038,135**	(8,258,424)	(1,429,969)
Share of capital contribution of investment in equity accounted investee	**3,193,531**	3,261,761	4,631,344
Transition to IFRS 17	**–**	–	(9,420,847)
Closing balance	**208,989,740**	160,687,437	132,579,526

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.

The Company has recognized its share of the management shareholders' share of capital contribution of investment in equity accounted investee amounting to SR 3.2 million during the year, relating to the share options that were granted to certain employees of PHBL by the management shareholders that are funded into an Employee Benefit Trust by them. The following table summarizes the financial information of PHBL as included in its own Financial Statements. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in PHBL.

Notes to the Financial Statements →

	31 December 2023 SR	31 December 2022 (Restated) SR	1 January 2022 (Restated) SR
Percentage ownership interest (%)	49.90	49.90	49.90
Total assets	1,333,803,750	1,123,927,500	1,360,963,729
Total liabilities	944,321,994	831,243,947	1,105,729,202
Net assets (100%)	389,481,756	292,683,553	255,234,527
Company's share of net assets (49.90%)	194,351,396	146,049,093	127,362,029
Goodwill	14,638,344	14,638,344	14,638,344
Transition to IFRS 17	–	–	(9,420,847)
Carrying amount of interest in associate	208,989,740	160,687,437	132,579,526
Profit for the year	80,301,878	66,341,831	37,390,624
Other comprehensive income – Impact of foreign currency translation	10,096,463	(16,549,948)	(2,865,670)
Total comprehensive income (100%)	90,398,341	49,791,883	34,524,954
Company's share of profit for the year	40,070,637	33,104,574	18,657,921
Company's share of Other comprehensive income – Impact of foreign currency translation	5,038,135	(8,258,424)	(1,429,969)
Company's share of total comprehensive income (49.90%)	45,108,772	24,846,150	17,227,952

12. STATUTORY DEPOSIT

The Company has deposited an amount of SR 89.1 million (31 December 2022: SR 89.1 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by Insurance Authority. This statutory deposit cannot be withdrawn without the consent of Insurance Authority. 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 Insurance Authority". The accrued commission on the deposit as at 31 December 2023 is SR 22,056,608 (31 December 2022: SR 22,084,071) whereas accrued commission income payable to Insurance Authority as at 31 December 2023 is SR 25,982,468 (31 December 2022: SR 23,219,213). The balance of SR 3,925,860 at 31 December 2023 which is the difference between the accrued commission on deposit and the accrued commission payable to Insurance Authority (31 December 2022: SR 1,135,142) is maintained in a separate account and presented within cash and bank balances as restricted cash.

13. MARGIN LOAN PAYABLE

In 2020, the Company obtained a margin loan amounting to SR 23,116,816. During 2021, additional drawdown was made amounting to SR 33,680,203. Both of margin loans were fully collateralized against underlying bonds and sukuk. As at 31 December 2023, the fair value of collateral against margin loan payable amount to SR 149,055,664 (31 December 2022: SR 148,772,872).

As at 31 December 2023, the outstanding balance of margin loan payable is SR 56,797,019 (31 December 2022: SR 56,797,019). The loan has no fixed maturity and carries a floating special commission payable on quarterly basis. Average commission rate for the year ended 31 December 2023 ranged from 2.75% to 3.05% (31 December 2022: 0.98% to 1.75%)

14. ACCRUED EXPENSES AND OTHER LIABILITIES

		2022	
	31 December 2023 SR	31 December (Restated) SR	1 January (Restated) SR
Deposits received against IDI	**–**	63,926,709	–
Surplus payable	**28,833,321**	18,908,904	13,549,575
Unallocated cash	**20,904,948**	75,709,557	116,161,361
Value added tax payable	**23,203,294**	19,644,096	9,638,298
Employees bonus	**15,200,003**	6,153,163	5,235,299
Withholding tax payable	**9,359,644**	467,866	199,745
Professional fees payable	**3,984,394**	2,146,425	1,961,432
Directors' remunerations	**2,157,534**	1,900,000	1,900,000
Consultancy fees	**4,138,971**	941,210	1,338,250
Meetings fees and expenses	**1,200,000**	955,000	–
Others	**3,090,363**	4,568,958	9,624,202
	112,072,472	195,321,888	159,608,162

15. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

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

	31 December 2023 SR	31 December 2022 SR
Balance at beginning of the year	**13,867,730**	12,288,391
Current service cost	**1,138,684**	1,106,079
Interest cost	**636,989**	455,052
Amount recognized in income statement	**1,775,673**	1,561,131
Re-measurement loss recognized in other comprehensive income	**3,734,110**	462,092
Benefits paid during the year	**(744,421)**	(443,884)
Balance at the end of the year	**18,633,092**	13,867,730

Notes to the Financial Statements →

Principal actuarial assumptions

The principal actuarial assumptions used are as follows:

	31 December 2023	31 December 2022
Salary growth rate	**5%**	2.90%
Mortality rates	**Permanent Assurances, Males, Combined – A1967/70 Mortality Table**	Permanent Assurances, Males, Combined – A1967/70 Mortality Table
Disability rates	**10% of the assumed mortality rate**	10% of the assumed mortality rate
Discount rate	**5.10%**	4.72%

Assumption on withdrawal rates are as follows:

Employees' age	**31 December 2023 (%)**	31 December 2022 (%)
20 – 35	**30**	30
35 – 40	**20**	20
40 – 45	**20**	20
45 – 100	**–**	–

Sensitivity analysis

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

	31 December 2023		31 December 2022	
	Increase	**Decrease**	Increase	Decrease
Salary growth (0.5% movement)	**776,387**	**(735,451)**	571,871	(541,514)
Mortality rates (10% movement)	**(8,436)**	**8,485**	350	(356)
Discount rate (0.5% movement)	**(698,665)**	**743,293**	(507,337)	539,421
Withdrawal rate (50% movement)	**(603,848)**	**592,999**	(327,207)	217,092

Risks associated with defined benefit plans

Salary increase risk:

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

Longevity risks

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

16. PROVISION FOR ZAKAT AND TAX

(a) Zakat

Zakat charge for the year of SR 33,870,444 (31 December 2022: SR 15,232,686) is based on the following:

	31 December 2023 SR	31 December 2022 SR
Share Capital	**891,000,000**	891,000,000
Statutory reserve – beginning of the year	**43,045,308**	34,749,555
Retained earnings – beginning of the year	**94,814,738**	35,495,182
Adjusted net income for the year	**120,375,250**	52,852,924
Accumulated surplus – beginning of the year	**18,908,904**	13,549,575
Other reserves – beginning of the year	**(11,676,536)**	2,751,420
Provisions	**26,793,071**	15,223,428
	1,183,260,735	1,045,622,084
Deductions:		
Statutory deposit	**(89,100,000)**	(89,100,000)
Other non-current assets	**(403,853,450)**	(412,299,524)
Zakat base	**690,307,285**	544,222,560
Zakat base for Saudi shareholders 99.60% (2022: 99.60%)	**687,546,056**	542,045,670
Zakat provision for the year	**33,870,444**	15,232,686

Notes to the Financial Statements →

(b) Income tax

Income tax for the year of SR 77,588 (31 December 2022: SR 32,820) is based on the following:

	31 December 2023 SR	31 December 2022 SR
Net income for the year	158,562,123	62,103,602
Adjusted profit	129,352,761	54,699,387
Portion of net taxable income for non-Saudi shareholders 0.40% (2022: 0.40%)	517,411	218,798
Non-GCC share in losses carried forward up to 25% of their share from the portion of taxable income	(129,314)	(54,699)
KSA operations' income tax base	388,097	164,098
Labuan branch income tax base	6,153,234	–
Income tax provision for the year	262,185	32,820

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

	31 December 2023 SR	31 December 2022 SR
Opening balance	17,533,163	15,266,235
Income tax provision for the year	262,185	32,820
Zakat provision for the year	33,870,444	15,232,686
Paid during the year	(10,117,416)	(12,998,578)
Closing balance	41,548,376	17,533,163

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the Zakat, Tax, and Customs Authority (ZATCA), in which Saudi public listed companies are to provide for tax and Zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.6% and 0.4% respectively as at 31 December 2023 and 99.6% and 0.4% as at 31 December 2022.

Status of assessment

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

Status of VAT assessment

As at 31 December 2023, other assets include payment made by the Company in relation to VAT assessment raised by Zakat, Tax and Customs Authority (ZATCA) for 2018 and 2019 financial years amounting to SR 35 million (2022: SR 35 million). The ZATCA accepted the Company's objection regarding local and standard rated purchases and refunded the full amount of SR 3.5 million in early 2021 and rejected the objection for remaining amount. The Company has filed an appeal with The General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC") against the ZATCA's rejection decision. ZATCA filed a counter-reply to the Company's appeal with GSZTCC in April 2021. The Company has filed a counter reply to ZATCA's counter claim. Simultaneously, an appeal to the Alternative Dispute Resolution Committee ("ADRC") has also been filed to present the Company's perspective to ADRC. Following ADRC's rejection, the Company continued with the appeal with GSZTCC.

In June 2022, the Tax Violations and Disputes committee at the GSZTCC (i.e., GSZTCC Level 1) concluded its hearing with the Company and ZATCA by issuing its verbal ruling for which it has overturned the ZATCA's decision and ruled in favour of the Company. In September 2022, the Company received the written ruling from the GSZTCC. Following the issuance of the written ruling, the ZATCA submitted an appeal to the Appellate Committee for Tax Violations and Disputes at the GSZTCC (i.e., GSZTCC level 2) on 6 October 2022. The GSZTCC level 2 notified the Company about the appeal on 9 October 2022 and had set a deadline of 45 business days for the Company to submit a response.

The Company submitted its response on 8 December 2022 to GSZTCC level 2. GSZTCC level 2 hearing took place on 19 September 2023. On 30 October 2023, the Company received a favorable final ruling from GSZTCC level 2 regarding the additional assessments for the VAT years 2018 and 2019 case, resulting in a total of SR 35 million in the Company's favor. The Company proceeded with the refund request from the ZATCA for the amounts accepted by the GSZTCC and is awaiting response to the refund request.

On 31 May 2023, the ZATCA issued an assessment amounting to SR 1.4 million for the 2020 tax period, specifically regarding retrocession commissions categorized as standard rated sales. To avoid penalties, the Company settled this amount under objection by taking advantage of the amnesty scheme provided by ZATCA. On 27 July 2023, the Company submitted the appeal against ZATCA assessment for the 6 tax periods of 2020. On 2 August 2023, the Company had a hearing session with ZATCA appeal committee. On 16 October 2023, ZATCA issued a result notification accepting SR 0.2 million and rejected SR 1.2 million of the objection amount. The Company is considering appealing the rejected amount at GSZTCC level 1 to further escalate the merits of objection of RI commission as per article 33 of the KSA VAT Regulations. Considering the circumstances of the case and outcomes from the previous cases, the Company is of the view that there are appropriate grounds to defend the position against the ZATCA's assessment.

17. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SR 891 million at 31 December 2023 (31 December 2022: SR 891 million) consisting of 89.1 million shares (31 December 2022: 89.1 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.

	31 December 2023		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	**4,455,000**	**10**	**44,550,000**
Others	**84,645,000**	**10**	**846,450,000**
	89,100,000	**10**	**891,000,000**

	31 December 2022		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	4,455,000	10	44,550,000
Others	84,645,000	10	846,450,000
	89,100,000	10	891,000,000

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

On 7 October 2023 (corresponding to 22/03/1445H) the Company executed a non-binding Memorandum of Understanding (MoU) with the Public Investment Fund ("PIF") pursuant to which PIF intends to subscribe to new cash shares in the Company by way of capital increase (the "Proposed transaction"). The implementation of the Proposed Transaction is subject to Company and PIF entering into the Subscription Agreement. The terms and conditions of the Subscription Agreement will include obtaining all the required regulatory approvals, including the approvals of the Capital Market Authority, Insurance Authority, and the approval of Company's extraordinary general assembly.

18. STATUTORY RESERVE

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

19. REINSURANCE REVENUE

	31 December 2023 (SR)					
	P&C	**Motor**	**Protection**	**Health**	**IDI**	**Total**
Amounts relating to changes in liabilities for remaining coverage						
CSM recognised for services provided	**181,192,109**	**14,662,348**	**1,365,673**	**654,004**	**12,086,926**	**209,961,060**
Change in risk adjustment for non-financial risk for the risk expired after loss component allocation	**133,970**	**8,083**	**2,285**	**69,428**	**1,278**	**215,044**
Expected incurred claims and other expenses	**456,398,587**	**49,102,420**	**13,287,533**	**22,455,767**	**22,869,491**	**564,113,798**
Experience adjustments	**(102,431,895)**	**(19,656,072)**	**(8,776,127)**	**(7,811,049)**	**(23,330,907)**	**(162,006,050)**
Reinsurance acquisition cash flows recovery	**12,285,728**	**698,286**	**684,839**	**968,347**	**265,973**	**14,903,173**
	547,578,499	**44,815,065**	**6,564,203**	**16,336,497**	**11,892,761**	**627,187,025**

	31 December 2022 (SR)					
	P&C	Motor	Protection	Health	IDI	Total
Amounts relating to changes in liabilities for remaining coverage						
CSM recognised for services provided	199,861,770	15,973,250	8,669,280	3,907,116	481,974	228,893,390
Change in risk adjustment for non-financial risk for the risk expired after loss component allocation	24,431	5,002	547	20,878	–	50,858
Expected incurred claims and other expenses	391,846,414	73,604,466	8,521,187	57,875,133	15,451	531,862,651
Experience adjustments	(54,184,457)	(8,288,979)	(640,418)	(14,761,687)	2,634,084	(75,241,457)
Reinsurance acquisition cash flows recovery	8,509,118	861,521	656,567	1,154,185	251,085	11,432,476
	546,057,276	82,155,260	17,207,163	48,195,625	3,382,594	696,997,918

20. REINSURANCE SERVICE EXPENSES

	31 December 2023 (SR)					
	P&C	**Motor**	**Protection**	**Health**	**IDI**	**Total**
Incurred claims and other directly attributable expenses	**(511,530,478)**	**(33,916,110)**	**(15,904,904)**	**(19,624,769)**	**(30,229,709)**	**(611,205,970)**
Changes that relate to past service – adjustments to the LIC	**227,652,772**	**(3,101,002)**	**12,060,296**	**12,894,144**	**(294,012)**	**249,212,198**
Losses on onerous contracts and reversal of those losses	**(127,962,193)**	**(2,708,111)**	**(1,172,605)**	**(1,034,425)**	**–**	**(132,877,334)**
Reinsurance acquisition cash flows amortisation	**(12,285,728)**	**(698,286)**	**(684,839)**	**(968,347)**	**(265,973)**	**(14,903,173)**
	(424,125,627)	**(40,423,509)**	**(5,702,052)**	**(8,733,397)**	**(30,789,694)**	**(509,774,279)**

	31 December 2022 (SR)					
	P&C	Motor	Protection	Health	IDI	Total
Incurred claims and other directly attributable expenses	(469,256,718)	(69,119,249)	(12,320,728)	(41,242,206)	(5,598,415)	(597,537,316)
Changes that relate to past service – adjustments to the LIC	74,731,010	12,640,771	(2,929,115)	(1,373,648)	342	83,069,360
Losses on onerous contracts and reversal of those losses	(59,131,662)	(6,080,067)	(66,392)	10,363	–	(65,267,758)
Reinsurance acquisition cash flows amortisation	(8,509,118)	(861,521)	(656,567)	(1,154,185)	(251,085)	(11,432,476)
	(462,166,488)	(63,420,066)	(15,972,802)	(43,759,676)	(5,849,158)	(591,168,190)

21. NET INCOME FROM RETROCESSION CONTRACTS

	31 December 2023 (SR)				
	P&C	**Motor**	**Protection**	**IDI**	**Total**
Allocation of retrocession premiums paid	**(42,108,668)**	**22,359**	**(110,500)**	**(4,184,437)**	**(46,381,246)**
Income on initial recognition of onerous underlying reinsurance contracts	**31,224,779**	**–**	**788**	**–**	**31,225,567**
Reversals of a loss-recovery component	**(27,830,578)**	**–**	**(806)**	**–**	**(27,831,384)**
Effect of changes in the risk of retrocessionaires non-performance	**(266,372)**	**–**	**402**	**(1,142,762)**	**(1,408,732)**
Claims and other insurance service expenses recovered	**81,822,156**	**24,916**	**874**	**21,733,997**	**103,581,943**
Changes that relate to future service – changes in the FCF of retrocession contracts	**(2,997,509)**	**–**	**5,075**	**–**	**(2,992,434)**
Changes that relate to past service – adjustments to incurred claims	**(53,122,360)**	**(86,628)**	**(264,227)**	**(370,999)**	**(53,844,214)**
	(13,278,552)	**(39,353)**	**(368,394)**	**16,035,799**	**2,349,500**

	31 December 2022 (SR)				
	P&C	Motor	Protection	IDI	Total
Allocation of retrocession premiums paid	(123,662,175)	25,729	(272,217)	4,028,337	(119,880,326)
Income on initial recognition of onerous underlying reinsurance contracts	24,947,905	–	342	–	24,948,247
Reversals of a loss-recovery component	(22,087,801)	–	(81)	–	(22,087,882)
Effect of changes in the risk of retrocessionaires non-performance	–	–	–	–	–
Claims and other insurance service expenses recovered	100,820,844	74,668	1,529	596,280	101,493,321
Changes that relate to future service – changes in the FCF of retrocession contracts	(2,337,534)	–	96	–	(2,337,438)
Changes that relate to past service – adjustments to incurred claims	(3,673,037)	(111,515)	(198,149)	(393,684)	(4,376,385)
	(25,991,798)	(11,118)	(468,480)	4,230,933	(22,240,463)

Notes to the Financial Statements →

22. NET FINANCE (EXPENSE)/INCOME FROM REINSURANCE CONTRACTS ISSUED

	31 December 2023 (SR)					
	P&C	**Motor**	**Protection**	**Health**	**IDI**	**Total**
Interest accreted	**(34,420,578)**	**(8,039,127)**	**(3,003,073)**	**(1,721,471)**	**5,659,896**	**(41,524,353)**
Effect of changes in interest rates and other financial assumptions	**(2,577,194)**	**(236,165)**	**21,802**	**(119,559)**	**(22,937,473)**	**(25,848,589)**
Effects of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	**4,544,553**	**4,980**	**800,002**	**–**	**2,935,558**	**8,285,093**
Foreign exchange differences	**3,554,114**	**252,042**	**439,610**	**(8,466)**	**–**	**4,237,300**
	(28,899,105)	**(8,018,270)**	**(1,741,659)**	**(1,849,496)**	**(14,342,019)**	**(54,850,549)**

	31 December 2022 (SR)					
	P&C	Motor	Protection	Health	IDI	Total
Interest accreted	(19,807,576)	(4,005,930)	(3,907,389)	(1,937,732)	314,826	(29,343,801)
Effect of changes in interest rates and other financial assumptions	(10,585,449)	2,439,734	1,849,507	726,569	(6,336,559)	(11,906,198)
Effects of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	21,106,467	1,916,659	526,288	–	18,942,045	42,491,459
Foreign exchange differences	18,795,773	(4,570,023)	(1,945,345)	(314,668)	–	11,965,737
	9,509,215	(4,219,560)	(3,476,939)	(1,525,831)	12,920,312	13,207,197

23. NET FINANCE INCOME/(EXPENSE) FROM RETROCESSION CONTRACTS HELD

	31 December 2023 (SR)				
	P&C	**Motor**	**Protection**	**IDI**	**Total**
Interest accreted	**7,796,332**	**3,418**	**(6,592)**	**(5,379,118)**	**2,414,040**
Effect of changes in interest rates and other financial assumptions	**101,459**	**–**	**(659)**	**14,426**	**115,226**
Effect of measuring changes in estimates at current rates and adjusting the CSM at locked-in rates	**(127,074)**	**–**	**(1)**	**17,800,990**	**17,673,915**
Foreign exchange differences	**21,719**	**–**	**3**	**–**	**21,722**
	7,792,436	**3,418**	**(7,249)**	**12,436,298**	**20,224,903**

	31 December 2022 (SR)				
	P&C	Motor	Protection	IDI	Total
Interest accreted	4,205,195	789	857	(297,587)	3,909,254
Effect of changes in interest rates and other financial assumptions	2,534,544	437	973	–	2,535,954
Effect of measuring changes in estimates at current rates and adjusting the CSM at locked-in rates	(5,515,327)	–	(920)	(12,067,319)	(17,583,566)
Foreign exchange differences	(584,470)	25	–	–	(584,445)
	639,942	1,251	910	(12,364,906)	(11,722,803)

Notes to the Financial Statements →

24. INVESTMENT INCOME CALCULATED USING EFFECTIVE PROFIT RATE

	31 December 2023 SR	31 December 2022 SR
Special commission income from time deposits	**39,794,920**	16,722,235
Special commission income from debt securities	**18,665,153**	22,005,303
	58,460,073	38,727,538

25. NET INCOME/(LOSS) FROM FINANCIAL INVESTMENTS MEASURED AT FVIS

	31 December 2023 SR	31 December 2022 SR
Realized (losses)/gains on investments held at fair value statement of income	**(18,672)**	6,529,722
Unrealized gains/(losses) on investments held at fair value statement of income	**4,871,961**	(33,979,564)
Dividend income	**1,390,123**	2,160,538
	6,243,412	(25,289,304)

26. OTHER INCOME

	31 December 2023 SR	31 December 2022 SR
Special commission income from Funds at Lloyds (FAL)	**5,829,047**	–
Bonus subscriptions from financial investments held at FVIS	**41,681**	156,581
Human resources development fund	**314,250**	202,345
Others	**150,997**	254,654
	6,335,975	613,580

27. OTHER OPERATING EXPENSES

	31 December 2023 SR	31 December 2022 SR
Salaries and related benefits	**58,180,326**	43,021,673
Professional fees	**8,832,191**	5,573,858
Consulting fees	**5,061,011**	7,830,828
Depreciation	**2,713,931**	2,822,173
Computer expenses	**1,105,743**	2,254,537
Rent and premises expenses	**792,007**	1,190,256
Licensing fees	**2,081,452**	688,379
Advertising	**775,513**	903,673
Training	**–**	776,006
Withholding tax	**244,355**	260,711
Travelling expenses	**1,404,715**	709,082
(Reversal)/charge for doubtful debts	**(9,610,640)**	4,801,603
Board of Directors’ remunerations, meetings fees and expenses	**4,419,618**	3,660,415
Income attributed to reinsurance operations	**9,924,417**	5,359,329
Others	**6,504,548**	4,873,124
	92,429,187	84,725,647
Amount attributed to reinsurance contracts	**(60,737,874)**	(50,079,661)
Other operating expenses	**31,691,313**	34,645,986

27.1 Auditors’ remuneration for the statutory audit of the Company’s Financial Statements for the year ended 31 December 2023 amounted to SR 2.36 million (2022: SR 1.15 million). Auditors’ remuneration for the review of the Company’s interim Financial Statements during the year ended 31 December 2023 amounted to SR 1.18 million (2022: SR 0.70 million).

28. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2023 and 31 December 2022 have been calculated by dividing net income after Zakat and tax attributable to the shareholders for the year by the weighted average number of ordinary shares issued and outstanding at the end of the year. Basic and diluted earnings per share are same as there are no instruments which will dilute the basic earnings per share. The earnings per share for the year ended 31December 2022 has been restated on account of adoption of IFRS 17 and IFRS 9.

Notes to the Financial Statements →

29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associate and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business at commercial rates, which are approved by the management.

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. Balances with related parties are included in accrued expenses and other liabilities and provision for employees' end of service benefits as shown in the statement of financial position. Details of transactions and balances with related parties during the period are disclosed below.

Related party	Nature of transactions	Terms	Amount of transactions for the year ended		Balance as at	
			31 December 2023 SR	31 December 2022` SR	**31 December 2023 SR**	31 December 2022 SR
Board of Directors	– Consulting fees		**–**	188,983	**–**	–
	– Remunerations, meetings fees and expenses	As per Company's policy	**4,419,618**	3,660,415	**3,357,534**	2,855,000
Key management personnel	– Short term benefits	As per employment contract	**11,986,793**	11,829,980	**700,000**	2,230,311
	– End of service benefits		**629,180**	1,181,869	**6,729,909**	6,100,729
Associate	– Reinsurance revenue	As per reinsurance contract	**127,986,637**	121,496,210	**–**	–
	– Reinsurance service expenses		**102,286,679**	89,973,336	**–**	–
	– Reinsurance contract assets		**–**	–	**66,628,343**	47,008,367
	– Reinsurance contract liabilities		**–**	–	**2,442,468**	7,118,411

30. 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 special commission income from time deposits, bonds and sukuks, realized and unrealized gains on investments held at fair value through income statement, other income, investment management expenses and all general and administrative expenses.

Segment assets do not include cash and cash equivalents of reinsurance operations, time deposits, accrued special commission income from time deposits, investments held at fair value through income statement, accrued special commission income from bonds and sukuk, retrocession balances receivable, investments held at amortized cost, prepaid expenses, deposits and other assets, and property and equipment (net). Segment liabilities do not include accrued expenses and other liabilities and employees' end of service benefits.

30.1 Business segments

	For the year ended 31 December 2023 (SR)			
	Property and Casualty (P&C)			
	Engineering	Fire	Marine	General Accident
Reinsurance revenue	58,866,064	150,415,811	26,100,322	40,380,019
Reinsurance service expenses	(19,849,005)	(147,376,488)	(50,028,599)	(31,587,520)
Net (expense)/income from retrocession contracts held	(25,221,285)	13,635,916	37,823,034	(3,196,360)
Reinsurance service results	**13,795,774**	**16,675,239**	**13,894,757**	**5,596,139**
Net finance (expense)/income from reinsurance contracts	(965,113)	(14,886,025)	(1,609,487)	(2,254,644)
Net finance (expense)/income from retrocession contracts	(334,114)	4,713,263	(250,109)	889,329
Net reinsurance finance (expense)/income	**(1,299,227)**	**(10,172,762)**	**(1,859,596)**	**(1,365,315)**
Other non-reinsurance items				
Investment income calculated using effective profit rate				
Net income from financial investments measured at FVIS				
Investment management expenses				
Net expected credit losses				
Other income				
Other finance costs				
Other operating expenses				
Share of profit of equity accounted investee				
Net profit for the year before Zakat and tax				

For the year ended 31 December 2023 (SR)						
Property and Casualty (P&C)		Motor	Protection	Health	IDI	
Speciality	Others	Motor	Protection	Health	Inherent Defects Insurance	Total
127,997,079	143,819,204	44,815,065	6,564,203	16,336,497	11,892,761	627,187,025
(101,733,680)	(73,550,335)	(40,423,509)	(5,702,052)	(8,733,397)	(30,789,694)	(509,774,279)
(341)	(36,319,516)	(39,353)	(368,394)	–	16,035,799	2,349,500
26,263,058	**33,949,353**	**4,352,203**	**493,757**	**7,603,100**	**(2,861,134)**	**119,762,246**
1,782,453	(10,966,289)	(8,018,270)	(1,741,659)	(1,849,496)	(14,342,019)	(54,850,549)
23	2,774,044	3,418	(7,249)	–	12,436,298	20,224,903
1,782,476	**(8,192,245)**	**(8,014,852)**	**(1,748,908)**	**(1,849,496)**	**(1,905,721)**	**(34,625,646)**
						58,460,073
						6,243,412
						(4,207,747)
						(108,091)
						6,335,975
						(1,677,423)
						(31,691,313)
						40,070,637
						158,562,123

Notes to the Financial Statements →

	For the year ended 31 December 2022 (SR)			
	Property and Casualty (P&C)			
	Engineering	Fire	Marine	General Accident
Reinsurance revenue	51,613,167	172,446,658	36,142,186	35,536,334
Reinsurance service expenses	(24,860,040)	(211,531,904)	3,191,990	(24,569,429)
Net (expense)/income from retrocession contracts held	(16,312,810)	16,286,803	(29,808,091)	(5,468,645)
Reinsurance service results	10,440,317	(22,798,443)	9,526,085	5,498,260
Net finance (expense)/income from reinsurance contracts	(295,959)	13,250,323	153,908	4,378,448
Net finance (expense)/income from retrocession contracts	341,244	1,543,546	1,152,199	(1,095,502)
Net reinsurance finance (expense)/income	45,285	14,793,869	1,306,107	3,282,946
Other non-reinsurance items				
Investment income calculated using effective profit rate				
Net loss from financial investments measured at FVIS				
Investment management expenses				
Net expected credit losses				
Other income				
Other finance costs				
Other operating expenses				
Share of profit of equity accounted investee				
Net profit for the year before Zakat and tax				

	For the year ended 31 December 2022 (SR)						
	Property and Casualty (P&C)		Motor	Protection	Health	IDI	
	Speciality	Others	Motor	Protection	Health	Inherent Defects Insurance	Total
	122,410,275	127,908,656	82,155,260	17,207,163	48,195,625	3,382,594	696,997,918
	(91,060,567)	(113,336,538)	(63,420,066)	(15,972,802)	(43,759,676)	(5,849,158)	(591,168,190)
	–	9,310,945	(11,118)	(468,480)	–	4,230,933	(22,240,463)
	31,349,708	23,883,063	18,724,076	765,881	4,435,949	1,764,369	83,589,265
	(12,189,711)	4,212,206	(4,219,560)	(3,476,939)	(1,525,831)	12,920,312	13,207,197
	–	(1,301,545)	1,251	910	–	(12,364,906)	(11,722,803)
	(12,189,711)	2,910,661	(4,218,309)	(3,476,029)	(1,525,831)	555,406	1,484,394
							38,727,538
							(25,289,304)
							(3,718,859)
							(1,339,952)
							613,580
							(1,207,363)
							(34,645,986)
							33,104,574
							91,317,887

	As at 31 December 2023 (SR)					
	Property and Casualty (P&C)					
	Engineering	Fire	Marine	General Accident	Speciality	Others
As at 31 December 2023						
ASSETS						
Cash and bank balances	–	–	–	–	–	–
Financial investments at fair value through income statement	–	–	–	–	–	–
Financial investments at fair value through other comprehensive income	–	–	–	–	–	–
Financial investments at amortized cost	–	–	–	–	–	–
Reinsurance contract assets	910,046	614,626	749,431	593,995	66,734,438	6,305,086
Retrocession contract assets	3,983,524	126,995,109	57,513,908	7,947,089	-	42,571,554
Prepaid expenses, deposits and other assets	–	–	–	–	–	–
Property and equipment, net	–	–	–	–	–	–
Investment in an equity accounted investee	–	–	–	–	–	–
Statutory deposit	–	–	–	–	–	–
Accrued income on statutory deposit	–	–	–	–	–	–
TOTAL ASSETS	4,893,570	127,609,735	58,263,339	8,541,084	66,734,438	48,876,640
LIABILITIES						
Margin loan payable	–	–	–	–	–	–
Reinsurance contract liabilities	90,310,423	463,592,588	89,517,648	71,527,846	2,777,011	205,056,529
Retrocession contract liabilities	–	–	–	–	–	–
Accrued expenses and other liabilities	–	–	–	–	–	–
Provision for employees' end of service benefits	–	–	–	–	–	–
Provision for Zakat and tax	–	–	–	–	–	–
Accrued commission income payable to Insurance Authority	–	–	–	–	–	–
TOTAL LIABILITIES	90,310,423	463,592,588	89,517,648	71,527,846	2,777,011	205,056,529

Notes to the Financial Statements →

As at 31 December 2023 (SR)						
Motor	Protection	Health	IDI			
Motor	Protection	Health	Inherent Defects Insurance	Unallocated	Shareholders	Total
–	–	–	–	83,661,367	4,243,635	87,905,002
–	–	–	–	132,698,094	21,757,892	154,455,986
–	–	–	–	21,000,000	120,632,674	141,632,674
–	–	–	–	529,836,263	597,493,753	1,127,330,016
468,928	1,417,258	33,479	–	–	–	77,827,287
13,565	–	–	200,568,418	–	–	439,593,167
–	–	–	–	197,222,775	106,694,706	303,917,481
–	–	–	–	10,013,189	27,126,001	37,139,190
–	–	–	–	–	208,989,740	208,989,740
–	–	–	–	–	89,100,000	89,100,000
–	–	–	–	–	22,056,608	22,056,608
482,493	1,417,258	33,479	200,568,418	974,446,251	1,198,080,446	2,689,947,151
–	–	–	–	–	56,797,019	56,797,019
100,492,575	27,119,549	7,868,292	229,639,571	–	–	1,287,902,032
–	189,653	–	–	–	–	189,653
–	–	–	–	101,533,513	10,538,959	112,072,472
–	–	–	–	18,633,092	–	18,633,092
–	–	–	–	–	41,548,376	41,548,376
–	–	–	–	–	25,982,468	25,982,468
100,492,575	27,309,202	7,868,292	229,639,571	120,166,605	134,866,822	1,543,125,112

	As at 31 December 2022 (SR)					
	Property and Casualty (P&C)					
	Engineering	Fire	Marine	General Accident	Speciality	Others
As at 31 December 2023						
ASSETS						
Cash and bank balances	–	–	–	–	–	–
Financial investments at fair value through income statement	–	–	–	–	–	–
Financial investments at fair value through other comprehensive income	–	–	–	–	–	–
Financial investments at amortized cost	–	–	–	–	–	–
Reinsurance contract assets	551,808	609,027	9,267,726	989,457	47,109,650	12,159,711
Retrocession contract assets	1,401,640	97,355,376	25,296,841	13,783,470	–	51,356,598
Prepaid expenses, deposits and other assets	–	–	–	–	–	–
Property and equipment, net	–	–	–	–	–	–
Investment in an equity accounted investee	–	–	–	–	–	–
Statutory deposit	–	–	–	–	–	–
Accrued income on statutory deposit	–	–	–	–	–	–
TOTAL ASSETS	1,953,448	97,964,403	34,564,567	14,772,927	47,109,650	63,516,309
LIABILITIES						
Margin loan payable	–	–	–	–	–	–
Reinsurance contract liabilities	79,527,822	383,841,304	68,242,050	53,375,636	7,865,512	117,675,655
Retrocession contract liabilities	–	–	–	–	–	–
Accrued expenses and other liabilities	–	–	–	–	–	–
Provision for employees' end of service benefits	–	–	–	–	–	–
Provision for Zakat and tax	–	–	–	–	–	–
Accrued commission income payable to Insurance Authority	–	–	–	–	–	–
TOTAL LIABILITIES	79,527,822	383,841,304	68,242,050	53,375,636	7,865,512	117,675,655

Notes to the Financial Statements →

As at 31 December 2022 (SR)						
Motor	Protection	Health	IDI			
Motor	Protection	Health	Inherent Defects Insurance	Unallocated	Shareholders	Total
–	–	–	–	20,507,026	11,049,626	31,556,652
–	–	–	–	156,476,356	116,177,188	272,653,544
–	–	–	–	–	119,921,195	119,921,195
–	–	–	–	488,815,506	541,318,209	1,030,133,715
10,041,750	8,830,227	327,466	15,149,733	–	–	105,036,555
52,150	–	–	–	–	–	189,246,075
–	–	–	–	160,997,711	38,273,890	199,271,601
–	–	–	–	8,418,502	27,960,707	36,379,209
–	–	–	–	–	160,687,437	160,687,437
–	–	–	–	–	89,100,000	89,100,000
–	–	–	–	–	22,084,071	22,084,071
10,093,900	8,830,227	327,466	15,149,733	835,215,101	1,126,572,323	2,256,070,054
–	–	–	–	–	56,797,019	56,797,019
97,344,652	40,889,018	71,230,138	–	–	–	919,991,787
–	52,341	-	12,103,403	–	–	12,155,744
–	–	–	–	190,619,734	4,702,154	195,321,888
–	–	–	–	13,867,730	–	13,867,730
–	–	–	–	–	17,533,163	17,533,163
–	–	–	–	–	23,219,213	23,219,213
97,344,652	40,941,359	71,230,138	12,103,403	204,487,464	102,251,549	1,238,886,544

30.2 Geographical segments

	For the year ended 31 December 2023 (SR)					
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia	Other territories	Total
Reinsurance revenue	216,820,889	67,953,477	16,365,603	196,873,935	129,173,121	627,187,025
Reinsurance service expenses	(154,192,074)	(109,928,019)	(22,493,745)	(124,133,766)	(99,026,675)	(509,774,279)
Net (expense)/income from retrocession contracts held	24,178,478	4,252,752	(2,137,759)	(22,387,915)	(1,556,056)	2,349,500
Reinsurance service results	**86,807,293**	**(37,721,790)**	**(8,265,901)**	**50,352,254**	**28,590,390**	**119,762,246**
Net finance (expense)/income from reinsurance contracts	(34,108,196)	(8,924,546)	(1,004,503)	(12,548,675)	1,735,371	(54,850,549)
Net finance (expense)/income from retrocession contracts	18,492,475	1,554,880	96,471	(50,719)	131,796	20,224,903
Net reinsurance finance (expense)/income	**(15,615,721)**	**(7,369,666)**	**(908,032)**	**(12,599,394)**	**1,867,167**	**(34,625,646)**
Other non-reinsurance items						
Investment income calculated using effective profit rate						58,460,073
Net income from financial investments measured at FVIS						6,243,412
Investment management expenses						(4,207,747)
Net expected credit losses						(108,091)
Other income						6,335,975
Other finance costs						(1,677,423)
Other operating expenses						(31,691,313)
Share of profit of equity accounted investee						40,070,637
Net profit for the year before Zakat and tax						**158,562,123**

Notes to the Financial Statements →

	For the year ended 31 December 2022 (SR)					
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia	Other territories	Total
Reinsurance revenue	255,591,946	82,534,270	32,509,953	201,319,245	125,042,504	696,997,918
Reinsurance service expenses	(200,967,334)	(59,863,381)	(12,117,545)	(227,277,579)	(90,942,351)	(591,168,190)
Net (expense)/income from retrocession contracts held	(3,490,185)	3,068,351	(2,004,085)	(20,680,178)	865,634	(22,240,463)
Reinsurance service results	51,134,427	25,739,240	18,388,323	(46,638,512)	34,965,787	83,589,265
Net finance (expense)/income from reinsurance contracts	12,703,018	1,230,911	(13,766,096)	25,341,446	(12,302,082)	13,207,197
Net finance (expense)/income from retrocession contracts	(10,933,698)	413,126	(26,143)	(1,029,987)	(146,101)	(11,722,803)
Net reinsurance finance (expense)/income	1,769,320	1,644,037	(13,792,239)	24,311,459	(12,448,183)	1,484,394
Other non-reinsurance items						
Investment income calculated using effective profit rate						38,727,538
Net income from financial investments measured at FVIS						(25,289,304)
Investment management expenses						(3,718,859)
Net expected credit losses						(1,339,952)
Other income						613,580
Other finance costs						(1,207,363)
Other operating expenses						(34,645,986)
Share of profit of equity accounted investee						33,104,574
Net profit for the year before Zakat and tax						91,317,887

	As at 31 December 2023 (SR)			
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia
ASSETS				
Cash and bank balances	72,137,312	–	–	11,524,055
Financial investments at fair value through income statement	132,698,094	–	–	–
Financial investments at fair value through other comprehensive income	21,000,000	–	–	–
Financial investments at amortized cost	529,836,263	–	–	–
Reinsurance contract assets	3,803,724	1,831,026	1,182,491	858,129
Retrocession contract assets	370,158,250	71,775,491	3,159,904	(6,720,311)
Prepaid expenses, deposits and other assets	197,222,775	–	–	–
Property and equipment, net	10,013,189	–	–	–
Investment in an equity accounted investee	–	–	–	–
Statutory deposit	–	–	–	–
Accrued income on statutory deposit	–	–	–	–
TOTAL ASSETS	1,336,884,170	73,606,517	4,342,395	5,661,873
LIABILITIES				
Margin loan payable	–	–	–	–
Reinsurance contract liabilities	621,289,983	218,866,397	36,933,790	408,369,395
Retrocession contract liabilities	79,308	–	9,382	100,963
Accrued expenses and other liabilities	101,533,513	–	–	–
Provision for employees' end of service benefits	18,633,092	–	–	–
Provision for Zakat and tax	–	–	–	–
Accrued commission income payable to Insurance Authority	–	–	–	–
TOTAL LIABILITIES	741,535,896	218,866,397	36,943,172	408,470,358

As at 31 December 2023 (SR)			
Other territories	Unallocated	Shareholders	Total
–	–	4,243,635	87,905,002
–	–	21,757,892	154,455,986
–	–	120,632,674	141,632,674
–	–	597,493,753	1,127,330,016
70,151,917	–	–	77,827,287
1,219,833	–	–	439,593,167
–	–	106,694,706	303,917,481
–	–	27,126,001	37,139,190
–	–	208,989,740	208,989,740
–	–	89,100,000	89,100,000
–	–	22,056,608	22,056,608
71,371,750	–	1,198,080,446	2,689,947,151
–	–	56,797,019	56,797,019
2,442,467	–	–	1,287,902,032
–	–	–	189,653
–	–	10,538,959	112,072,472
–	–	–	18,633,092
–	–	41,548,376	41,548,376
–	–	25,982,468	25,982,468
2,442,467	–	134,866,822	1,543,125,112

	As at 31 December 2022 (SR)			
	Kingdom of Saudi Arabia	Other Middle Eastern Countries	Africa	Asia
ASSETS				
Cash and bank balances	14,997,055	–	–	5,509,971
Financial investments at fair value through income statement	156,476,356	–	–	–
Financial investments at fair value through other comprehensive income	–	–	–	–
Financial investments at amortized cost	488,815,506	–	–	–
Reinsurance contract assets	22,891,886	9,305,338	17,556,790	3,674,167
Retrocession contract assets	112,431,361	63,775,646	2,729,510	7,651,628
Prepaid expenses, deposits and other assets	160,997,711	–	–	–
Property and equipment, net	8,418,502	–	–	–
Investment in an equity accounted investee	–	–	–	–
Statutory deposit	–	–	–	–
Accrued income on statutory deposit	–	–	–	–
TOTAL ASSETS	965,028,377	73,080,984	20,286,300	16,835,766
LIABILITIES				
Margin loan payable	–	–	–	–
Reinsurance contract liabilities	367,906,880	149,264,222	33,936,091	361,036,408
Retrocession contract liabilities	12,155,744	–	–	–
Accrued expenses and other liabilities	190,619,734	–	–	–
Provision for employees' end of service benefits	13,867,730	–	–	–
Provision for Zakat and tax	–	–	–	–
Accrued commission income payable to Insurance Authority	–	–	–	–
TOTAL LIABILITIES	584,550,088	149,264,222	33,936,091	361,036,408

Notes to the Financial Statements →

As at 31 December 2022 (SR)			
Other territories	Unallocated	Shareholders	Total
–	–	11,049,626	31,556,652
–	–	116,177,188	272,653,544
–	–	119,921,195	119,921,195
–	–	541,318,209	1,030,133,715
51,608,374	–	–	105,036,555
2,657,930	–	–	189,246,075
–	–	38,273,890	199,271,601
–	–	27,960,707	36,379,209
–	–	160,687,437	160,687,437
–	–	89,100,000	89,100,000
–	–	22,084,071	22,084,071
54,266,304	–	1,126,572,323	2,256,070,054
–	–	56,797,019	56,797,019
7,848,186	–	–	919,991,787
–	–	–	12,155,744
–	–	4,702,154	195,321,888
–	-	–	13,867,730
–	–	17,533,163	17,533,163
–	–	23,219,213	23,219,213
7,848,186	–	102,251,549	1,238,886,544

31. RISK MANAGEMENT

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

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

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

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company Risk Committee is responsible for approving and monitoring the Company's risk management policies, and reports regularly to the Board of Directors on its activities.

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

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

31.1. Reinsurance risk

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

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

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

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.

Notes to the Financial Statements →

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 following table sets out the carrying amounts of the Company's reinsurance contracts (net of retrocession) by region of issue.

	As at 31 December 2023	
	Amount SR	**Percentage (%)**
Kingdom of Saudi Arabia	**247,407,317**	**32.10**
Asia	**414,332,540**	**53.76**
Other Middle Eastern Countries	**145,259,880**	**18.85**
Africa	**32,600,777**	**4.23**
Others	**(68,929,283)**	**(8.94)**
	770,671,231	**100.00**

	As at 31 December 2022 (Restated)	
	Amount SR	Percentage (%)
Kingdom of Saudi Arabia	244,739,377	38.37
Asia	349,710,613	54.83
Other Middle Eastern Countries	76,183,238	11.94
Africa	13,649,791	2.14
Others	(46,418,118)	(7.28)
	637,864,901	100.00

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

Sensitivity analysis

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

31 December 2023	Reinsurance Contract Liabilities SR		Profit or loss SR		Equity SR	
	Gross	Net	Gross	Net	Gross	Net
Expenses (5% increase)	3,498,560	3,321,906	(3,498,560)	(3,321,906)	(3,498,560)	(3,321,906)
Expenses (5% decrease)	(3,498,415)	(3,321,766)	3,498,415	3,321,766	3,498,415	3,321,766
Yield curve (0.5% increase)	(18,354,406)	(9,866,481)	18,354,406	9,866,481	18,354,406	9,866,481
Yield curve (0.5% decrease)	19,012,776	10,084,232	(19,012,776)	(10,084,232)	(19,012,776)	(10,084,232)
Loss reserves (5% increase)	93,815,166	81,408,763	(93,815,166)	(81,408,763)	(93,815,166)	(81,408,763)
Loss reserves (5% increase)	(93,815,167)	(81,408,764)	93,815,167	81,408,764	93,815,167	81,408,764

31 December 2022	Reinsurance Contract Liabilities SR		Profit or loss SR		Equity SR	
	Gross	Net	Gross	Net	Gross	Net
Expenses (5% increase)	1,342,955	1,117,414	(1,342,955)	(1,117,414)	(1,342,955)	(1,117,414)
Expenses (5% decrease)	(1,086,415)	(1,629,866)	1,086,415	1,629,866	1,086,415	1,629,866
Yield curve (0.5% increase)	(6,537,299)	(5,430,928)	6,537,299	5,430,928	6,537,299	5,430,928
Yield curve (0.5% decrease)	6,791,048	4,889,867	(6,791,048)	(4,889,867)	(6,791,048)	(4,889,867)
Loss reserves (5% increase)	90,351,998	76,907,040	(90,351,998)	(76,907,040)	(90,351,998)	(76,907,040)
Loss reserves (5% increase)	(91,533,416)	(78,857,451)	91,533,416	78,857,451	91,533,416	78,857,451

31.2. Retrocession risk

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

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

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

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.

Notes to the Financial Statements →

Retrocession contracts do not relieve the Company from its obligations to ceding companies and as a result the Company remains liable for the portion of outstanding claims retroceded to the extent that the retrocessionaire fails to meet the obligations under the retrocession agreements. The net credit exposure in this connection is SR 439.6 million (due from retrocessionaires) (31 December 2022: SR 189.2 million). The credit ratings of the retrocessionaires ranges from B+ to AA.

31.3. Regulatory framework risk

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

31.4. Claims management risk

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

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

31.5. 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 reinsurance 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.

31.6. 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. At 31 December 2023, the maximum exposure to credit risk from reinsurance contracts is SR 35.49 million (31 December 2022: SR 73.59 million), which primarily relates to premiums receivable for services that the Company has already provided. The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

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

Notes to the Financial Statements →

	31 December 2023 SR	31 December 2022 SR
Bank balances	87,865,592	31,496,942
Financial investments at fair value through income statement	154,455,986	272,653,544
Financial investments at fair value through other comprehensive income	141,632,674	119,921,195
Financial investments at amortized cost	1,127,330,016	1,030,133,715
Reinsurance contract assets	77,827,287	105,036,555
Retrocession contract assets	439,593,167	189,246,075
Other assets	222,253,969	115,198,756
	2,250,958,691	1,863,686,782

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	31 December 2023 SR	31 December 2022 SR
A			–	32,658,461
A-			–	20,188,235
A+			–	20,684,595
AA			–	2,709,078
AA-	S&P/Moody's/Fitch	Bonds/Sukuks	–	5,349,357
BBB			–	25,084,402
BBB-			–	12,538,719
BBB+			–	25,318,188
Unrated		Bonds/Sukuks	–	6,027,331
Unrated		Money Market Funds/Investment Funds/Equity Securities	154,455,986	122,095,178
			154,455,986	272,653,544

Credit quality	Credit Rating Agency	Financial Instruments	31 December 2023 SR	31 December 2022 SR
A			**291,407,260**	721,581,661
A-			**588,487,071**	41,583,199
A+			**10,021,774**	54,355,434
B+			**47,812,885**	47,291,964
BB-	S&P/Moody's/Fitch	Bonds/Sukuks/Time Deposits	**98,777,286**	70,592,303
BBB-			**11,339,263**	35,339,421
BBB+			**78,782,463**	59,320,194
D			**702,014**	69,539
			1,127,330,016	1,030,133,715

31.7. 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.

Maturity profiles

The following table summarises the maturity profile of reinsurance and retrocession contracts liabilities and reinsurance and retrocession contract assets of the Company based on remaining discounted cash flows. The maturity profile of the financial liabilities of the Company is based on remaining expected undiscounted contractual obligations.

	31 December 2023 (SR)							
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	No maturity	Total
LIABILITIES								
Margin loan payable	–	–	–	–	–	–	56,797,019	56,797,019
Reinsurance contract liabilities	291,509,894	89,544,668	71,697,172	74,878,181	82,668,299	677,603,818	–	1,287,902,032
Retrocession contract liabilities	189,653	–	–	–	–	–	–	189,653
Accrued expenses and other liabilities	50,676,213	–	–	–	–	–	–	50,676,213
	342,375,760	89,544,668	71,697,172	74,878,181	82,668,299	677,603,818	56,797,019	1,395,564,917
ASSETS								
Reinsurance contract assets	17,615,800	5,411,140	4,332,625	4,524,852	4,995,605	40,947,265	–	77,827,287
Retrocession contract assets	81,416,048	32,053,880	27,438,088	27,797,836	29,694,697	241,192,618	–	439,593,167
	99,031,848	37,465,020	31,770,713	32,322,688	34,690,302	282,139,883	–	517,420,454

	31 December 2022 (SR)							
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	No maturity	Total
LIABILITIES								
Margin loan payable	–	–	–	–	–	–	56,797,019	56,797,019
Reinsurance contract liabilities	425,524,599	93,021,623	37,351,595	35,018,540	36,158,519	292,916,911	–	919,991,787
Retrocession contract liabilities	–	–	–	–	–	12,155,744	–	12,155,744
Accrued expenses and other liabilities	156,301,022	–	–	–	–	–	–	156,301,022
	581,825,621	93,021,623	37,351,595	35,018,540	36,158,519	305,072,655	56,797,019	1,145,245,572
ASSETS								
Reinsurance contract assets	48,582,649	10,620,389	4,264,476	3,998,108	4,128,261	33,442,672	–	105,036,555
Retrocession contract assets	41,343,174	15,676,313	11,334,773	11,560,503	12,034,492	97,296,820	–	189,246,075
	89,925,823	26,296,702	15,599,249	15,558,611	16,162,753	130,739,492	–	294,282,630

Maturity analysis on expected maturity bases

	31 December 2023 (SR)		
	Current	Non-current	Total
ASSETS			
Cash and bank balances	87,905,002	–	87,905,002
Financial investments at fair value through income statement	154,455,986	–	154,455,986
Financial investments at fair value through other comprehensive income	–	141,632,674	141,632,674
Financial investments at amortized cost	118,393,782	1,008,936,234	1,127,330,016
Reinsurance contract assets	17,615,800	60,211,487	77,827,287
Retrocession contract assets	81,416,048	358,177,119	439,593,167
Other assets	222,253,969	–	222,253,969
	682,040,587	1,568,957,514	2,250,998,101
LIABILITIES			
Margin loan payable	–	56,797,019	56,797,019
Reinsurance contract liabilities	291,509,894	996,392,138	1,287,902,032
Retrocession contract liabilities	189,653	–	189,653
Accrued expenses and other liabilities	50,676,213	–	50,676,213
	342,375,760	1,053,189,157	1,395,564,917
Gap	339,664,827	515,768,357	855,433,184

	31 December 2022 (SR)		
	Current	Non-current	Total
ASSETS			
Cash and bank balances	31,556,652	–	31,556,652
Financial investments at fair value through income statement	272,653,544	–	272,653,544
Financial investments at fair value through other comprehensive income	–	119,921,195	119,921,195
Financial investments at amortized cost	77,384,459	952,749,256	1,030,133,715
Reinsurance contract assets	48,582,649	56,453,906	105,036,555
Retrocession contract assets	41,343,174	147,902,901	189,246,075
Other assets	115,198,756	–	115,198,756
	586,719,234	1,277,027,258	1,863,746,492
LIABILITIES			
Margin loan payable	–	56,797,019	56,797,019
Reinsurance contract liabilities	425,524,599	494,467,188	919,991,787
Retrocession contract liabilities	–	12,155,744	12,155,744
Accrued expenses and other liabilities	156,301,022	–	156,301,022
	581,825,621	563,419,951	1,145,245,572
Gap	4,893,613	713,607,307	718,500,920

31.8. 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 2023 is around 3.3 years (31 December 2022: 3.7 years). 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 1.25 million as at 31 December 2023 (31 December 2022: SR 2.02 million).

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 0.42 million (31 December 2022: 2.52 million).

A 5% change in the fair value of FVOCI investments, with all other variables held constant, would impact the statement of comprehensive income by increase/decrease of SR 7.08 million (31 December 2022: 5.99 million).

31.9. 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:

	31 December 2023 SR	31 December 2022 SR
Total capital held	**1,146,822,039**	1,017,183,510
Minimum regulatory capital	**200,000,000**	200,000,000

In the opinion of the management, the Company has fully complied with the externally imposed capital requirements as at 31 December 2023 and 31 December 2022.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

32.1. Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date.

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

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

32.2. Carrying amounts and fair value

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

	Fair value (SR)				
31 December 2023	Level 1	Level 2	Level 3	Total	Carrying value
Financial investments at FVIS					
Money market funds	–	146,156,801	–	146,156,801	146,156,801
Investment funds	8,299,185	–	–	8,299,185	8,299,185
Equity securities	–	–	–	–	–
Debt securities	–	–	–	–	–
Financial investments at FVOCI					
Tier 1 Sukuk	–	141,632,674	–	141,632,674	141,632,674
Financial investments at amortized cost					
Time deposits	–	–	876,272,635	876,272,635	887,797,603
Debt securities	–	243,077,849	–	243,077,849	239,532,413
Total	8,299,185	530,867,324	876,272,635	1,415,439,144	1,423,418,676

31 December 2022	Fair value (SR) Level 1	Level 2	Level 3	Total	Carrying value
Financial investments at FVIS					
Money market funds	–	71,560,649	–	71,560,649	71,560,649
Investment funds	9,391,200	–	–	9,391,200	9,391,200
Equity securities	41,143,329	–	–	41,143,329	41,143,329
Debt securities	150,558,366	–	–	150,558,366	150,558,366
Financial investments at FVOCI					
Tier 1 Sukuk	–	119,921,195	–	119,921,195	119,921,195
Financial investments at amortized cost					
Time deposits	–	–	744,784,055	744,784,055	754,290,068
Debt securities	–	279,965,054	–	279,965,054	275,843,647
Total	201,092,895	471,446,898	744,784,055	1,417,323,848	1,422,708,454

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

33. CONTINGENCIES AND COMMITMENTS

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

34. SUBSEQUENT EVENT

On 4 March 2024 (corresponding to 23/08/1445H), the Company announced signing a share purchase agreement for the sale of its entire stake in Probitas Holdings (Bermuda) Limited (PHBL). The Company has signed a share purchase agreement with Aviva Insurance Limited for consideration of GBP 120 million, to be paid in cash, subject to applicable regulatory approvals.

35. APPROVAL OF THE FINANCIAL STATEMENTS

These Financial Statements have been approved by the Board of Directors on 16 Ramadan 1445H corresponding to 26 March 2024.

GRI Index

STATEMENT OF USE

Saudi Reinsurance Company has reported the information cited in this GRI content index for the period 01 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 USED GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	About Saudi Re
	2-2 Entities included in the Organization's sustainability reporting	About this Report
	2-3 Reporting period, frequency and contact point	About this Report
	2-4 Restatements of information	About this Report
	2-6 Activities, value chain and other business relationships	About Saudi Re – What We Do
	2-7 Employees	ESG Report – Our People Our Pride
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance
	2-11 Chair of the highest governance body	Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance
	2-13 Delegation of responsibility for managing impacts	ESG Report – Sustainability Strategy
	2-14 Role of the highest governance body in sustainability reporting	ESG Report – Sustainability Strategy
	2-15 Conflicts of interest	ESG Report – Corporate Governance ESG Report – Business Ethics and Compliance
	2-16 Communication of critical concerns	Corporate Governance
	2-17 Collective knowledge of the highest governance body	Corporate Governance
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance
	2-19 Remuneration policies	Corporate Governance
	2-20 Process to determine remuneration	Corporate Governance
	2-22 Statement on sustainable development strategy	Chairman's Statement
	2-23 Policy commitments	ESG Report – Sustainability Strategy
	2-24 Embedding policy commitments	ESG Report – Sustainability Strategy
	2-25 Processes to remediate negative impacts	ESG Report – Sustainability Strategy
	2-26 Mechanisms for seeking advice and raising concerns	ESG Report – Business Ethics and Compliance ESG Report – Our People Our Pride

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GRI STANDARD	DISCLOSURE	LOCATION
	2-27 Compliance with laws and regulations	ESG Report – Business Ethics and Compliance
	2-28 Membership associations	ESG Report – Sustainable Supply Chain
	2-29 Approach to stakeholder engagement	ESG Report – Stakeholder Engagement
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG Report – Material Matters
	3-2 List of material topics	ESG Report – Material Matters
	3-3 Management of material topics	ESG Report
1. Corporate Governance/6 – Ethics and Compliance		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	ESG Report – Business Ethics and Compliance
	205-2 Communication and training about anti-corruption policies and procedures	ESG Report – Business Ethics and Compliance
	205-3 Confirmed incidents of corruption and actions taken	ESG Report – Business Ethics and Compliance
SASB FN-IN-270: Transparent Information and Fair Advice for Customers	Value of any monetary losses as a result of legal proceedings	ESG Report – Business Ethics and Compliance
SASB FN-IN-550: Systemic Risk Management	FN-IN-550a.3 Description of approach to managing capital and liquidity-related risks associated with systemic noninsurance activities.	ESG Report – Business Ethics and Compliance
2. Data Protection and Cybersecurity		
GRI 418: Customer Privacy 2016	3-3 Management of material topics	ESG Report – Our Clients in Focus
3. Talent Development		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	ESG Report – Our People Our Pride
	401-3 Parental leave	ESG Report – Our People Our Pride
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	ESG Report – Our People Our Pride
	404-2 Programs for upgrading employee skills and transition assistance programs	ESG Report – Our People Our Pride
	404-3 Percentage of employees receiving regular performance and career development reviews	ESG Report – Our People Our Pride
4. Serving the National Strategy/11 – Innovation and Digitalization		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	ESG Report – Our National Contribution
	203-2 Significant indirect economic impacts	ESG Report – Our National Contribution
5. Climate Change and Energy Transition		
GRI 302: Energy 2016	302-1 Energy consumption within the Organization	ESG Report – Protecting Our Planet

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	ESG Report – Protecting Our Planet
	305-4 GHG emissions intensity	ESG Report – Protecting Our Planet
7. Financial Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Statements
	201-2 Financial implications and other risks and opportunities due to climate change	Risk Management – Emerging Risk
8. Customer Satisfaction	3-3 Management of material topics	ESG Report – Our Clients in Focus
9. Diversity and Inclusion		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	ESG Report – Our People Our Pride
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	ESG Report – Our People Our Pride
10. Integrating ESG in Insurance/13 – Access to Insurance /14 – Sustainable Products and Services		
SASB FN-IN-450: Environmental Risk Exposure	FN-IN-450a.2 Total amount of monetary losses attributable to insurance payouts from modeled natural catastrophes	ESG Report – Sustainable Insurance
	FN-IN-450a.2 Total amount of monetary losses attributable to insurance payouts from modeled natural catastrophes	ESG Report – Sustainable Insurance
SASB FN-IN-410: Policies Designed to Incentivize Responsible Behavior	FN-IN-410 b.1 Net premiums written related to renewable energy, energy efficiency, cleaner production, low-carbon technology	ESG Report – Sustainable Insurance
12. Investing Responsibly	3-3 Management of material topics	ESG Report – Sustainable Insurance
15. Community Investment	3-3 Management of material topics	ESG Report – Supporting Our Communities
16. Health and Well-being		
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	ESG Report – Our People Our Pride
	403-6 Promotion of worker health	ESG Report – Our People Our Pride
17. Environmental Management		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	ESG Report – Protecting Our Planet
GRI 303: Water and Effluents 2018	303-5 Water consumption	ESG Report – Protecting Our Planet
GRI 306: Waste 2020	306-3 Waste generated	ESG Report – Protecting Our Planet
	306-4 Waste diverted from disposal	ESG Report – Protecting Our Planet
18. Sustainable Procurement		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	ESG Report – Sustainable Supply Chain

Corporate Information

Saudi Reinsurance Company (Saudi Re) was established as a Saudi public shareholding company pursuant to Royal Decree No. 83 dated 25/10/1428 H corresponding to 6/11/2007 and obtained Commercial Registration No. 1010250125 dated 12/5/1429 H.

It is a company licensed under the number TMN/17/20087 and under the control and supervision of the Insurance Authority, and thus it has been established and publicized, as it is the first Saudi Reinsurance Company, with a capital of eight hundred and ninety-one million Saudi riyals (891,000,000) divided into 89.1 million shares.

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