

Saudi Reinsurance Co. Outlook Revised To Positive On Improving Financial Performance Indicators; 'A-' Rating Affirmed

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- Over the past two years, Saudi Reinsurance Co. (Saudi Re) has reported strong top-line growth, primarily driven by enforcement of the mandatory cession that requires local insurance companies to cede a percentage of their reinsurance treaties to the domestic reinsurance market.
- To support this exponential growth and maintain its capital adequacy and liquidity, Saudi Re also took steps to significantly increase its capital base by liquidating its entire stake in a Lloyds syndicate for cash. It also obtained a capital injection from Public Investment Fund, Saudi Arabia's largest sovereign wealth fund.
- We therefore revised our outlook on Saudi Re to positive from stable and affirmed our 'A-' long-term issuer credit and insurer financial strength ratings and our 'gcAAA' Gulf Cooperation Council regional scale rating.
- The positive outlook indicates that we could raise the ratings over the next two years if Saudi Re continues to strengthen its competitive position while maintaining its current capital adequacy, with significant buffers above the 99.99% confidence level.

DUBAI (S&P Global Ratings) Nov. 25, 2025—S&P Global Ratings today revised its outlook on Saudi Reinsurance Co. (Saudi Re) to positive from stable. At the same time, we affirmed our 'A-' long-term issuer credit and insurer financial strength ratings and 'gcAAA' Gulf Cooperation Council regional scale rating on the company.

Saudi Re has strengthened its competitiveness over the past two years, fueled by the exponential growth in its topline. Saudi Re reported revenue growth of about 80% in 2024 and 45% during the first nine months of 2025. This robust growth was primarily triggered by the implementation of mandatory cession, a regulation in the reinsurance industry that requires local insurance companies to cede a percentage of their reinsurance treaties to the domestic reinsurance market. This percentage has been increasing over time: 20% in 2023, 25% in 2024, and 30% in 2025. This policy was introduced by the insurance regulator to boost the local reinsurance market and reduce dependence on foreign reinsurers. We believe Saudi Re will continue to benefit from this and maintain its strong growth momentum for the next two years, with insurance revenue expected to increase by about 35%-40%.

Saudi Re maintains its superior underwriting performance, outperforming many of its regional and international peers. Saudi Re reported a three-year average (2022-2024) net combined ratio under International Financial Reporting Standard (IFRS) 17, of about 83%, which demonstrates superior performance compared with many of the regional reinsurers. This ratio is also better than the average of many large international reinsurers. Despite strong growth, Saudi Re maintained its underwriting discipline and continued to report a net combined ratio of 85% for the first nine months of 2025; we expect it to maintain this trend and report a net combined ratio in the mid-80s over the forecast horizon. Saudi Re's investment portfolio is also highly conservative, with the majority of its investments in highly rated bank deposits and fixed-income securities generating stable investment income. With profitable underwriting results and stable investment income, Saudi Re has built a track record of consistently profitable net income over the past few years, and we expect it to continue the trend and report net income of between Saudi riyal (SAR) 140 million and SAR180 million over the next two years.