الاتحاد للتأمين
UNION INSURANCE

Integrated Report 2025

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UNIONINSURANCE

Board of Directors Report

Dear Shareholders,

On behalf of the Board of Directors of Union Insurance Company P.J.S.C., we are pleased to present to you the Company's Annual Report for the financial year ended 31 December 2025. The report provides a comprehensive overview of the Company's financial and operational performance, the key strategic initiatives implemented خلال the year, as well as our outlook and sustainable growth plans.

First: Strategic Vision

During 2025, Union Insurance Company P.J.S.C. continued to enhance its adaptability and resilience amid global economic challenges and rapidly evolving regulatory developments. The Company successfully strengthened its competitive position in the market by improving operational efficiency, developing business models, and enhancing customer experience through an approach grounded in quality and sustainability.

Our focus remains on achieving balanced and sustainable growth, strengthening the risk management framework, adopting a conservative approach in liquidity and investment management, and continuing to invest in digital transformation and technological innovation, thereby reinforcing our financial strength and enhancing our ability to create long-term value for our shareholders.

Second: Key Financial Performance Indicators

In compliance with the regulations and directives of the Central Bank of the United Arab Emirates, the Company continues to establish and maintain technical reserves in accordance with the recommendations of the appointed actuary, ensuring the adequacy of provisions and the sustainability of solvency.

The year 2025 also witnessed a positive development in the Company's credit standing, as Fitch Ratings upgraded the Company's Insurer Financial Strength (IFS) rating to "BBB+" with a Stable Outlook, reflecting the robustness of its financial position and the effectiveness of its risk management.

Head Office: PO Box 119227 Dubai, UAE | Toll Free: 800 UIC4U (84248) | info@unioninsurance.ae | www.unioninsurance.ae
شركة خاضعة لأحكام قانون شركات ووكلاء التأمين رقم ٦ لسنة ٢٠٠٧ (رقم الترخيص ٦٧)
Registered in accordance with the Insurance Companies Agents Law No. 6 for 2007 (Licence No. 67)

Third: Financial Results for 2025

The Company achieved positive financial results reflecting improved operational and investment performance compared to the previous year, as follows:

- Gross Written Premium: AED 678.6 million (2024: AED 654.7 million)
- Insurance Revenue: AED 614.8 million (2024: AED 591.4 million)
- Insurance Service Result: AED 33.7 million (2024: AED 28.6 million)
- Investment Income: AED 26.9 million (2024: AED 19.7 million)
- Net Profit after Tax: AED 45.9 million (2024: AED 38.3 million)
- Total Equity as at 31/12/2025: AED 289.3 million (2024: AED 243.3 million)
- Total Assets as at 31/12/2025: AED 1.332 billion (2024: AED 1.514 billion)

These results reflect enhanced operational efficiency, strengthened profitability, and improved quality of the insurance portfolio.

Fourth: Corporate Governance and Risk Management

The Board of Directors reaffirms its firm commitment to applying the highest standards of corporate governance in accordance with international best practices and within the approved regulatory frameworks of the United Arab Emirates. Through its various committees, the Board exercises effective oversight to ensure compliance, proper resource management, and a balanced approach between risk and return.

The Company has also continued to develop and enhance its Enterprise Risk Management (ERM) framework to proactively address potential risks, optimize capital allocation, and ensure business continuity under various circumstances.

Fifth: Dividend Distribution

In light of the positive financial performance and the progress achieved in profitability and financial stability indicators, the Board of Directors is pleased to propose to the General Assembly a cash dividend distribution of 4% of the paid-up capital, amounting to AED 9.20 million, in addition to the issuance of bonus shares amounting to AED 20 million, subject to the approval of the General Assembly and the competent regulatory authorities.

This recommendation represents a historic milestone for the Company, as it will mark — upon approval — the first-time dividends are distributed to shareholders since the Company's establishment.

Sixth: Acknowledgment and Appreciation

The Board of Directors extends its sincere gratitude and appreciation to the shareholders for their continued trust, as well as to our valued clients, regulatory authorities, and strategic partners for their support and cooperation.

The Board also expresses its deep appreciation to the executive management team and all employees of the Company for their dedication, professionalism, and teamwork, which have directly contributed to achieving these positive results and strengthening the foundations of sustainable growth.

We look forward with confidence to continuing our journey of success and achieving further accomplishments in the coming year.

For and on behalf of the Board of Directors

Chairman of the Board
Nasser Rashid Abdulaziz Almoalla

Management Report: A Year of Sustained Growth

We are pleased to report that in 2025 we continued to deliver strong financial results. The robust performance is attributed to a strategic focus on core portfolio growth and a commitment to underwriting excellence, as demonstrated by the following financial indicators:

- 20% growth in Net Profit, reaching AED 45.97 million in 2025 from AED 38.3 million in 2024
- 21% increase in Net UW Profit, rising to AED 24.04 million in 2025 from AED 19.8 million in 2024
- Insurance revenue increased to AED 614.8 million in 2025 from AED 591.4 million in 2024 (in accordance with IFRS 17)
- Increase in solvency ratio to reach 175%

Strategic Milestones

- Reflecting these strong results, the Board, chaired by Sheikh Nasser bin Rashid Al Mualla, during its meeting held on February 15, 2026, has recommended distributing bonus shares totaling AED 20 million, bringing the company's capital to AED 250 million. This strategic move aims to strengthen the company's capital base and reinforce its long-term financial stability. Additionally, the Board recommended a 4% cash dividend for the fiscal year ended 31/12/2025. These recommendations are subject to shareholders' approval at the upcoming Annual General Meeting (AGM).

- Fitch Ratings upgraded the company's Insurer Financial Strength (IFS) Rating to 'BBB+' from 'BBB' with a stable outlook. The upgrade reflects improved underwriting profitability, strong capitalization and robust reinsurance.

- Company solvency consistently exceeds the regulatory requirements, which underscores the company's financial stability and resilience. Additionally, the healthy liquidity levels reflect the company's ability to meet its obligations and support ongoing operations smoothly.

Classification: Internal

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As we enter 2026, Union Insurance is well-positioned to capitalise on the UAE's expanding insurance market. Our strategy remains focused on enhancing operational efficiency, maintaining solid internal controls and delivering sustainable value to both our shareholders and customers.

I would like to thank our shareholders for their continued trust and our employees for their dedication to excellence.

Your sincerely,

Ramez Abou Zaid

Chief Executive Officer

شركة الاتحاد للتأمين ش.م.ع.
Union Insurance Co. P.S.C.
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Union Insurance Company P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Insurance Company P.J.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

GrantThornton

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets	
As at 31 December 2025, the Company's Insurance Contract Liabilities and Reinsurance Contract Assets are valued at AED 615.3 million and AED 390.1 million, respectively. (Refer to note 13). Valuation of these insurance contract liabilities and reinsurance contract assets involves significant judgements and estimates, particularly with respect to the eligibility of measurement models and estimation of the present value of future cash flows. These cash flows and liabilities primarily include expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cashflows, which are within the contract boundaries. The calculation for these liabilities and assets includes significant estimation and involvement of actuarial experts in order to ensure the appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of future cash flows. As a result of all the above factors, we consider the valuation of these insurance contract liabilities and reinsurance contract assets as a key audit matter.	We performed the following procedures in conjunction with our actuarial specialists: - Understood and evaluated the process, the design and implementation of controls in place to determine valuation of Insurance contract liabilities and Reinsurance contract assets; - Assessed the competence, capabilities and objectivity of the management's appointed actuary; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - Independently reperformed the calculation to assess the mathematical accuracy of the Insurance contract liabilities and Reinsurance Contract Assets on selected classes of business, particularly focusing on largest and most uncertain reserves; - Evaluated and tested the calculation of the allowance for expected credit loss allowance including the data, key assumptions and judgments used; and - Assessed the adequacy of disclosures included in the financial statements against the requirements of IFRS Accounting Standards.

Other Information

Management and directors are responsible for the other information. The other information comprises the information included in the Board of Directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do 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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

GrantThornton

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Management and the 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 as issued by the IASB and their preparation in compliance with the UAE Federal Decree Law No. (32) of 2021 (as amended), and UAE Federal Law No. (6) of 2025 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 are responsible for overseeing the Company's financial reporting process.

Auditor's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- 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 evidenced 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate to 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to 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 auditor's report unless law and regulations preclude 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.

Report on other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021 (as amended), we report that:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended);

iii) The Company has maintained proper books of account in accordance with established accounting principles;

iv) The financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) Investments in shares and stocks during the year ended 31 December 2025 are disclosed in note 5 to these financial statements;

vi) Note 10 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

vii) The Company did not make any social contribution during the year ended 31 December 2025 as disclosed in note 25; and

viii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has, during the financial year ended 31 December 2025, contravened any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended), or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2025;

Further, as required by the UAE Federal Law No. (6) of 2025, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

GRANT THORNTON UAE

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Sharjah - U.A.E.
GRANT THORNTON Audit and Accounting Limited (Sharjah Branch)

Dr. Osama El-Bakry
Registration No: 935
Sharjah, United Arab Emirates

16 February 2026

Union Insurance Company P.J.S.C.

Statement of financial position
As at 31 December 2025

	Notes	31 December 2025 AED'000	31 December 2024 AED'000
Assets			
Property and equipment		**3,330**	3,890
Intangible assets		**1,394**	2,574
Right-of-use-assets	22.1	**3,297**	912
Unit-linked assets	5.3	**341,261**	359,176
Investment securities	5	**57,374**	47,091
Statutory deposit	6	**10,000**	10,000
Reinsurance contract assets	13	**390,092**	612,333
Other receivables	15	**54,963**	55,161
Bank deposits with original maturities of more than three months	7.1	**439,045**	408,993
Cash and cash equivalents	7	**30,853**	13,920
Total assets		**1,331,609**	1,514,050
Equity and liabilities			
Equity			
Share capital	8	**230,000**	330,939
Statutory reserve	9.1	**6,493**	21,851
Special reserve	9.2	**-**	21,851
Fair value reserve	9.3	**166**	168
Reinsurance reserve	9.4	**12,915**	11,274
Retained earnings / (Accumulated losses)		**39,739**	(142,745)
Total equity		**289,313**	243,338
Liabilities			
Provision for employees' end of service benefits	23	**8,731**	12,158
Insurance contract liabilities	13	**615,342**	818,806
Reinsurance contract liabilities	13	**1,791**	1,563
Other payables	16	**110,250**	113,579
Unit-linked liabilities	12	**306,182**	324,606
Total liabilities		**1,042,296**	1,270,712
Total equity and liabilities		**1,331,609**	1,514,050

To the best of our knowledge, the financial information present fairly in all material respects the financial condition, results of operation and cash flows of the Company as of, and for the year ended 31 December 2025. The financial information was approved by the Board of Directors and signed on their behalf by:

Nasser Rashid Abdulaziz Almoalla
Chairman

Ramez Abou Zaid
Chief Executive Officer

The accompanying notes from 1 to 33 form an integral part of these financial statements.

Union Insurance Company P.J.S.C.

Statement of profit or loss
For the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Insurance revenue	17	**614,840**	591,417
Insurance service expenses	18	**(393,421)**	(522,646)
Insurance service result before reinsurance contracts held		**221,419**	68,771
Allocation of reinsurance premiums		**(314,311)**	(338,713)
Amounts recoverable from reinsurance for incurred claims		**126,629**	298,563
Net expenses from reinsurance contracts held		**(187,682)**	(40,150)
Insurance service result		**33,737**	28,621
Interest income		**19,694**	17,036
Net gain on financial assets at FVTPL		**5,541**	716
Other investment income		**1,691**	1,982
Total investment income	20	**26,926**	19,734
Insurance finance expenses from insurance contracts issued	19	**(24,268)**	(18,609)
Reinsurance finance income from reinsurance contracts held	19	**17,822**	13,435
Net insurance financial result		**(6,446)**	(5,174)
Net insurance and investment results		**54,217**	43,181
Board of Directors' remuneration	10	**(2,160)**	(1,650)
Other operating expenses - net	21	**(3,247)**	527
Profit for the year before tax		**48,810**	42,058
Income tax expense	31	**(2,833)**	(3,751)
Profit for the year after tax		**45,977**	38,307
			Restated
Basic and diluted earnings after tax per share	24	**0.200**	0.167

The accompanying notes from 1 to 33 form an integral part of these financial statements.

Union Insurance Company P.J.S.C.

Statement of other comprehensive income
For the year ended 31 December 2025

	2025 AED'000	2024 AED'000
Profit for the year after tax	**45,977**	38,307
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of equity investments held at fair value through other comprehensive income – net of tax	**(2)**	5
Other comprehensive (loss)/ income for the year	**(2)**	5
Total Comprehensive Income for the Year	**45,975**	38,312

The accompanying notes from 1 to 33 form an integral part of these financial statements.

Statement of changes in shareholders' equity
For the year ended 31 December 2025

	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	Reinsurance reserve AED'000	Fair value reserve AED'000	Retained earnings /(accumulated losses) AED'000	Total AED'000
Balance as at 1 January 2024	330,939	18,020	18,020	9,525	163	(171,641)	205,026
Profit for the year after tax	-	-	-	-	-	38,307	38,307
Other comprehensive income for the year	-	-	-	-	5	-	5
Total comprehensive income for the year	-	-	-	-	5	38,307	38,312
Transfer to reinsurance reserve	-	-	-	1,749	-	(1,749)	-
Transfer to statutory reserve	-	3,831	-	-	-	(3,831)	-
Transfer to special reserve	-	-	3,831	-	-	(3,831)	-
Balance as at 31 December 2024	330,939	21,851	21,851	11,274	168	(142,745)	243,338
Balance as at 1 January 2025	**330,939**	**21,851**	**21,851**	**11,274**	**168**	**(142,745)**	**243,338**
Profit for the year after tax	-	-	-	-	-	**45,977**	**45,977**
Other comprehensive loss for the year	-	-	-	-	**(2)**	-	**(2)**
Total comprehensive income for the year	-	-	-	-	**(2)**	**45,977**	**45,975**
Transfer due to capital reduction	**(100,939)**	-	-	-	-	**100,939**	-
Transfer to reinsurance reserve	-	-	-	**1,641**	-	**(1,641)**	-
Transfer from statutory reserve	-	**(19,956)**	-	-	-	**19,956**	-
Transfer to statutory reserve	-	**4,598**	-	-	-	**(4,598)**	-
Transfer from special reserve	-	-	**(21,851)**	-	-	**21,851**	-
Balance as at 31 December 2025	**230,000**	**6,493**	-	**12,915**	**166**	**39,739**	**289,313**

The accompanying notes from 1 to 33 form an integral part of these financial statements.

Union Insurance Company P.J.S.C.

Statement of cash flows
For the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Cash flows from operating activities			
Profit for the year before tax		**48,810**	42,058
Adjustments for:			
Depreciation and amortisation		**2,952**	5,200
Gain on disposal of property and equipment		**-**	(14,215)
Gain on disposal of investments at FVTPL	20	**(1,207)**	275
Unrealised gain on investments at FVTPL	20	**(4,333)**	(716)
Interest income	20	**(19,696)**	(17,036)
Dividend income	20	**(2,445)**	(3,016)
Interest on lease liabilities		**57**	147
Provision for employees' end of service benefits	23	**736**	1,762
Operating cash flows before changes in working capital		**24,874**	14,459
Change in:			
Reinsurance contract assets		**222,241**	(87,006)
Other receivables		**198**	(12,195)
Insurance contract liabilities		**(203,464)**	55,036
Other payables		**(8,581)**	9,726
Unit-linked assets		**17,915**	43,981
Unit-linked liabilities		**(18,424)**	(45,678)
Cash generated from/(used in) operating activities		**34,759**	(21,677)
Employees' end of service indemnity paid	23	**(4,163)**	(3,558)
Net cash generated from/(used in) operating activities		**30,596**	(25,235)
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		**(285)**	(586)
Proceeds from sale of property and equipment		**-**	73,425
Purchase of investments held at FVTPL (excluding unit linked assets)	5.4	**(6,216)**	(4,485)
Proceeds from disposal of investments held at FVTPL (excluding unit linked assets)	5.4	**1,472**	30,128
Interest received		**9,387**	17,036
Dividend received		**2,445**	3,016
Maturities of fixed deposits with banks with original maturities greater than three months		**(19,743)**	(114,423)
Net cash (used in)/generated from investing activities		**(12,940)**	4,111
Cash flows from financing activity			
Payment of lease liabilities	22.2	**(723)**	(3,241)
Net cash used in financing activity		**(723)**	(3,241)
Net change in cash and cash equivalents		**16,933**	(24,365)
Cash and cash equivalents at the beginning of the year	7.1	**13,920**	38,285
Cash and cash equivalents at the end of the year	7.1	**30,853**	13,920

The accompanying notes from 1 to 33 form an integral part of these financial statements.

1. General information

Union Insurance Company P.J.S.C. (the "Company") is incorporated as a public shareholding company and operates in the United Arab Emirates ("UAE") under a trade license issued by the Government of Dubai. The Company is registered under the UAE Federal Decree Law No. (32) of 2021 (as amended), relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. (6) of 2025. The Company is registered with the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") under registration number 67. The Company's registered corporate office is at Single Business Tower, Sheikh Zayed Road, P.O. Box 119227, Dubai, United Arab Emirates ("UAE"). The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange ("ADX").

The principal activity of the Company is the writing of insurance of all types including life assurance. The Company operates through its Head Office in Dubai and Branch Offices in Abu Dhabi, Dubai, Sharjah, Ajman, and Ras Al Khaimah. This financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including the UAE Federal Decree Law No. (32) of 2021 (as amended).

During the year, Federal Decree Law No. (6) of 2025 was issued, effective 16 September 2025, repealing Federal Decree Law No. (48) of 2023. Pursuant to Article 184 of Federal Decree Law No. (6) of 2025, the Company has a period of one year from the effective date to align its operations and governance framework with the requirements of the new legislation. The Company is currently evaluating the impact of the Federal Decree Law No. (6) of 2025 and will implement any necessary changes within the permitted transition period.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that have been measured at revalued amounts, amortised cost or fair value and the provision for employees' end of service indemnity, which is calculated in line with UAE labour laws.

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 (as amended) ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (6) of 2025.

2.2 Going concern

The validity of the going concern assumptions is dependent upon future operations and ability of the Company to generate sufficient cash flows to meet its future obligations. The Company has sufficient cash balances as of 31 December 2025 and future plans indicate that the Company will be profitable and will generate sufficient cash flows.

The Company's directors are, therefore, confident that the Company will be able to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. Accordingly, these financial statements have been prepared on a going concern.

2. Basis of preparation (continued)

2.3 Application of new and revised International Financial Reporting Standards ("IFRS")

2.3.1 New and revised IFRSs and interpretations applied on the financial statements

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IAS 21	Amendments to IAS 21 Lack of exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025

These standards did not have a material impact on these financial statements.

2.3.2 Standards issued but not yet effective

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard number	Title	Effective date
IFRS 9 & IFRS 7	Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

3. Material accounting policy information

Insurance contracts issued and reinsurance contracts held

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Level of aggregation

Level of aggregation relates to the unit of account. The unit of account is referred to as a 'Group of Contracts' and requirements relating to level of aggregation define how groups of contracts have to be determined.

The standard has set out the following requirements to determine a group of contracts:

- Portfolio – contracts that have similar risks and that are managed together can be grouped.
- Profitability – contracts with similar expected profitability (at inception or initial recognition) can be grouped.

For this purpose, the standard has mandated at least the following three classifications however it is permitted to use more granular classifications:

- Contracts that are onerous at inception;
- Contracts that are not onerous and have no significant possibility of becoming onerous; and
- All other contracts

Cohorts

Contracts issued more than 12 months apart cannot be grouped together. However, in certain circumstances a one-time simplification upon transition for contracts as at the transition is allowed.

A unique combination of the above three requirements forms a group of contracts i.e., contracts with same portfolio, same expected profitability and issued in the same year can be grouped together. This grouping is permanent and cannot be changed once assigned, regardless of how the actual experience emerges after initial recognition. For instance, as experience emerges an entity may realise that a contract which was thought to be onerous at initial recognition is not onerous, but the grouping will not be changed.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting year in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services.

A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to years after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Recognition

Recognition requirements are slightly different for issued contracts and held contracts. For groups of issued contracts, a group should be recognised at the earliest of the following:

- Beginning of the coverage period;
- Date when the first payment from a policyholder becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Reinsurance contracts held by an entity are recognised on the earlier of:

- Beginning of the coverage period of the group of reinsurance contracts held; and
- Date the entity recognises an onerous group of underlying insurance contracts provided the reinsurance contract was in force on or before that date.

Regardless of the first point above, the recognition of proportional reinsurance contracts held shall be delayed until the recognition of the first underlying contract issued under that reinsurance contract.

Measurement models

Measurement model, in rudimentary terms, refers to the basis or a set of methodologies for the computation of insurance contract assets and liabilities and associated revenues and expenses. IFRS 17 has provided the following three measurement models:

Premium Allocation Approach ("PAA")

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA and GMM. In terms of computations, the major simplification relates to LRC.
Under PAA, it is not required to consider each component of the premium separately instead a single liability can be set up. The components of liability under PAA as at any valuation date can be summarised as follows:

Liability for Remaining Coverage ("LRC")
- Excluding Loss Component
- Loss Component, if any

Liability for Incurred Claims ("LIC")
- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

All of the Company's short-term business is eligible for this simplification and the Company has adopted this simplification for the eligible business. Under PAA, loss component and claim reserves requires an explicit provision of risk adjustment this would increase the liabilities whereas discounting will generally decrease the liabilities.

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

General Measurement Model ("GMM")

GMM is the default measurement model and is applied to all contracts to which Premium Allocation Approach ("PAA") and Variable Fees Approach ("VFA") are not applied. GMM is based on the premise that premiums (or considerations) for insurance contracts comprises of certain components (such claims, expenses and profits) and that each component needs to be considered according to its nature. The liability under GMM as at any valuation date comprises of the following:

Liability for Remaining Coverage ("LRC")

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows
- Contractual Service Margin ("CSM")

Liability for Incurred Claims ("LIC")

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

Variable Fees Approach ("VFA")

VFA is a mandatory modification to contracts with direct participation features. A contract is a contract with direct participation feature if it meets all three of the following requirements:

- Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

The components of the liability under VFA are same as GMM and their calculations are quite similar too except for the computation of CSM. Under VFA, CSM calculations reflect the variability related to underlying items, but GMM does not reflect this variability. Similarly, there are some other aspects related to financial risk that impact the CSM under VFA but not under GMM.

The measurement models have been discussed above are in context of insurance contracts issued and associated liabilities, but same principles are applicable to reinsurance contract held and associated assets (except for VFA). Similarly, both LRC and LIC components are mentioned however, at initial recognition only LRC is applicable.

Company's unit-linked business is measured using VFA, all other long-term business is measured using GMM.

Estimates of future cashflows

The standard requires that future cashflows should be estimated till the end of the contract boundary. End of contract boundary is defined as the point at which an entity can either reassess the risk or consideration i.e., premium. The standard does not provide the methodology for the estimation of future cashflows however, it does provide detailed guidance on the cashflows that are within and beyond the contract boundary. It also provides certain principles in relation to the estimates of future cashflows.

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Discounting

The standard requires the estimates of future cashflows should be discounted to reflect the effect of time value of money and financial risks. Similar to other provisions it does not specify a methodology for discounting or the derivation of discount rates, however, it sets out certain principles. The standard does recognise the following two approaches for the derivation of the discount rates:

- Bottom-Up: An approach where a risk-free rate or yield curve is used and an illiquidity premium is added to reflect the characteristics of the cashflows.
- Top-Down: An approach where the expected yield on a reference portfolio is used and adjustments are applied to reflect the differences between the liability cashflow characteristics and the characteristics of the reference portfolio.

For cashflows that are linked to the underlying items for contracts with direct participation features, the discount rates must be consistent with other estimates used to measure insurance contracts. The above two approaches may have to be adjusted to reflect the variability in the underlying items for such cashflows.

Contractual Service Margin ("CSM")

Contractual Service Margin (CSM) represents the unearned profit the entity will recognise as it provides insurance contract services in the future. At initial recognition CSM is computed using the fulfillment cash flows (FCF) whereas at subsequent measurement CSM is computed using the opening CSM balance and various adjustments relating to the period. A portion of CSM is released to Profit & Loss as revenue in every period using coverage units.

Onerous contracts and loss components

When a group of contracts, whether at initial recognition or subsequently, is or becomes onerous a loss component liability must be maintained. Under GMM and VFA this liability is implicitly included in the FCFs for LRC but for PAA an explicit loss component over the base LRC must be computed and set aside.

Revenue recognition

Insurance revenue and reinsurance expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognised in statement of profit or loss for the insurance contract services provided or received in the year.

For contracts measured under the General Measurement Model (GMM) in which the Company has discretion over the cash flows to be paid to the policyholders, judgement might be involved in the determination of what the Company considers its commitment on initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfilment cash flows (FCF) resulting from changes in the Company's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

Insurance service expenses

Insurance service expenses include the following:

- incurred claims for the year
- other incurred directly attributable expenses
- insurance acquisition cash flow expenses.

An element of time value of money of LIC for the year.

3. Material accounting policy information (continued)

Insurance contracts issued and reinsurance contracts held (continued)

Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Directly attributable expenses are the costs that can be fully or partially attributed to the fulfilment of groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers. Both acquisition and attributable costs fall under the insurance service expenses. While non-attributable costs are reported under other operating expenses.

Finance income or expenses from insurance contracts issued

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

- Interest accreted on the CSM;
- Interest accreted on the PAA LRC excluding the LC (if adjusted for the financing effect);
- The financing effect on the LC measured under the PAA (if adjusted for the financing effect);
- The effect of changes in FCFs at current rates, when the corresponding CSM unlocking is measured at the locked in rates;
- Any interest charged to or added to insurance / reinsurance asset or liability balances; and
- The effect of changes in interest rates and other financial assumptions.

For all groups of contracts, the Company disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income (that is, the OCI option is applied). The finance income and expenses from insurance contracts issued recognised in the statement of profit or loss reflects the unwind of the liabilities at the locked-in rates. The remaining amount of finance income and expenses from insurance contracts issued for the period is recognised in OCI.

Key Accounting Policy Choices

IFRS 17 requires Company to make various accounting policy choices. The key accounting policy choices made by the Company are described below.

Accounting Policy	Company Decision
Level of Aggregation – Adopting more granular profitability	Company adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation – Adopting more granular cohort	Company is using annual cohorts and not shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognise insurance acquisition cashflows as expense when incurred however, the Company does not apply this choice instead it defers all insurance acquisition cashflows.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Company is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense to be split between OCI, and P&L. Company has opted to reflect entire finance expense in the P&L and not to split between OCI and P&L.

3. Material accounting policy information (continued)

Other revenue recognition

(a) Interest income

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' in the statement of profit or loss.

(b) Dividend income

Dividend income from investments is recognised in the statement of profit or loss when the Company's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(c) Reinsurance commission earned

Commissions earned are recognised fully at the time the related insurance contracts are written.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in the statement of profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss, within "Administrative expenses".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in statement of other comprehensive income.

3. Material accounting policy information (continued)

Segment reporting

For management purposes, the Company is organised into two business segments based on their products and services and has two business segments as follows:

(a) The general insurance segment comprises of property, fire, marine, motor, medical, general accident and miscellaneous risks.
(b) The life assurance segment offers short term and long-term life insurance. Revenue from this segment is derived primarily from insurance premium, fees and commission income, investment income and fair value gains and losses on investments.

No operating segments have been aggregated to form the above reportable operating segments. 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 ended 31 December 2025 and 2024. If any transaction were to occur, transfer prices between operating segments would be set on an arm's length basis in a manner similar to transactions with third parties.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The two operating segments i.e. General Insurance and Life Insurance segments, organised under two Presidents who report into the Chief Executive Officer. The Board and its various committees have oversight on the overall operations of the company.

Property and equipment

Property and equipment comprises of freehold land, furniture and fixture, office equipment, motor vehicles, computer equipment and capital work in progress.

Property and equipment is carried at historical cost, less accumulated depreciation any recognised impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated.

Capital work in progress is stated at the lower of cost or net realisable value. The cost includes the cost of construction and other related expenditure which are capitalised as and when activities that are necessary to get the assets ready for use are in progress. Net realisable value represents the estimated recoverable value based on expected future usage. Management reviews the carrying values of the capital work in progress on an annual basis.

Capital work in progress are considered to be completed when all related activities, for the entire assets have been completed. Upon completion, those are transferred to property and equipment.

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

3. Material accounting policy information (continued)

Property and equipment (continued)

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

Depreciation is recognised so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The useful life considered in calculation of depreciation for all the assets is as follows:
- Office equipment & computer equipment - 5 years
- Motor vehicles - 4 years
- Furniture and fixtures - 12 years

Intangible assets

Intangible assets including software and license fee for access to know how.

(a) Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 5 years.

(b) License know how

Licenses know how is shown at historical cost. It has a definite useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost license over their estimated useful lives i.e. 5 years.

3. Material accounting policy information (continued)

Leases

The Company leases office premises. Rental contract of the leases range from 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability within "Insurance and other payables" at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For buildings, the following factors are normally the most relevant.

- if there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate); and
- otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The assessment is reviewed whether a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Termination option is included in the property lease of the Company. This option held is exercisable by the Company and the lessor. Payments associated with short-term leases of premises are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3. Material accounting policy information (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Financial instruments

(a) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or statement of other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

All "regular way" purchases and sales of financial assets are recognised on the "trade date", i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Net investment income/ (loss)' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income/(loss)' in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the income statement and is presented net within 'Net investment income' in the period in which it arises.

3. Material accounting policy information (continued)

Financial instruments (continued)

(a) Investments and other financial assets (continued)

(iii) Measurement (continued)

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.

Equity investments

The Company subsequently measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Company's policy is to designate equity investments at FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as "Net investment income / (loss)" when the Company's right to receive payments is established.

The unit-linked assets include investments held on behalf of policyholders of unit linked products, financial assets from reinsurer towards policyholders of unit linked products contracts and cash held on behalf of policyholders. Investments held on behalf of policyholders of unit linked products and financial assets from reinsurer towards policyholders of unit linked products contracts are accrued to the account of the contract holder at the fair value of the net gains arising from the underlying linked assets. All these contracts are designated as at fair value through profit or loss and were designated in this category upon initial recognition. Cash held on behalf of policyholders are designated as amortised cost investment designated in this category upon initial recognition.

Impairment and uncollectibility of financial assets

The Company assesses the collectability of its financial assets based on its credit policy and default events. Refer to (b) below for impairment of insurance and other receivables.

(b) Insurance and other receivables

Impairment of financial assets

The Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

Overview

The Company is recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

3. Material accounting policy information (continued)

Financial instruments (continued)

(b) Insurance and other receivables (continued)

Impairment of financial assets (continued)

Overview (continued)

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorizes its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 also include instruments, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset. The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

The calculation of ECLs

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. The mechanics of the ECL method are summarised below:

Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

3. Material accounting policy information (continued)

Financial instruments (continued)

(b) Insurance and other receivables (continued)

Impairment of financial assets (continued)

The calculation of ECLs (continued)

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in other comprehensive income is recycled to the profit or loss upon derecognition of the assets.

Forward looking information

The Company, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(c) Financial liabilities

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Company opted to measure a liability at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

3. Material accounting policy information (continued)

Financial instruments (continued)

(c) Financial liabilities (continued)

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of change in value less overdrafts with banks. Bank overdrafts are shown within liabilities in the statement of financial position.

(e) Bank deposits with banks with original maturities of more than three months

Deposits held with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognised in the statement of profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3. Material accounting policy information (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income tax

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

3. **Material accounting policy information (continued)**

Employees' end of service benefits

The Company provides end-of-service benefits to its expatriate employees in accordance with the UAE Labor Law.

The entitlement to these benefits is based upon the employees' salary and the length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Defined contribution plan for UAE national employees

The Company is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to pension and Social Security Law. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to statement of profit or loss.

An accrual has been made for the past contributions relating to the services rendered by the eligible UAE National employees up to 31 December 2025. The Company has no further payment obligations once the contributions have been paid.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:
   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:
   (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
   (vi) The entity is controlled or jointly controlled by a person identified in (a);
   (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Material accounting policy information (continued)

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

4. Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The sensitivities for life insurance contracts are disclosed in note 28.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required 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.

Estimates of future cash flows to fulfill insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17, are all future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows which includes the expected premium receipts and ultimate cost of claims. The ultimate cost of claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

4. Critical accounting judgements and key sources of estimation of uncertainty (continued)

Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

Risk adjustment

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Onerous groups

The Company uses significant judgement 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.

Discounting

The Company adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

Discount rates applied for discounting of future cash flows from insurance and reinsurance contracts are listed below:

	1 year		**3 years**		**5 years**		**10 years**	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Discount rate used	**4.55%**	**6.04%**	**4.62%**	**6.15%**	**4.81%**	**6.26%**	**5.31%**	**6.49%**

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free curve itself will either be derived by the Company from risk-free assets in the market, or the Company may choose to apply a published risk-free yield curve. The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

5. Investment securities and unit linked assets

Investment securities comprise the following:

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Financial assets at fair value through profit or loss (5.1)	**57,347**	47,062
Financial assets at fair value through other comprehensive income (5.2)	**27**	29
	57,374	47,091
Unit linked assets (5.3)	**341,261**	359,176

5.1 Financial assets at fair value through profit or loss

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Quoted equity securities in U.A.E.	**54,539**	42,286
Quoted equity securities outside U.A.E.	**674**	535
Quoted bonds in U.A.E.	**1,830**	2,762
Unquoted equity securities outside U.A.E.	**56**	127
Unquoted equity securities in U.A.E.	**248**	1,352
Fair value at the end of the year	**57,347**	47,062

Investments classified at fair value through profit or loss are designated in this category upon initial recognition.

The bonds carry interests at the rates of 3.86% to 4.88% (31 December 2024: 3.70% to 6.05%) per annum. There are no significant concentrations of credit risk to a single counter party for debt instruments and the carrying amount reflected above represents the Company's maximum exposure to credit risk for such assets.

5.2 Investments at fair value through other comprehensive income

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Quoted equity securities in U.A.E.	**27**	29
	27	29

Investments classified at fair value through other comprehensive income are designated in this category upon initial recognition.

During the year ended 31 December 2025, the Company did not dispose any equity investments held at fair value through other comprehensive income (31 December 2024: Nil) in line with the Company's investment strategy.

5. Investment securities and unit linked assets (continued)

5.3 Unit linked assets

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Investments held on behalf of policyholders of unit linked products carried at FVTPL	**187,800**	203,960
Financial assets due from reinsurer towards policyholders of unit-linked products carried at FVTPL	**140,282**	142,896
Cash held on behalf of policyholders of unit linked products carried at amortised cost	**13,179**	12,320
	341,261	359,176

5.4 Movement in the financial investments

	FVTPL AED'000	FVTOCI AED'000	Total AED'000
At 1 January 2024	72,264	24	72,288
Purchases	4,385	-	4,385
Disposals	(30,028)	-	(30,028)
Changes in fair value	716	5	721
Realised gain	(275)	-	(275)
As at 31 December 2024	47,062	29	47,091
Purchases	**9,825**	-	**9,825**
Disposals	**(5,080)**	-	**(5,080)**
Changes in fair value	**4,333**	**(2)**	**4,331**
Realised gain	**1,207**	-	**1,207**
As at 31 December 2025	**57,347**	**27**	**57,374**

6. Statutory deposit

The statutory deposit of AED 10 million (31 December 2024: AED 10 million) is required to be placed by insurance companies operating in the U.A.E. with the designated national banks. This deposit has been pledged to the bank as security against a guarantee issued by the bank in favour of the CBUAE for the same amount.

Statutory deposits, which depend on the nature of insurance activities, cannot be withdrawn except with the prior approval of the CBUAE in accordance with Article 92 of Federal Decree Law No. (6) of 2025.

7. Cash and cash equivalents

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Cash on hand	**35**	35
Bank balances:		
Current accounts with banks	**30,818**	13,885
Cash and cash equivalents for the purpose of the statement of cash flows	**30,853**	13,920
In U.A.E.	**29,449**	13,920
Outside U.A.E	**1,404**	-
	30,853	13,920

There are no bank deposits with original maturities of three months or less as of 31 December 2025. (2024: AED Nil).

7.1 Bank deposits with original maturities of more than three months

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Deposits with original maturities greater than three months	**439,045**	408,993
In U.A.E.	**439,045**	408,599
Outside U.A.E.	**-**	394
	439,045	408,993

Bank deposits carried interest rates ranging from 3.5% to 4.5% per annum (31 December 2024: 2.5% to 6% per annum).

Bank deposits of AED 45 million (31 December 2024: AED 45 million) have been pledged as security against the credit facility which is to manage the liquidity position.

The Company has obtained overdrafts facilities from commercial banks in the UAE amounting to AED 25 million (31 December 2024: AED 25 million) which carry interest rate of 1% per annum above the highest interest rate payable on fixed deposits under lien for the overdraft facility; or as varied by notice in writing received from the bank from time to time. Unused credit facilities amounted to AED 25 million (31 December 2024: AED 25 million).

8. Share capital

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Issued and fully paid 230,000,000 shares of AED 1 each (31 December 2024: 330,939,180 share of AED 1 each)	**230,000**	330,939

During the year, the shareholders of the Company approved a reduction in the statutory reserve (Note 9.1), special reserve (Note 9.2) and share capital of 30.50% with equivalent to 100,939,180 shares out of the Company's total 330,939,000 issued shares. This resolution was passed at the annual general meeting held on 21 April 2025, and the capital reduction was subsequently approved by all relevant regulatory authorities.

9. Reserves

9.1 Statutory reserve

In accordance with the UAE Federal Law 32 of 2021, the Company is required to transfer 10% of the annual profits up to 50% of paid-up capital. The Company transfers 10% of the profits at the end of the year to the statutory reserve. The Company transferred AED 4,598 thousand during the year ended 31 December 2025 (2024: AED 3,831 thousand). The reserve is not available for distribution except in the circumstances stipulated by the law.

During the year, an amount of AED 19,956 thousand was released from the statutory reserve to offset the Company's accumulated losses. This resolution was passed during the shareholders annual general meeting held of 21 April 2025. (Note 8).

9.2 Special reserve

In accordance with the Company's Articles of Association, the Board of Directors may transfer 10% of annual net profits, if any, to a special reserve until an Ordinary General Meeting upon a proposal suspends it. The special reserve can be utilized for the purposes determined by the Ordinary General Meeting upon recommendations of the Board of Director. During the year, the shareholders approved to amend the articles of association of the Company to remove the requirement to transfer 10% of annual net profits. Accordingly, an amount of AED 21,851 thousand was released from the special reserve to offset the Company's accumulated losses. This resolution was passed during the shareholders annual general meeting held of 21 April 2025. (Note 8)

9.3 Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of financial assets designated as fair value through other comprehensive income.

9.4 Reinsurance reserve

In accordance with Article 34 of the UAE Central Board of Directors Decision No. (23) of 2019, the Company has transferred AED 1,641 thousand from the 'Accumulated losses' to the 'Reinsurance reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2025 (year ended 31 December 2024: AED 1,749 thousand). The Company shall accumulate such provision year on year and shall not dispose of the reserve without the written approval of the director general within the CBUAE.

10. Related party balances and transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24. Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting year, amounts due from/(to) related parties which are included in the respective account balances are detailed below:

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Balances with entities related to Board members		
Gross outstanding claims (included in insurance contract liabilities)	**17**	450
Fixed deposits	**80,631**	197,009
Bank account	**1,220**	5,100
Balances with former major shareholder		
Insurance premium receivable (netted from insurance contract liability)	**26,603**	26,603
Provision for expected credit losses	**(26,360)**	(26,360)
Net	**243**	243
Investment properties reclassified to "Advance paid for purchase of real estate properties"	**72,270**	72,270
Reversal of net fair value gains recorded in prior years	**(35,770)**	(35,770)
Advance paid for purchase of real estate properties*	**36,500**	36,500
Provision on advance paid for purchase of real estate properties	**(36,500)**	(36,500)
	-	-

The amounts outstanding are unsecured, interest free and repayable on demand. No guarantees have been given to the related parties.

* The amount under the advance paid for real estate properties (AED 36.5 million) was represented as Investment Properties with a carrying value in the books of AED 72.3 million in the audited financial statements for the year ended 31 December 2020. The said asset represents purchased assets from related parties during the years 2013 and 2014. The purchased assets comprise a 60 residential unit in a single building and a plot of land of 150,000 square feet with integrated infrastructure. For one of the assets, the agreement was entered in 2013 to purchase 150,000 square feet of the land, which was reduced to 56,800 square feet and later amended to 78,900 square feet based on the instruction received from the former Chairman who was also the representative of the related party.

The counterparties (related parties) to the above transactions never fulfilled their obligations to the Company (the Buyer), and as a result the Company did not obtain the title deeds nor obtain possession of the said assets. This has resulted in the incorrect recognition of fair value gains of AED 35.8 million on investment properties in respect of which the Company never obtained possession or legal title, and the misappropriation of advances amounting to AED 36.5 million paid to a related party towards the acquisition of the investment properties. Accordingly, the Board of Directors of the Company decided to book a full provision (AED 72.3 million) against the said assets and proceed with legal action against all involved parties, to recover the Company's rights, in accordance with the resolution of Shareholders Assembly Meeting held on 30 September 2021.

10. Related party balances and transactions (continued)

During the year, the Company entered into the following transactions with related parties:

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
Transactions with entities related to Board members		
Insurance contracts issued (included in insurance revenue)	**207**	267
Claims paid (included in insurance service expenses)	**143**	112
FD interest income from National Bank of Umm Al Qaiwain (P.S.C.)	**3,461**	3,505
Bank charges	**98**	177
Rental paid	**550**	821
Allocation of reinsurance premium	**368**	19
Compensation of key management personnel		
Short-term benefits (included in insurance service expenses)	**1,440**	1,440
Long-term benefits (included in insurance service expenses)	**42**	42
Board of Directors' remuneration	**2,160**	1,650

11. Contingent liabilities

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Letters of guarantee*	**10,922**	10,496

*Includes AED 10 million (31 December 2024: AED 10 million) issued in favor of the CBUAE (Note 6).

The Company, in common with the majority of insurers, is subject to litigation in the normal course of its business. Based on independent legal advice, the Company considers that the outcome of the outstanding court cases will not have a material impact on the Company's financial statements.

12. Unit-linked liabilities

The Company issues unit-linked policies which have both insurance risk and investment components. The investment portion is invested on behalf of the policyholders as disclosed in note 5.3 to these financial statements.

12. Unit linked liabilities (continued)

Movement during the year:

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Payables to policyholders' of unit-linked products	**341,261**	359,176
Payables classified under insurance contract liabilities*	**(35,079)**	(34,570)
	306,182	324,606

*In accordance with IFRS 17, the liabilities for unit linked policies with significant insurance risk are included within the calculation of the insurance contract liabilities amounting to AED 35,079 thousand (31 December 2024: 34,570 thousand).

13. Insurance and reinsurance contract assets

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 December 2025			31 December 2024		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Insurance contracts issued						
Life	**-**	**145,495**	**(145,495)**	-	145,125	(145,125)
General	**-**	**469,847**	**(469,847)**	-	673,681	(673,681)
Total insurance contracts issued	**-**	**615,342**	**(615,342)**	-	818,806	(818,806)
Reinsurance contracts held						
Life	**86,102**	**1,791**	**84,311**	85,652	1,563	84,089
General	**303,990**	**-**	**303,990**	526,681	-	526,681
Total reinsurance contracts held	**390,092**	**1,791**	**388,301**	612,333	1,563	610,770

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the next page.

13. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

Contracts measured under the PAA:

	Liabilities for remaining coverage		Liabilities for incurred claims		
31 December 2025	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Insurance contract liabilities as at 1 January	**(24,547)**	**14,152**	**660,410**	**23,666**	**673,681**
Net Insurance contract liabilities as at 1 January 2025	**(24,547)**	**14,152**	**660,410**	**23,666**	**673,681**
Insurance revenue	**(602,576)**	**-**	**-**	**-**	**(602,576)**
Insurance service expenses					
Incurred claims and other expenses	**-**	**-**	**529,397**	**5,708**	**494,179**
Amortisation of insurance acquisition cash flows	**49,317**	**-**	**-**	**-**	**49,317**
Losses on onerous contracts and reversals	**-**	**(14,089)**	**-**	**-**	**(14,089)**
Changes to liabilities for incurred claims	**-**	**-**	**(170,109)**	**(14,695)**	**(143,878)**
Insurance service result	**(553,259)**	**(14,089)**	**359,288**	**(8,987)**	**(217,047)**
Insurance finance expenses	**-**	**-**	**16,973**	**25**	**16,998**
Total changes in the statement of comprehensive income	**(553,259)**	**(14,089)**	**376,261**	**(8,962)**	**(200,049)**
Cash flows					
Premiums received	**532,277**	**-**	**-**	**-**	**532,278**
Claims and other expenses paid	**-**	**-**	**(488,471)**	**-**	**(488,471)**
Insurance acquisition cash flows	**(47,591)**	**-**	**-**	**-**	**(47,591)**
Total cash flows	**487,187**	**-**	**(488,471)**	**-**	**(3,784)**
Net insurance contract liabilities as at 31 December 2025	**(93,120)**	**63**	**548,200**	**14,704**	**469,847**
31 December 2024					
Insurance Contract Liabilities as at 1 January	(22,672)	1,500	619,712	22,270	620,810
Insurance contract liabilities as at 1 January 2024	(22,672)	1,500	619,712	22,270	620,810
Insurance revenue	(578,749)	-	-	-	(578,749)
Insurance service expenses					
Incurred claims and other expenses	-	-	425,102	8,090	433,192
Amortisation of insurance acquisition cash flows	48,644	-	-	-	48,644
Losses on onerous contracts and reversals	-	12,652	-	-	12,652
Changes to liabilities for incurred claims	-	-	25,023	(6,684)	18,339
Insurance service result	(530,105)	12,652	450,125	1,406	(65,922)
Insurance finance expenses	-	-	15,675	(10)	15,665
Total changes in the statement of comprehensive income	(530,105)	12,652	465,800	1,396	(50,257)
Cash flows					
Premiums received	577,878	-	-	-	577,878
Claims and other expenses paid	-	-	(425,102)	-	(425,102)
Insurance acquisition cash flows	(49,648)	-	-	-	(49,648)
Total cash flows	528,230	-	(425,102)	-	103,128
Net insurance contract liabilities as at 31 December 2024	(24,547)	14,152	660,410	23,666	673,681

13. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA:

31 December 2025	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
Insurance contract liabilities as at 1 January 2025	**120,007**	**12,460**	**12,658**	**145,125**
Changes that relate to current services				
CSM recognised for services provided	-	-	(1,427)	(1,427)
Change in risk adjustment for non-financial risk for risk expired	-	(643)	-	(643)
Experience adjustments	(4,137)	-	-	(4,137)
Changes that relate to future services				
Contracts initially recognised in the year	-	-	-	-
Changes in estimates that adjust the CSM	385	(826)	442	1
Changes in estimates that result in losses and reversals of losses on onerous contracts	(210)	(169)	-	(379)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	2,215	-	-	2,215
Insurance service result	(1,747)	(1,638)	(985)	(4,370)
Net finance expenses from insurance contracts	9,379	239	401	10,019
Total changes in the statement of profit or loss and OCI	7,632	(1,399)	(584)	5,649
Cash flows				
Premiums received	6,094	-	-	6,094
Claims and other directly attributable expenses paid	(11,373)	-	-	(11,373)
Insurance acquisition cash flows paid	-	-	-	-
Total cash flows	(5,279)	-	-	(5,279)
Net insurance contract liabilities as at 31 December 2025	122,360	11,061	12,074	145,495

13. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA (continued):

31 December 2024	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM Contracts under modified retrospective transition approach	Total
	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities as at 1 January	116,605	14,129	12,225	142,959
Changes that relate to current services				
CSM recognised for services provided	-	-	(1,280)	(1,280)
Change in risk adjustment for non-financial	-	(633)	-	(633)
Experience adjustments	(2,336)	-	-	(2,336)
Changes that relate to future services				
Contracts initially recognised in the year	87	17	10	114
Changes in estimates that adjust the CSM	(398)	(951)	1,349	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	86	(396)	-	(310)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	1,592	-	-	1,592
Insurance service result	(969)	(1,963)	79	(2,853)
Net finance expenses from insurance contracts	3,803	294	354	4,451
Total changes in the statement of profit or loss	2,834	(1,669)	433	1,598
Cash flows				
Premiums received	12,519	-	-	12,519
Claims and other directly attributable expenses paid	(11,951)	-	-	(11,951)
Insurance acquisition cash flows paid	-	-	-	-
Total cash flows	568	-	-	568
Net insurance contract liabilities as at 31 December 2024	120,007	12,460	12,658	145,125

13. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

Contracts measured under the PAA:

31 December 2025	Assets for remaining coverage: Excluding loss recovery component AED'000	Assets for remaining coverage: Loss component AED'000	Amounts recoverable on incurred claims: Estimates of the present value of future cash flows AED'000	Amounts recoverable on incurred claims: Risk adjustment AED'000	Total AED'000
Reinsurance contract assets as at 1 January 2025	6,079	12,569	487,152	20,881	526,681
An allocation of reinsurance premiums	(251,783)	(12,569)	-	-	(264,352)
Amounts recoverable from reinsurers for					
Amounts recoverable for incurred claims and other expenses	-	-	244,199	3,795	247,994
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	(155,090)	(13,208)	(168,298)
Net income or expense from reinsurance	(251,783)	(12,569)	89,109	(9,413)	(184,656)
Reinsurance finance income	-	-	11,593	21	11,614
Total changes in the statement of comprehensive income	(251,783)	(12,569)	100,702	(9,392)	(173,042)
Cash flows					
Premiums paid	194,550	-	-	-	194,550
Amounts received	-	-	(244,199)	-	(244,199)
Total cash flows	194,550	-	(244,199)	-	(49,649)
Reinsurance contract liabilities as at 31 December	89	-	(65)	(2)	22
Reinsurance contract assets as at 31 December 2025	(51,065)	-	343,590	11,487	304,012
Net reinsurance contract assets as at 31 December 2025	(51,154)	-	(343,655)	(11,489)	(303,990)

13. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Contracts measured under the PAA (continued):

31 December 2024	Assets for remaining coverage Excluding loss recovery component AED'000	Amounts recoverable on incurred claims Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Total AED'000
Reinsurance contract assets as at 1 January 2024	(35,288)	411	454,548	18,799	438,470
An allocation of reinsurance premiums	(276,351)	(411)	-	-	(276,762)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	201,759	6,479	208,238
Loss-recovery on onerous underlying contracts and adjustments	-	12,569	-	-	12,569
Changes to amounts recoverable for incurred claims	-	-	21,362	(4,388)	16,974
Net income or expense from reinsurance contracts held	(276,351)	12,158	223,121	2,091	(38,981)
Reinsurance finance income	-	-	11,242	(9)	11,233
Total changes in the statement of comprehensive income	(276,351)	12,158	234,363	2,082	(27,748)
Cash flows					
Premiums paid	317,718	-	-	-	317,718
Amounts received	-	-	(201,759)	-	(201,759)
Total cash flows	317,718	-	(201,759)	-	115,959
Net reinsurance contract assets as at 31 December 2024	6,079	12,569	487,152	20,881	526,681

13. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA:

31 December 2025	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
Net reinsurance contract assets as at 1 January 2025	78,160	3,944	1,985	84,089
Changes that relate to current services				
CSM recognised for services provided	-	-	(475)	(475)
Change in risk adjustment for non-financial risk for	-	(452)	-	(452)
Experience adjustments	(4,003)	-	-	(4,003)
Changes that relate to future services				
Contracts initially recognised in the year	-	-	-	-
Changes in estimates that adjust the CSM	(1,357)	(48)	1,404	(1)
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	(405)	8	-	(397)
Changes that relate to past services				
Adjustments to assets for incurred claims	2,303	-	-	2,303
Net expenses from reinsurance contracts	(3,462)	(492)	929	(3,025)
Net finance income from reinsurance contracts	5,812	237	159	6,208
Total changes in the statement of profit or loss and OCI	2,350	(255)	1,088	3,183
Cash flows				
Premiums received	1,064	-	-	1,064
Claims and other directly attributable expenses paid	(4,003)	-	-	(4,003)
Total cash flows	(2,939)	-	-	(2,939)
Reinsurance contract assets as at 31 December 2025	76,303	3,056	6,743	86,102
Reinsurance contract liabilities as at 31 December 2025	(1,268)	(633)	3,670	1,769
Net reinsurance contract assets as at 31 December 2025	77,571	3,689	3,073	84,333

13. Insurance and reinsurance contract assets (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Analysis by measurement component – Contracts not measured under the PAA (continued):

31 December 2024	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
Net reinsurance contract assets as at 1 January 2024	79,219	4,342	1,733	85,294
Changes that relate to current services				
CSM recognised for services provided	-	-	(318)	(318)
Change in risk adjustment for non-financial risk for	-	(451)	-	(451)
Experience adjustments	(2,163)	-	-	(2,163)
Changes that relate to future services				
Contracts initially recognised in the year	19	10	63	92
Changes in estimates that adjust the CSM	(263)	(20)	284	1
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	312	(222)	-	90
Changes that relate to past services				
Adjustments to assets for incurred claims	1,580	-	-	1,580
Net expenses from reinsurance contracts	(515)	(683)	29	(1,169)
Net finance income from reinsurance contracts	1,694	285	223	2,202
Total changes in the statement of profit or loss and OCI	1,179	(398)	252	1,033
Cash flows				
Premiums received	3,997	-	-	3,997
Claims and other directly attributable expenses paid	(6,235)	-	-	(6,235)
Total cash flows	(2,238)	-	-	(2,238)
Reinsurance contract assets as at 31 December 2024	76,875	3,305	5,472	85,652
Reinsurance contract liabilities as at 31 December 2024	1,285	639	(3,487)	(1,563)
Net reinsurance contract assets as at 31 December 2024	78,160	3,944	1,985	84,089

13. Insurance and reinsurance contract assets (continued)

Expected recognition of the contractual service margin - An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table (number of years until expected to be recognised):

	1 year AED'000	2 year AED'000	3 year AED'000	4 year AED'000	5 year AED'000	>6 year AED'000	Total AED'000
31 December 2025							
Total CSM for insurance contracts issued	**1,199**	**1,050**	**926**	**853**	**786**	**7,260**	**12,074**
Total CSM for reinsurance contracts held	**402**	**325**	**286**	**283**	**280**	**1,498**	**3,074**
	797	**725**	**640**	**570**	**506**	**5,762**	**9,000**
31 December 2024							
Total CSM for insurance contracts issued	1,164	1,004	865	762	707	8,156	12,658
Total CSM for reinsurance contracts held	298	212	163	141	154	1,017	1,985
	866	792	702	621	553	7,139	10,673

Reconciliation of the measurement components of insurance and reinsurance contract balances measured under both PAA and Non-PAA as at:

	PAA AED'000	Non-PAA AED'000	Total AED'000
31 December 2025			
Insurance contract liabilities	**469,847**	**145,495**	**615,342**
Reinsurance contract assets	**(304,012)**	**(86,102)**	**(390,114)**
Reinsurance contract liabilities	**22**	**1,769**	**1,791**
	165,857	**61,162**	**227,019**
31 December 2024			
Insurance contract liabilities	673,681	145,125	818,806
Reinsurance contract assets	(526,682)	(85,651)	(612,333)
Reinsurance contract liabilities	-	1,563	1,563
	146,999	61,037	208,036

13. **Insurance and reinsurance contract assets (continued)**

Development claim tables

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Company's estimate of total claims reported unsettled, and claims incurred but not reported for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

Gross incurred claims

Accident year	2020 and prior AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
At the end of each reporting year	-	-	-	386,070	457,813	351,890	351,890
One year later	-	-	417,592	335,331	405,191	-	405,191
Two years later	-	628,952	402,404	329,605	-	-	329,605
Three years later	2,884,475	624,962	378,973	-	-	-	378,973
Four years later	2,880,727	652,079	-	-	-	-	652,079
Five years later	2,865,228	-	-	-	-	-	2,865,228
Estimate of gross cumulative claims	2,865,228	652,079	378,973	329,605	405,191	351,890	4,982,966
Cumulative payments to date	2,828,605	640,707	344,328	294,601	334,665	193,246	4,636,154
Unallocated loss adjustment expense reserve	521	162	494	507	1,069	3,207	5,960
Claims payable						209,004	209,004
Total gross undiscounted liabilities for incurred claims	37,144	11,533	35,139	35,511	71,595	370,855	561,776
Effect of discounting							(13,576)
Effect of risk adjustment							14,704
Total gross discounted liabilities for incurred claims							562,904

13. Insurance and reinsurance contract assets (continued)

Development claim tables (continued)

Net incurred claims

Accident year	2020 and prior AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
At the end of each reporting year	-	-	-	155,190	166,851	194,541	194,541
One year later	-	-	165,995	151,105	161,090	-	161,090
Two years later	-	167,275	162,717	150,826	-	-	150,826
Three years later	1,318,644	159,882	161,713	-	-	-	161,713
Four years later	1,318,061	159,363	-	-	-	-	159,363
Five years later	1,316,831	-	-	-	-	-	1,316,831
Estimate of net cumulative claims	1,316,831	159,363	161,713	150,826	161,090	194,541	2,144,364
Cumulative payments to date	1,310,342	157,301	156,388	143,974	147,372	129,967	2,045,344
Unallocated loss adjustment expense reserve	294	94	243	320	691	4,318	5,960
Claim receivable – net						104,674	104,674
Total net undiscounted liabilities for incurred claims	6,783	2,156	5,568	7,172	14,409	173,566	209,654
Effect of discounting							(5,109)
Effect of risk adjustment							3,215
Total net discounted liabilities for incurred claims							207,760

14. Segment information

Identification of reportable segments

Primary segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable operating segments as follows:

1. The general insurance segment comprises motor, medical, marine, fire, property, liability, engineering and general accident.
2. The life segment includes group life, credit life and individual life.

	General Insurance		*Life Insurance*		*Total*	
	31 December 2025	31 December 2024	**31 December 2025**	31 December 2024	**31 December 2025**	31 December 2024
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Assets						
Property and equipment	**2,498**	2,917	**832**	973	**3,330**	3,890
Intangible assets	**1,046**	1,931	**348**	643	**1,394**	2,574
Right-of-use-assets	**2,473**	684	**824**	228	**3,297**	912
Unit linked assets	**-**	-	**341,261**	359,176	**341,261**	359,176
Investment securities	**42,941**	35,499	**14,433**	11,592	**57,374**	47,091
Statutory deposit	**6,000**	6,000	**4,000**	4,000	**10,000**	10,000
Reinsurance contract assets	**269,376**	489,277	**120,716**	123,056	**390,092**	612,333
Other receivables	**45,962**	50,406	**9,001**	4,755	**54,963**	55,161
Bank deposits with original maturities of more than three months	**329,284**	306,745	**109,761**	102,248	**439,045**	408,993
Cash and cash equivalents	**23,140**	10,440	**7,713**	3,480	**30,853**	13,920
Total assets	**722,720**	903,899	**608,889**	610,151	**1,331,609**	1,514,050
Liabilities						
Provision for employees' end of service benefit	**6,548**	9,119	**2,183**	3,039	**8,731**	12,158
Insurance contract liabilities	**423,862**	626,148	**191,480**	192,658	**615,342**	818,806
Reinsurance contract liabilities	**23**	-	**1,768**	1,563	**1,791**	1,563
Other payables	**16,635**	48,846	**93,615**	64,733	**110,250**	113,579
Unit linked liabilities	**-**	-	**306,182**	324,606	**306,182**	324,606
Total liabilities	**447,068**	684,113	**595,228**	586,599	**1,042,296**	1,270,712

Notes to the financial statements (continued)
For the year ended 31 December 2025

14. Segment information (continued)

	General Insurance		*Life Insurance*		*Total*	
	31 December 2025 AED'000	31 December 2024 AED'000	**31 December 2025 AED'000**	31 December 2024 AED'000	**31 December 2025 AED'000**	31 December 2024 AED'000
Insurance revenue	**589,840**	559,606	**25,000**	31,811	**614,840**	591,417
Insurance service expenses	**(377,807)**	(505,912)	**(15,614)**	(16,734)	**(393,421)**	(522,646)
Insurance service result before reinsurance contracts held	**212,033**	53,694	**9,386**	15,077	**221,419**	68,771
Allocation of reinsurance premiums	**(299,490)**	(321,379)	**(14,821)**	(17,334)	**(314,311)**	(338,713)
Amounts recoverable from reinsurance for incurred claims	**117,476**	290,403	**9,153**	8,160	**126,629**	298,563
Net expenses from reinsurance contracts held	**(182,014)**	(30,976)	**(5,668)**	(9,174)	**(187,682)**	(40,150)
Insurance service result	**30,019**	22,718	**3,718**	5,903	**33,737**	28,621
Interest revenue calculated using the effective interest method	**14,771**	12,777	**4,923**	4,259	**19,694**	17,036
Net fair value gains on financial assets at FVTPL	**4,156**	537	**1,385**	179	**5,541**	716
Other investment income	**1,268**	1,487	**423**	495	**1,691**	1,982
Total investment income	**20,195**	14,801	**6,731**	4,933	**26,926**	19,734
Insurance finance expense from insurance contracts issued	**(15,727)**	(13,755)	**(8,541)**	(4,854)	**(24,268)**	(18,609)
Reinsurance finance income from reinsurance contracts held	**10,694**	9,672	**7,128**	3,763	**17,822**	13,435
Net insurance financial result	**(5,033)**	(4,083)	**(1,413)**	(1,091)	**(6,446)**	(5,174)
Net insurance and investment results	**45,182**	33,436	**9,036**	9,745	**54,217**	43,181
Other operating income/ (expenses)	**(2,160)**	2,439	**(3,247)**	(3,562)	**(5,407)**	(1,123)
Net profit/(loss) before tax	**43,021**	35,875	**5,789**	6,183	**48,810**	42,058
Corporate tax	**(2,833)**	(3,212)	**-**	(539)	**(2,833)**	(3,751)
Net profit after tax	**40,188**	32,663	**5,789**	5,644	**45,977**	38,307
						Restated
Basic and diluted earnings after tax per share					**0.200**	0.167

15. Other receivables

	31 December 2025 AED'000	31 December 2024 AED'000
Other receivables	**48,661**	50,314
Prepaid expenses	**6,302**	4,847
	54,963	55,161

16. Other payables

	31 December 2025 AED'000	31 December 2024 AED'000
Other payables	**94,231**	93,159
Employee accruals	**8,489**	15,946
Corporate tax payables	**4,359**	3,751
Lease liabilities	**3,171**	723
	110,250	113,579

17. Insurance revenue

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2025			
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage			
CSM recognised for services provided	**1,427**	-	**1,427**
Change in risk adjustment for non-financial risk for risk expired	**583**	-	**583**
Expected incurred claims and other insurance service expenses	**9,861**	-	**9,861**
Recovery of insurance acquisition cash flows	**393**	-	**393**
	12,264	-	**12,264**
Contracts measured under the PAA	**12,736**	**589,840**	**602,576**
	25,000	**589,840**	**614,840**
For the year ended 31 December 2024			
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage			
CSM recognised for services provided	1,280	-	1,280
Change in risk adjustment for non-financial risk for risk expired	573	-	573
Expected incurred claims and other insurance service expenses	10,423	-	10,423
Recovery of insurance acquisition cash flows	392	-	392
	12,668	-	12,668
Contracts measured under the PAA	19,143	559,606	578,749
	31,811	559,606	591,417

17. Insurance revenue (continued)

The table presents the geographical distribution of insurance revenue:

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
United Arab Emirates	**605,949**	561,223
GCC	**8,614**	28,711
Others	**277**	1,483
	614,840	591,417

18. Insurance service expenses

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2025:			
Incurred claims and other expenses	**20,738**	**474,508**	**495,246**
Amortisation of insurance acquisition cash flows	**1,110**	**48,599**	**49,709**
Losses on onerous contracts	**(1,577)**	**(14,001)**	**(15,578)**
Changes to liabilities for incurred claims	**(4,658)**	**(131,298)**	**(135,956)**
	15,613	**377,808**	**393,421**
For the year ended 31 December 2024:			
Incurred claims and other expenses	34,549	399,747	434,296
Amortisation of insurance acquisition cash flows	1,486	47,551	49,037
(Losses) on onerous contracts and reversals of those losses	(2,090)	13,378	11,288
Changes to liabilities for incurred claims	(17,211)	45,236	28,025
	16,734	505,912	522,646

19. Net insurance financial result

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2025			
Insurance finance expense from insurance contracts issued	**(8,541)**	**(15,727)**	**(24,268)**
Reinsurance finance income from reinsurance contracts held	**7,128**	**10,694**	**17,822**
For the year ended 31 December 2024			
Insurance finance income from insurance contracts issued	(4,854)	(13,755)	(18,609)
Reinsurance finance expense from reinsurance contracts held	3,763	9,672	13,435

20. Net investment income

	2025 AED'000	2024 AED'000
Interest income	**19,696**	17,036
Dividend income	**2,445**	3,016
Realised gain /(loss) on sale of investments at FVTPL	**1,207**	(275)
Unrealised gain on investments at FVTPL	**4,333**	716
Investment management expenses	**(756)**	(724)
Others	**1**	(35)
Net investment income	**26,926**	19,734

21. Other operating expenses - net

	2025 AED'000	2024 AED'000
Gain from sale of land under property and equipment	**-**	(14,215)
Others	**3,247**	13,688
	3,247	527

21.1 The commitment of short-term leases

The commitment for short term leases amounting to AED 1,102 thousand for the year ended 31 December 2025 (31 December 2024: AED 950 thousand).

22. Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

22.1 Right-of-use assets

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Balance at the beginning of the year	**912**	3,864
Additions during the year	**3,312**	-
Depreciation expense for the year	**(927)**	(2,952)
Balance at the end of the year	**3,297**	912

22. Leases (continued)

22.2 Lease liablities

Lease liabilites are classified under other payables in note 16. Movement of lease liabilities during the year was as follows:

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
At 1 January	723	3,817
Additions during the year	3,171	-
Accrued interest	-	147
Payments during the year	(723)	(3,241)
At 31 December	3,171	723

The incremental borrowing rate used for calculation of lease liabilities is 6.7% for the year ended 31 December 2025 (31 December 2024: 6.7%)

Current and non-current portion of lease liabilities are as follows:

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Non-current portion	1,641	-
Current portion	1,530	723
	3,171	723

23. Provision for employees' end of service benefits

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Balance at the beginning of the year	12,158	13,954
Charge for the year	736	1,762
Payments during the year	(4,163)	(3,558)
Balance at the end of the year	8,731	12,158

24. Basic and diluted earnings per share

	2025	2024 *Restated*
Profit for the year after tax (in 000)	**45,977**	38,307
Number of outstanding shares	**230,000**	230,000
Basic earnings after tax per share (in AED)	**0.200**	0.167

During the year, the Company finalized a reduction of 100,939 thousand shares, as approved by shareholders at the Annual General Meeting held on 21 April 2025. This reduction was executed to offset accumulated losses and resulted in a decrease in the number of shares from 330,939 thousand to 230,000 thousand shares.

In accordance with IAS 33 "Earnings Per Share", the weighted average number of ordinary shares used in the calculation of EPS for the comparative period (31 December 2024) has been retrospectively adjusted to reflect the capital reduction.

25. Social contributions

The Company did not make any social contributions during the year ended 31 December 2025 (2024: AED Nil).

26. Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company writes general, medical and life insurance contracts. General insurance contracts of the Company include Liability, Property, Motor, Fire, Marine, General accident and Engineering insurance contracts. Medical insurance contracts include both individual and group medical insurance contracts. Life insurance contracts include group, Individual Life and credit life insurance contracts.

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management framework. The Committee reports regularly to the Board of Directors on its activities related to Risk Management framework and further developments. The primary purpose of Risk Management framework is to protect the shareholders from events that deter the sustainable achievement of the set financial/performance objective.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Risk Management principles are embedded in Company's operational and financial processes and further mitigation/controls are implemented for effective Internal Risk Management framework in the functional processes.

The Company's Audit and Risk Management 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. The Company's Audit and Risk Management Committee is assisted in its oversight role by Internal Audit and Risk functions.

26. Insurance risk (continued)

Risk management framework (continued)

The Company does not foresee any material impact to its business and operations due to possible climate change effect in the near future. The Company will, however, be collating necessary data to monitor the possible effect on a periodic basis going forward.

Two key elements of the Company's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed below.

Underwriting strategy

The Company's underwriting strategy is to build balanced portfolios based on a large number of similar risks. This reduces the variability of the portfolio's outcome.

The underwriting strategy is set out by the Company that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio.

Business selection is part of Company's underwriting procedures/guidelines whereby premiums are charged based on the assessment and type of the risks. Other factors such as risk inspections, mortality, persistency and current market trends are also considered in the risk underwriting and premium calculation.

Reinsurance strategy

The Company's reinsurance arrangements include proportional, non-proportional, excess of loss and catastrophe coverage. The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

The Company has a Reinsurance department that is responsible to arrange reinsurance arrangement as per the annual business plans and also for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy. As a proactive measure and part of Risk Management framework, the reinsurers securities rating is monitored for any downgrade from credit risk perspective. The reinsurance regulations issued by the CBUAE are also incorporated in the Reinsurance strategy.

The Company enters into a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

26.1 Frequency and severity of claims

The Company manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Company has the right not to renew individual policies, to re-price the risk, to impose deductibles and to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Company's strategy limits the total exposure to any one territory and the exposure to any one industry.

26. Insurance risk (continued)

26.1 Frequency and severity of claims (continued)

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses of a set minimum limit of AED 1,000 thousand (31 December 2024: 1,000 thousand) in any one event. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are frequently reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

26.2 Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, certain claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio. In estimating the liability for claims incurred but not reported, the Company involves an independent external appointed actuary.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The amount of insurance claims is in certain cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

26. Insurance risk (continued)

26.2 Sources of uncertainty in the estimation of future claim payments (continued)

The loss ratios for the current and prior year, before and after reinsurance are summarised below by type of risk:

	31 December 2025		31 December 2024	
Type of risk	**Gross loss ratio**	**Net loss ratio**	Gross loss ratio	Net loss ratio
General insurance	**46%**	**63%**	67%	63%
Life insurance	**43%**	**42%**	24%	19%

Based on the simulations performed, the impact on profit of a change of 1% in the loss ratio for both gross and net of reinsurance recoveries would be as follows:

	2025		2024	
	Gross AED'000	**Net AED'000**	Gross AED'000	Net AED'000
Impact of an increase of 1%	**3,426**	**1,161**	2,233	970
Impact of a decrease of 1%	**(3,426)**	**(1,161)**	(2,233)	(970)

26.3 Process used to determine the assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out quarterly. The assumptions are checked to ensure that they are consistent with observable market practices or other published information.

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims.

Case estimates are reviewed regularly and are updated as and when new information arises.

The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Company for calculating the provision of IBNR takes into account historical data, past estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. The methods more commonly used are the chain-ladder ("CL"), expected loss ratios ("ELR") and the Bornhuetter-Ferguson ("BF") methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

26. Insurance risk (continued)

26.3 Process used to determine the assumptions (continued)

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market- based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that a weighted average of different techniques have been selected for individual accident years or groups of accident years within the same class of business. The Company has an internal actuary, and independent external actuaries are also involved in the valuation of technical reserves of the Company and has used historical data for the past 9 years.

The key assumptions used for the life insurance contracts are as follows:

Mortality
An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

Morbidity
The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process. The Company believes that the liability reported in the statement of financial position is adequate.

However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims are finally settled.

26. Insurance risk (continued)

Sensitivity analysis

Contracts measured under PAA

2025	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Weighted average term to settlement	+10%	1,358	511	1,358	511
Expected loss	+10%	56,178	20,965	56,178	20,965
Inflation rate	+1%	136	51	136	51
Weighted average term to settlement	-10%	(1,358)	(511)	(1,358)	(511)
Expected loss	-10%	(56,178)	(20,965)	(56,178)	(20,965)
Inflation rate	-1%	(136)	(51)	(136)	(51)

2024	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Weighted average term to settlement	+10%	1,687	504	1,687	504
Expected loss	+10%	67,728	17,830	67,728	17,830
Inflation rate	+1%	169	50	169	50
Weighted average term to settlement	-10%	(1,687)	(504)	(1,687)	(504)
Expected loss	-10%	(67,728)	(17,830)	(67,728)	(17,830)
Inflation rate	-1%	(169)	(50)	(169)	(50)

26. Insurance risk (continued)

Sensitivity analysis (continued)

Contracts not measured under PAA

2025	**Change in assumptions**	**Impact on net profit gross of reinsurance AED'000**	**Impact on net profit net of reinsurance AED'000**
Mortality	**+15%**	**(4,163)**	**(1,836)**
Lapse	**+50%**	**-**	**-**
Risk adjustment	**+10%**	**(419)**	**(298)**
Mortality	**-20%**	**3,905**	**907**
Lapse	**-50%**	**-**	**-**
Risk adjustment	**-10%**	**362**	**241**

2024	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000
Mortality	+15%	157	1,721
Lapse	+40%	10,435	(5,786)
Risk adjustment	+10%	25	270
Mortality	-15%	(157)	(1,721)
Lapse	-40%	(10,435)	5,786
Risk adjustment	-10%	(25)	(270)

27. Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by U.A.E. Federal Law No. (6) of 2025;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In U.A.E., Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the minimum required capital of the Company and the total capital held.

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**100,609**	102,312
Minimum Guarantee Fund (MGF)	**116,079**	90,721
Basic own funds	**182,287**	146,624
MCR Solvency Margin-Surplus	**82,287**	46,624
SCR Solvency Margin	**78,383**	44,313
MGF Solvency Margin-Surplus	**66,208**	55,903

The Federal Cabinet of the U.A.E. has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing insurance firms and AED 250 million for reinsurance firms. The resolution also stipulates that at least 51 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Company is in compliance with the minimum capital requirements.

Further, as per Article (8) of section (2) of financial regulations issued for insurance companies in U.A.E., the Company shall at all times comply with the requirements of solvency margin.

28. Fair value measurements

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

28.1 Fair value of financial instruments carried at amortized cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

28. Fair value measurements (continued)

28.2 Fair value measurements recognised in the statement of financial position

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

	Fair value as at 31 December 2025 AED'000	31 December 2024 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVTPL investments						
Quoted equity securities	**55,213**	42,821	Level 1	Quoted bid prices in an active market.	None	Not Applicable
Quoted bonds	**1,830**	2,762	Level 2	Quoted prices in secondary market	None	Not Applicable
Unquoted equity securities	**304**	1,479	Level 3	Net assets valuation method	Net asset value	Higher the net assets, value of the investees, higher the fair value.
Investment held on behalf of Policy holder of Unit linked products	**187,800**	203,960	Level 2	Quoted prices in secondary market	None	Not Applicable
Due from reinsurers towards policyholders of unit linked products	**140,282**	142,896	Level 2	Quoted prices in secondary market	None	Not Applicable
FVTOCI investments						
Quoted equity securities	**27**	29	Level 1	Quoted bid prices in an active market.	None	Not Applicable
Financial liabilities measured at FVTPL						
Unit linked assets (excluding cash held with the related unit linked assets)	**328,082**	346,856	Level 1	Quoted bid prices in an active market.	None	Not Applicable

28. Fair value measurements (continued)

28.2 Fair value measurements recognised in the statement of financial position (continued)

Reconciliation of Level 3 fair value measurement of financial assets measured at FVTOCI and FVTPL

	FVTPL AED'000	FVTOCI AED'000	Total AED'000
At 1 January 2024	1,484	-	1,484
Changes in fair value	(5)	-	(5)
As at 31 December 2024	1,479	-	1,479
Changes in fair value	**(1,175)**	-	**(1,175)**
As at 31 December 2025	**304**	-	**304**

There were no transfers between the levels during the year.

29. Financial risk management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, and reinsurance. assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk, market risk (which includes foreign currency risk, equity and debt price risk and interest rate risk) and operational risk.

29.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- insurance receivables;
- other receivables;
- investment securities - debt;
- bank deposits with original maturities of more than three months;
- statutory deposit; and
- cash and cash equivalents

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by Management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

29. Financial Risk Management (continued)

29.1 Credit risk (continued)

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company.

Insurance receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of insurance receivable.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

29.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the maturity profile of the Company's insurance and financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

29. Financial Risk Management (continued)

29.2 Liquidity risk (continued)

As at 31 December 2025

	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposit	10,000	-	-	-	10,000	10,000
Investment securities						
Financial assets at fair value through profit or loss	57,347	1,830	-	-	55,517	57,347
Financial assets at fair value through other comprehensive income	27	-	-	-	27	27
Unit linked assets	341,261	-	85,315	255,946	-	341,261
Reinsurance contract assets	390,092	316,374	18,430	55,289	-	390,092
Bank deposits	439,045	439,045	-	-	-	439,045
Other receivables	54,963	21,985	32,978	-	-	54,963
Cash and cash equivalents	30,853	30,853	-	-	-	30,853
Total	1,323,588	810,087	136,723	311,235	65,544	1,323,588
Liabilities						
Insurance contract liabilities	615,342	469,847	36,374	109,121	-	615,342
Reinsurance contract liabilities	1,791	1,791	-	-	-	1,791
Unit linked liabilities	306,181	-	76,545	229,636	-	306,181
Other payables	107,079	107,079	-	-	-	107,079
Lease liabilities	3,171	1,641	1,530	-	-	3,171
Total	1,033,564	580,358	114,449	338,757	-	1,033,564

29. Financial Risk Management (continued)

29.2 Liquidity risk (continued)

As at 31 December 2024

	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposit	10,000	-	-	-	10,000	10,000
Investment securities						
Financial assets at fair value through profit or loss	47,061	3,716	1,807	-	41,538	47,061
Financial assets at fair value through other comprehensive income	30	-	-	-	30	30
Unit linked assets	359,176		89,794	269,382	-	359,176
Reinsurance contract assets	612,333	526,682	21,413	64,239	-	612,334
Bank deposits	408,993	408,993	-	-	-	408,993
Other receivables	55,161	22,064	33,097	-	-	55,161
Cash and cash equivalents	13,920	13,920	-	-	-	13,920
Total	1,506,674	975,375	146,111	333,621	51,568	1,506,675
Liabilities						
Insurance contract liabilities	818,806	673,681	36,282	108,845	-	818,807
Reinsurance contract liabilities	1,563	1,563	-	-	-	1,563
Unit linked liabilities	324,606		81,152	243,455	-	324,606
Other payables	112,856	112,856	-	-	-	112,856
Lease liabilities	723	723	-	-	-	723
Total	1,258,554	788,823	117,434	352,300	-	1,258,554

29. Financial Risk Management (continued)

29.3 Market risk

Market risk is the risk that the fair value or the future cashflows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company's market risks arise from open positions in (a) foreign currencies (b) interest bearing and (c) price risk assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The unit-linked contracts have not been considered for sensitivity of market risk and as these are merely passed through contracts.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, credit spreads, changes in interest rate and changes in foreign currency rates.

Market risk drivers include equity prices, credit spreads, foreign exchange rates and interest rates. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

29.3.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the UAE Dirham.

The Company has also exposures in USD, to which the AED is pegged and the Company's exposure to currency risk is limited to that extent.

29.3.2 Interest rate risk

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

The Company's exposure to interest rate risk relates to its bank deposits. At 31 December 2025, bank deposits carry fixed interest rates ranging from 1.5% to 6% per annum (31 December 2024: 2% to 6% per annum) and therefore not exposed to cashflow interest rate risk.

29.3.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company's equity price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, sector and market. The fair values of financial assets are not different from their carrying values.

29. Financial Risk Management (continued)

29.3 Market risk (continued)

29.3.3 Price risk (continued)

Sensitivities

The table below shows the results of sensitivity testing on the Company's profit or loss and other comprehensive income by type of business. The sensitivity analysis indicates the effect of changes in price risk factors arising from the impact of the changes in these factors on the Company's investments:

	10% increase in price		10% decrease in price	
	FVTPL AED'000	FVTOCI AED'000	FVTPL AED'000	FVTOCI AED'000
2025				
Quoted debt investments	**183**	**-**	**(183)**	**-**
Quoted equity investments	**5,521**	**3**	**(5,521)**	**(3)**
Unquoted equity investments	**30**	**-**	**(30)**	**-**
2024				
Quoted debt investments	276	-	(276)	-
Quoted equity investments	4,282	3	(4,282)	(3)
Unquoted equity investments	148	-	(148)	-

29.4 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. with a focus on compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

29. Financial Risk Management (continued)

29.5 Classification of financial assets and liabilities

(a) The table below sets out the Company's classification of each class of financial asset and liability and their carrying amounts as at 31 December 2025:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	30,853	30,853
Bank deposits with original maturities of more than three months	-	-	439,045	439,045
Statutory deposit	-	-	10,000	10,000
Investment securities	57,347	27	-	57,374
Unit linked assets	328,082	-	13,179	341,261
Total	385,429	27	493,077	878,533
Financial liabilities:				
Other payables	-	-	123,057	123,057
Unit linked liabilities	306,182	-	-	306,182
Total	306,182	-	123,057	429,239

(b) The table below sets out the Company's classification of each class of financial asset and liability and their carrying amounts as at 31 December 2024:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	13,920	13,920
Bank deposits with original maturities of more than three months	-	-	408,993	408,993
Statutory deposit	-	-	10,000	10,000
Investment securities	47,061	30	-	47,091
Unit linked assets	346,856	-	12,320	359,176
Total	393,917	30	445,233	839,180
Financial liabilities:				
Other payables	-	-	113,579	113,579
Unit linked liabilities	324,606	-	-	324,606
Total	324,606	-	113,579	438,185

30. Gross written premiums

Details relating to gross written premium are disclosed below to comply with the requirements of CBUAE and are not calculated as per the requirements of IFRS 17.

31 December 2025	**Life Insurance AED'000**	**Medical Insurance AED'000**	**Property & Liability AED'000**	**All types of Business Combined AED'000**
Direct written premiums	**38,123**	**256,090**	**373,884**	**668,097**
Assumed business				
Foreign	**-**	**-**	**313**	**313**
Local	**-**	**-**	**10,230**	**10,230**
Total assumed business	**-**	**-**	**10,543**	**10,543**
Gross written premiums	**38,123**	**256,090**	**384,427**	**678,640**

31 December 2024	Life Insurance AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written premiums	60,883	234,985	346,431	642,299
Assumed business				
Foreign	-	-	1,172	1,172
Local	-	-	11,290	11,290
Total assumed business	-	-	12,462	12,462
Gross written premiums	60,883	234,985	358,893	654,761

31. Corporate tax

The Company has calculated their income tax liability in accordance with Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") with effect from 1 January 2024.

(i) The income tax expense recognised in the statement of comprehensive income comprises the following:

	2025 AED'000	2024 AED'000
Current tax (refer (ii) below)	**2,833**	3,751
	2,833	3,751

31. Corporate tax (continued)

(ii) Reconciliation of income tax expense:

	2025	2024
	AED'000	AED'000
Profit for the year before tax	**48,811**	42,058
Corporate tax @9% on profit before tax	**4,393**	3,785
Effect of:		
Less:		
Prior year excess tax adjustment	**(1,526)**	-
Exemption limit AED 375,000	**(34)**	(34)
Corporate income tax expense for the year at the rate of 9%	**2,833**	3,751

32. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 16 February 2026.

33. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements as at and for the year ended 31 December 2025.

الاتحاد للتأمين
UNIONINSURANCE

Union Insurance Company

Public Joint Stock Company

Corporate Governance Report

For the Financial Year Ended on 31/12/2025

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and Internal Control Systems.

8- Confirmation That the Committee Reviewed All Transactions Conducted with Related Parties, Their Observations or Findings, and Compliance with Applicable Laws.

2- **Nomination and Remuneration Committee:**

(A) Declaration by the Chairman of the Nomination and Remuneration Committee on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Nomination and Remuneration Committee Members, Their Roles, and Assigned Tasks.

(C) Nomination and Remuneration Committee Meetings.

3- Risk Management Committee:

(A) Declaration by the Chairman of the Risk Management Committee on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Risk Management Committee Members, Their Roles, and Assigned Tasks.

(C) Risk Management Committee Meetings.

4.- Investment Committee:

(A) Declaration by the Committee Chairman on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Investment Committee Members, Their Roles, and Assigned Tasks.

(C) Investment Committee Meetings.

5- Committee for Monitoring and Supervising Insider Transactions:

(A) Declaration by the Committee Chairman on Their Responsibility for the Committee's System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Names of Committee Members.

(C) Summary of the Committee's Activities Report for 2025

6- **Credit Control Management Committee:**

a. A declaration by the Chairman of the Committee confirming his responsibility for the Committee's system within the Company, his review of its working mechanism, and his confirmation of its effectiveness.

b. The names of the members of the Credit Control Management Committee, along with a statement of its authorities, responsibilities, and assigned duties.

c. Meetings of the Credit Control Management Committee.

5- Evaluation of the Board of Directors, Its Committees, and Executive Management:

(A) Annual Evaluation of the Board of Directors, Its Members, and Committees

(The evaluation may be conducted by the Nomination and Remuneration Committee, the Chairman of the Board with support from the Board Secretary as needed, or independent consultants may be engaged if necessary.)

(B) Evaluation by an Independent Professional Entity

(Every three years, the Board of Directors is required to appoint an independent professional entity, with no interest or relationship with the company, the Board, or executive management, to evaluate the performance of the Board, its members, and its committees.)

6- Organizational Structure and Executive Management:

(A) Company's Complete Organizational Structure.

(B) Detailed Statement of Senior Executive Management.

7- External Auditor:

(A) Overview of the External Auditor.

(B) Statement on the Fees and Costs of the External Auditor.

(C) External Auditor's Reservations for 2025.

8- Internal Control System:

(A) Declaration by the Board on Its Responsibility for the Internal Control System in the Company, Reviewing Its Mechanisms, and Ensuring Its Effectiveness.

(B) Name, Qualifications, and Appointment Date of the Head of Internal Audit.

(C) Name, Qualifications, and Appointment Date of the Compliance Officer.

(D) How the Internal Control Department Handles Major Issues Within the Company.

(E) Number of Reports Issued by the Internal Control Department to the Board of Directors.

9- Details of Violations Committed During the 2025 Financial Year, Their Causes, and Corrective Actions Taken.

10-Statement on the Company's Monetary and In-Kind Contributions to Local Community Development and Environmental Sustainability in 2025.

11-General Information.

Company Overview

Union Insurance Company is one of the leading national insurance providers in the United Arab Emirates, operating under the supervision of the UAE Central Bank and listed on the Abu Dhabi Securities Exchange. Established in 1998. The paid-up capital for the company is AED 230 million. The company offering a comprehensive range of innovative insurance products tailored to meet the needs of individuals and businesses across various sectors.

With a specialized team of insurance experts, the company provides flexible and reliable insurance solutions, including standard and customized policies. These solutions cater to individuals, small and medium-sized enterprises (SMEs), large corporations, and government entities, ensuring high-quality coverage. Additionally, Union Insurance offers advanced advisory services, such as risk assessment and insurance gap analysis, under the guidance of highly experienced professionals.

Union Insurance's offerings encompass a wide array of insurance solutions, including but not limited to;, health insurance, motor insurance, life insurance, property insurance, engineering insurance, liability insurance, and marine insurance. These products enable clients to focus on their core operations while benefiting from effective and comprehensive insurance policies to manage various risks.

Recognizing the evolving nature of business risks, the company also employs a team of professionals who hold the Associate of the Chartered Insurance Institute (ACII) certification from London. These experts possess the expertise to design sophisticated insurance solutions that align with market demands. Through this professional approach, Union Insurance ensures accurate pricing and high levels of reliability for its clients.

Moreover, the company benefits from strategic partnerships with leading global and regional reinsurance firms, including Swiss Reinsurance Company, SCOR Reinsurance, Hannover Reinsurance Company, Lloyd's, Generali, and QBE Europe.

Union Insurance follows a customer-centric approach, fostering a corporate culture built on teamwork and innovation. Supported by a workforce of approximately 189 professionals, the company is committed to delivering exceptional service that meets client expectations. Understanding that filing an insurance claim often results from an unforeseen incident or financial loss, Union Insurance strives to provide fast and personalized support, alleviating client concerns during critical times.

To align with this commitment, the company has enhanced its claims processing and operational procedures to ensure smooth and efficient experience. Its approach is centered on transparency, efficiency, and prompt responsiveness, reinforcing client trust and providing them with peace of mind in managing future risks.

1- Statement on Corporate Governance Implementation in 2025 and Its Application

In line with the principles of good governance, Union Insurance Company places significant emphasis on adhering to the highest corporate governance standards by fully complying with the laws, regulations, and resolutions in force in the United Arab Emirates. This includes compliance with the Corporate Governance Guide for Public Joint Stock Companies, issued under Decision No. (3/R.M) of 2020 by the Chairman of the Securities and Commodities Authority (SCA)..This guide defines corporate governance as:

"A set of controls and rules that ensure institutional discipline in relationships and management within the company, in accordance with global standards and practices, by defining the responsibilities and duties of board members and senior executive management while ensuring the protection of shareholder and stakeholder rights."

Accordingly, the Board of Directors is committed to adopting and continuously updating a comprehensive governance framework that aligns with best global practices, thereby supporting the company's growth and strategic objectives. The key governance standards applied by the company include:

1- Transparency and Disclosure:

The company adheres to the highest standards of disclosure and transparency, in accordance with the Securities and Commodities Authority's directives. This includes periodic financial reports (quarterly and annual), board meeting schedules, board resolutions, and all required data and statistics as mandated by regulatory authorities and financial markets.

2- Effective Board Management:

The Board of Directors actively oversees the formulation and execution of the company's strategic objectives in collaboration with senior executive management. It also supervises the board committees to ensure compliance with best governance practices.

3- Formation of Permanent Committees:

The Board has established permanent committees in accordance with regulatory provisions, defining their roles, tenure, and assigned authorities. The performance of these committees is continuously monitored to ensure efficient and effective achievement of their objectives.

4- Enhancing Internal Control and Risk Management Systems:

The Board, in coordination with the Audit Committee and Risk Management Committee, periodically reviews and updates the internal control system to ensure its effectiveness and continuity, ensuring compliance with regulatory requirements.

5- Regulating Insider Transactions:

The company updates and adopts the regulatory framework governing insider transactions, as approved by the Board. A dedicated register is maintained to document all relevant information, and a specialized committee is formed to oversee and manage these transactions, providing periodic reports to the SCA and the Abu Dhabi Securities Exchange.

6-Investor Relations Management:

Committed to transparency and effective communication, the company has appointed Ms. Riham Osama as the Investor Relations Manager. It has also established a dedicated section on its official website, providing all necessary data, including financial reports and disclosures issued to regulatory and supervisory authorities.

7- Preparation and Publication of the Annual Governance Report:

In compliance with regulatory requirements, the company prepares and submits an annual governance report, publishing it on the SCA's website. This report includes all financial and non-financial data and actions taken throughout the year, ensuring clear and accurate information for shareholders.

8- Appointment of an External Auditor:

The external auditor is appointed, and their fees determined by a resolution of the General Assembly, in accordance with applicable laws and regulations, ensuring the independence and objectivity of the company's financial audits.

2- Ownership and Transactions of Board Members and their Spouses, and Children in the Company's Securities During 2025:

The company adheres to the provisions of SCA Board Decision No. (2) of 2001 concerning the trading, clearing, settlement, transfer, and custody of securities. Article 14 of this decision states:

*"The chairman, board members, Chief Executive Officer, or any employee with access to material information about a listed company shall not engage in transactions for themselves or on behalf of others in the securities of the company, its parent company, subsidiaries, sister companies, or affiliates, if any of these companies are listed in the market, during the following periods:

- Within ten (10) working days before the announcement of any material information that may impact the share price, either upward or downward, unless the information results from an unforeseen and sudden event.
- Within fifteen (15) days before the end of the quarterly, semi-annual, or annual financial period, until the financial statements are disclosed."*

The company also complies with SCA Board Decision No. (3) of 2000 concerning disclosure and transparency regulations, as well as the regulations and directives issued by the Abu Dhabi Securities Exchange.

The securities owned by board members and their first-degree relatives are as follows:

no	Name	Position/Relationship	Shares Owned as of 31/12/2025	Total Sales Transactions	Total Purchase Transactions
1	Al Salem Limited Company	Board Member	46,362,914		
2	Salem Abdullah Al Hosani	First-degree relative of Board Member Mohammed Salem, Representative of M/S Al Salem Limited Company, and Chairman of Al Salem (Corporate Board Member)	53,246,458		
3	Sheikh/ Nasser bin Rashid Al Moalla (Family Transfer)	Chairman of the Board	7,200,000		

3- Board of Directors:

The Board of Directors consists of seven members, each serving a three-year term. Members whose terms have expired may be re-elected multiple times. They are elected by the General Assembly through cumulative secret voting in accordance with the Articles of Association of Union Insurance Company. The Board has full authority to exercise all necessary powers to achieve the company's objectives, except for matters reserved by law or the Articles of Association for the General Assembly. The Board is committed to fulfilling its responsibilities to ensure proper guidance and direction for the company and its management, positively impacting overall performance and shareholders' rights.

A- Current Board Composition:

The company is managed by a Board of Directors consisting of seven members. Below is a statement detailing the current Board composition and the duration each member has served since their first election:

Name	Category	Membership Duration Since First Election	Experience & Qualifications	Membership in Other Public Joint-Stock Companies	Regulatory, Governmental, or Commercial Positions
Sheikh/ Nasser bin Rashid bin Abdulaziz Al Moalla (Chairman)	Independent	2021	- Bachelor's degree from Tulane University, New Orleans, Louisiana, U S - Businessman. - Vice Chairman of the Board and Chairman of the Executive Committee at National Bank of Umm Al Quwain since 1982. - Vice Chairman of the Board of Umm Al Quwain Cement Company	Vice Chairman of the Board of National Bank of Umm Al Quwain , Chairman of the Executive Committee, and member of the Nominations and	None

			from 1981 to 2017. - Vice Chairman of the Board of Sharjah Insurance from 2000 to April 2021. - Recipient of the Best CEO Award for Emiratization in the UAE banking sector.	Remuneration Committee.	
Dr. Ali Rashid Sultan Al Alkaitoob Al Nuaimi (Vice Chairman)	- Non-Independent	- 2021	- Ph.D. in International Law – Johnson & Wales University, USA. - Certified Public Accountant (CPA) – United Kingdom. - Bachelor's Degree in Business Administration & Marketing – American College in London, UK. - Bachelor's Degree in Economics and Law – Al Jazeera University. - Diploma in Business Administration (EH/3676/MIC) – London Institute of Commerce, UK. - Senior Manager – National Bank of Dubai (2001–2007). - Board Member – National Islamic Bank (2005–2007). - Chief Executive Officer (CEO) – Emirates NBD Properties (2007–2017). - Registered Banking and Accounting Expert, Financial Restructuring & Bankruptcy Expert – Dubai Courts.	- Board Member and Chairman of Nominations and Remuneration Committee and member of the Audit and Risk committee at National Bank of Umm Al Quwain	None

- Mr. Abdullah Mohammed Hassan Al Hosani	Independent	2021	- Bachelor's in Accounting and Economics - UAE University. - Over 30 years of experience in banking.	-Board Member at Ajman Bank. -Vice Chairman of Amanat Holdings.	None
Mr. Ahmed Saeed Al Alami	Independent	2021	- Master of Business Administration (MBA) - - ESADE Business School. - Bachelor's in Mechanical Engineering. - Engineer at Crescent Petroleum (March 2008 – August 2009, and December 2005 – December 2006). - Project Engineer at Petrofac International Ltd. (January 2007 – February 2008)	-Partner at Al Manara Investment & Development. Board Member at Emirates Metal Industries. –Board Member at Pinnacle Restaurant & Catering Management.	None
Ms. Iman Al-Midfa	Independent	2022	Bachelor's in Business Administration - American University of Sharjah. - Held several positions at Emirates Airline, most recently as Senior Revenue Optimization Manager.	None	None
Dr. Basel Al Hindawi	Independent	2023	- - PhD in Information Management and International Business - George Washington University. - Over 25 years of leadership experience, including roles as CEO and Board Chairman/Member in both private and public sectors, as well as in regulatory bodies and international organizations.	None	None

Al Salem Limited Company, represented by Mr. Mohammed Salem Abdullah Salem Al Hosani	Non-Executive	2010	Master's in Financial Management - April 2011. · Bachelor's in E-Commerce - Higher Colleges of Technology, June 2005.	- Managing Director of Umm Al Quwain General Investments Company since 2017. Director Member at Gulf Medical Projects Company since 2005.	None

B - Female Representation Rate for 2025:

The female representation rate on the company's Board of Directors for the year 2025 reached 14%. In accordance with the company's Articles of Association, the Board of Directors remains committed to promoting gender equality in leadership positions. In line with its forward vision and in accordance with applicable regulatory requirements, this position is currently occupied by Ms. Iman Al-Midfa

C - Reasons for the Absence of Female Candidates for Board Membership:

Not applicable.

D - Board Members' Remuneration and Attendance Fees:

The company's Articles of Association specify the method for determining the remuneration of Board members in accordance with Article (171) of Commercial Companies Law No. (32) of 2021. The remuneration of the Chairman and Board members consists of a percentage of the net profit, which shall not exceed (10%) of the net profit for the fiscal year after deducting all depreciations and reserves.

1- Total Board Members' Remuneration for 2024-2025:

-The total Board members' remuneration for the year.2024 amounted to AED1.900.000

-The proposed total Board members' remuneration for the year 2025 is AED 2.300.000

2- Details of Attendance Fees for Committee Meetings Received by Current Board Members for the Fiscal Year 2025:

Please note that the Board Committees were reconstructed on 26 February 2025, in accordance with the applicable regulatory requirements

3 - *Details of Allowances for Attending Meetings:*

Member	Allowances for attending meetings of committees emanating from the current council			
	Committee Name	Value of the exchange	Number of meetings	Total value of allowances
Sheikh/Nasser bin Rashid bin Abdulaziz Al Moalla	Chairman of the Investment Committee	5,000	1	5,000
Dr. Ali Rashid Al Kaitoob	Member of the Audit Committee	5,000	5	25,000
Dr. Ali Rashid Al Kaitoob	Member of the Risk Management Committee	5,000	7	35,000
Mr. Abdullah Mohammed Al Hosani	Chairman of the Nominations Committee	5,000	3	15,000
Mr. Abdullah Mohammed Al Hosani	Member of the Risk Management Committee	5,000	7	35,000
Mr. Mohammed Salem Al Hosani	Member of the Investment Committee	5,000	1	5,000
Mr. Ahmed Al Alami	Member of the Nominations Committee	5,000	3	15,000
Mr. Ahmed Al Alami	Chairman of the Audit Committee	5,000	5	25,000
Dr. Baseel Al Hindawi	Chairman of the Risk Management Committee	5,000	7	35,000
Dr. Baseel Al Hindawi	Member of the Nominations Committee	5,000	3	15,000
Mrs. Iman Al Midfa	Member of the Audit Committee	5,000	4	20,000
Mrs. Iman Al Midfa	Member of the Investment Committee	5,000	1	5,000

4- Details of Allowances, Salaries, or Additional Remuneration Received by a Board Member Other Than Committee Attendance Allowances and Their Reasons:

Not applicable.

E. Board of Directors Meetings During the Fiscal Year 2025:

The Board of Directors held (6) meetings during the year 2025, as outlined below:

Current Board of Directors Meetings:

Member	February 26, 2023	March 19, 2025	May 13, 2025	August 12, 2025	November 13, 2025	December 16, 2025	Number of attendances	Number of proxy attendees
Sheikh/ Nasser bin Rashid Al Moalla	√	√	√	√	√	√	6	
Dr. Ali Rashid Al Kaitoob	√	√	√	√	√	√	6	
Mr. Abdullah Al Hosani	√	√	√	√	√	√	6	
Mrs. Iman Al Midfa	√	√	√	√	√	√	6	

Mr. Mohammed Salem Al Hosani	x	√	√	x	√	√	4	
Mr. Ahmed Al Alami	√	√	√	√	√	√	6	
Dr. Baseel Al Hindawi	√	√	√	√	√	√	6	

√ Attendance   X Absence

H. Board of Directors' Decisions Issued by Circulation During the Fiscal Year 2025:

No decisions were issued by circulation for the year 2025.

4. Board Committees:

1. Audit Committee:

A. Approval of the Committee Chairman:

The Chairman of the Audit Committee, Mr. Ahmed Al-Alami, acknowledges his responsibility for the committee's framework within the company and confirms that he has reviewed its working mechanisms and ensured their effectiveness.

B. Members of the Audit Committee and Statement of Its Competencies and Assigned Tasks:

- Members of the Audit Committee after amending the committee structure by the Board of Directors after 26/02/2025:

Name	Position
Mr. Ahmed Al-Alami	Chairman of the Committee
Dr. Ali Rashid Al-Kaitoob	Member
Mrs. Iman Al-Midfa	Member

Competencies and Responsibilities of the Audit Committee:

1. Reviewing the company's financial and accounting policies and procedures.

2. Monitoring the integrity of the company's financial data and reports (annual, semi-annual, and quarterly) and its control systems, reviewing them as part of its regular work during the year, with a particular focus on the following:

a. Any changes in accounting policies and practices.

b. Highlighting areas subject to management judgment.

c. Significant adjustments resulting from auditing.

d. The assumption of the company's going concern.

e. Compliance with accounting standards issued by the Securities and Commodities Authority.

f. Compliance with listing rules, disclosure requirements, and other legal obligations related to financial reporting.

3. Coordinating with the company's Board of Directors, executive management, and the Chief Financial Officer (or equivalent) to perform its duties. The committee must meet with the company's auditors at least once a year.

4. Reviewing any significant and unusual items included or required to be included in the reports, accounts, and off-balance-sheet items, and giving due attention to any matters raised by the company's CFO (or equivalent), compliance officer, or auditors.
5. Recommending to the Board of Directors the appointment, resignation, or dismissal of the external auditor. If the Board does not accept the Audit Committee's recommendation, the Board must include in the governance report a statement explaining the committee's recommendations and the reasons for not adopting them.
6. Developing and implementing a policy for contracting with external auditors and submitting a report to the Board of Directors outlining matters requiring action and providing recommendations on necessary steps.
7. Ensuring that the external auditor meets the conditions stipulated in applicable laws, regulations, decisions, and the company's articles of association, and monitoring their independence.
8. Meeting with the company's external auditor without the presence of senior executive management or their representatives to discuss the nature and scope of the audit process and its effectiveness in accordance with approved auditing standards.
9. Approving any additional services performed by the external auditor for the company and the fees charged for such services.
10. Reviewing all matters related to the external auditor's work, including their work plan, correspondence with the company, observations, recommendations, reservations, and any significant inquiries raised by the auditor to senior executive management regarding accounting records, financial statements, or control systems, and monitoring the company management's response and provision of necessary facilities.
11. Ensuring that the Board of Directors and executive management respond in a timely manner to clarifications and significant matters raised in the external auditor's management letter.
12. Reviewing and evaluating the company's internal audit and risk management systems.
13. Discussing the internal audit system with the Board of Directors and ensuring its duty to establish an effective internal control system.
14. Reviewing the results of major investigations into internal audit matters commissioned by the Board of Directors or initiated by the committee with the Board's approval.
15. Reviewing the auditor's evaluation of internal audit procedures and ensuring coordination between the internal auditor and the external auditor.
16. Ensuring the availability of necessary resources for the internal audit function and monitoring its effectiveness.
17. Studying internal audit reports and following up on the implementation of corrective actions for noted observations.
18. Establishing controls and systems that enable company employees and stakeholders to confidentially report potential violations in financial reporting, internal auditing, or other matters, and ensuring independent and fair investigations of such violations, with measures to protect whistleblowers and ensure precise follow-up.
19. Monitoring the company's compliance with professional conduct rules.
20. Reviewing related-party transactions and ensuring no conflicts of interest exist, providing recommendations to the Board of Directors before their execution.
21. Ensuring the application of work rules related to its duties and the powers granted by the Board of Directors.
22. Submitting reports and recommendations to the Board of Directors on the matters mentioned above and outlined in this section.

23. Reviewing any other matters determined by the Board of Directors.

C. Number of Meetings Held by the Audit Committee During the Year, Their Dates, and Attendance Records of Members:

The Audit Committee held 5 meetings during the year 2025. Below is a record of the meetings and the attendance of members:

Meetings of the Audit Committee:
Meeting date: March 18, 2025
Meeting date: May 15, 2025
Meeting date: August 11, 2025
Meeting date: November 11, 2025
Meeting date: November 19, 2025

A. Number of Personal Attendances by Members of the Audit

Member / Meeting date	Mr. Ahmed Al-Alami	Dr. Ali Rashid Al-Alkaitoob	Mrs. Iman Al-Midfa
Meeting date: March 18, 2025	√	√	√
Meeting date: May 15, 2025	√	√	√
Meeting date: August 11, 2025	√	√	x
Meeting date: November 11, 2025	√	√	√
Meeting date: November 19, 2025	√	√	√
Number of attendees	5	5	4

√ Attendance X Absence

S. Annual Audit Committee Report:

S. Annual Audit Committee Report:	
Description	Explanation
	The Audit Committee has reviewed the Company's financial statements for the year. The Committee oversees the performance of the management and the external auditor to ensure that all relevant matters were appropriately addressed

1. Significant Matters Reviewed by the Committee Regarding the Financial Statements and How These Matters Were Addressed.	and evaluated, including internal controls, risks, applicable accounting standards in accordance with International Financial Reporting Standards (IFRS), and other regulatory requirements, to ensure a fair presentation of the Company's financial position.
2. Explanation of How the Independence and Effectiveness of the External Audit Process Were Evaluated, the Approach Followed in Appointing or Reappointing the External Auditor, and Information on the Tenure of the Current Audit Firm.	The independence and effectiveness of the external audit were evaluated through the Audit Committee's oversight of the external auditor, verification of compliance with applicable regulatory requirements, consideration of relevant industry experience, and review of the audit results. Based on the Audit Committee's evaluation and its recommendations to the Board of Directors, a decision is made regarding the appointment or reappointment of the external auditors at the Annual General Meeting. The required notifications are subsequently submitted to the Securities and Commodities Authority (SCA), the Central Bank (CBUAE), and other relevant regulatory authorities, as applicable, to complete the procedures for obtaining a No Objection Certificate (NOC).
3. A Statement Outlining the Committee's Recommendation Regarding the Appointment, Reappointment, or Dismissal of the External Auditor, and the Reasons for the Board of Directors' Non-Acceptance of Such Recommendation.	The Audit Committee has recommended to the Board of Directors the reappointment of Grant Thornton for the year, based on the auditor's demonstrated expertise, compliance with independence requirements, and the quality of services provided during the previous audit cycle
4. Explanation of How the Independence of the External Auditor Is Ensured When Providing Services Other Than the Company's Audit Process.	The Audit Committee monitors such services to ensure that their performance does not impair the external auditor's objectivity and independence. In addition, UIC maintains a strict policy prohibiting the engagement of external auditors to provide any services that could compromise their independence. Furthermore, external auditors are subject to rigorous internal controls and approval procedures before undertaking any non-audit services.
5. Measures Taken or to Be Taken by the Committee to Address Any Deficiencies or Weaknesses in the Event of Failures in Internal Controls or Risk Management.	The Audit Committee reviews any weaknesses identified in the Company's internal controls or risk management processes and ensures that appropriate corrective actions are implemented in a timely manner. The Committee monitors the effectiveness of these actions, provides guidance to management on necessary improvements, and ensures that adequate controls are maintained to mitigate risks and prevent recurrence.

6. A Statement Confirming That the Committee Has Reviewed All Reports with Medium and High Risks Issued by Internal Audit to Determine Whether They Arise from Significant Failures or Weaknesses in Internal Controls.	The Audit Committee reviewed all medium- and high-risk reports issued by the internal audit during the year to determine whether they resulted from significant failures or weaknesses in the Company's internal controls.
7. Comprehensive Information on the Corrective Action Plan in the Event of Material Deficiencies in Risk Management and Internal Control Systems.	The Audit Committee maintains close oversight of all controls related to findings and corrective actions. Comprehensive periodic reports are submitted to the Committee regarding internal control issues identified during the review of operational processes, including the status of their implementation as agreed with the relevant departments. The implementation status is monitored through the audit management system, with follow-up and escalation to ensure timely completion
8. A Statement Confirming That the Committee Has Reviewed All Transactions Conducted with Related Parties, Along with Any Observations or Findings Resulting Therefrom, and the Extent of Compliance with Applicable Laws in This Regard.	The audit committee has reviewed the related parties transaction and has recommended enhancement to strengthen oversight and governance

2. Nominations and Remuneration Committee:

A. Approval of the Committee Chairman:

The Chairman of the Nominations and Remuneration Committee, Mr. Abdullah Al-Hosani, acknowledges his responsibility for the committee's framework within the company and confirms that he has reviewed its working mechanisms and ensured their effectiveness.

B. Members of the Nominations and Remuneration Committee and Statement of Its Competencies and Assigned Tasks:

Name	Position
Mr. Abdullah Al Hosani	Chairman of the Committee
Dr. Baseel Al Hindawi	Member
Mr. Ahmed Al Alami	Member

Competencies and Responsibilities of the Nominations and Remuneration Committee:

1. Regulating and monitoring the procedures for nominating members to the Board of Directors in accordance with applicable laws, regulations, and the provisions of Decision No. 3/R.M of 2020.

2. Ensuring the ongoing independence of independent members. If the committee determines that a member no longer meets the conditions for independence, it must present the matter to the company's Board of Directors. The Board shall notify the member in writing, sent to their registered address with the company, of the reasons for the loss of independence. The member must respond to the Board within fifteen (15) days of being notified. The Board shall issue a decision regarding the member's status as independent or non-independent in the first meeting following the member's response or the lapse of the aforementioned period without a response.
If the loss of independence does not affect the minimum number of independent members required on the Board, this must be considered in the formation of committees.
Without prejudice to Article 145 of the Commercial Companies Law No. 2 of 2015, if the Board's decision regarding the loss of independence affects the minimum required proportion of independent members, the Board shall appoint an independent member to replace the affected member. The appointment must be presented to the company's general assembly for approval.
3. The committee is responsible for developing the policy for granting remuneration, benefits, incentives, and salaries to the company's Board members and employees. When formulating these policies, performance-related criteria must be used, aligning with the company's long-term performance.
4. Ensuring that rewards and bonuses, including options, deferred bonuses, and other benefits offered to senior executive management, are linked to the company's medium- and long-term performance.
5. The committee is responsible for developing the company's human resources and training policy, monitoring its implementation, and determining the company's need for high-caliber competencies at the senior executive and leadership levels. This includes periodically reviewing selection criteria, salaries, and other benefits in line with market standards to ensure competitiveness in attracting qualified individuals.
6. Promoting gender diversity in the Board's composition to encourage women to nominate themselves for Board membership and developing a specific policy for this purpose.
7. Ensuring the existence of an appropriate and updated succession plan for senior executives and committee chairpersons.
8. Any other matters determined by the Board of Directors.

C. Statement on the Number of Meetings Held by the Committee During the Financial Year, their Dates, and Attendance Records:

The Nominations and Remuneration Committee held 4 meetings during the year 2025. Below is a record of the meetings and attendance:

Nominations and Remuneration Committee Meetings
Meeting on January 29, 2025
Meeting on February 25, 2025
Meeting on October 20, 2025

Number of Personal Attendances by Members of the Nominations and Remuneration Committee:

Member / Meeting date	Mr. Abdullah Al Hosani	Dr. Baseel Al Hindawi	Mr. Ahmed Al Alami
Meeting on January 29, 2025	√	√	√
Meeting on February 25, 2025	√	√	√
Meeting on October 20, 2025	√	√	√
Number of attendees	**3**	**3**	**3**

√ Attendance X Absence

3. Risk Management Committee:

A. Approval of the Committee Chairman:

The Chairman of the Risk Management Committee, Dr. Baseel Al-Hindawi, acknowledges his responsibility for the committee's framework within the company and confirms that he has reviewed its working mechanisms and ensured their effectiveness.

B. Members of the Risk Management Committee and Statement of Its Competencies and Assigned Tasks:

Name	Position
Dr. Basel Al-Hindawi	Chairman of the Committee
Dr. Ali Al-Kaitoob	Member
Mr. Abdullah Al-Hosani	Member

Responsibilities and Duties of the Risk Management Committee:

1. Adopting a comprehensive risk management strategy and policies that align with the nature and scale of the company's activities. This includes monitoring their implementation, reviewing them, and updating them in response to internal and external changes.

2. Defining and maintaining an acceptable level of risk exposure that the company may face, ensuring that this level is not exceeded.

3. Overseeing the company's risk management framework and evaluating the effectiveness of mechanisms for identifying and monitoring risks that may threaten the company to identify any inadequacies or inefficiencies.

4. Providing guidance to management, when needed, to help enhance its risk management practices and/or mitigate specific risks. This includes ensuring that qualified personnel at the management level are effectively implementing risk management systems.
5. Obtaining assurance from executive management and internal audit that risk management processes and systems operate effectively, with appropriate controls in place and adherence to approved policies.
6. Preparing detailed reports on risk exposure levels and recommended actions for managing these risks and submitting them to the Board of Directors.
7. Providing recommendations to the Board of Directors on matters related to risk management.
8. Ensuring the availability of adequate resources and systems for risk management.
9. Submitting periodic reports to the Board of Directors on the company's risk exposure and immediately notifying the Board of any material changes in risk levels.
10. Ensuring the independence of risk management personnel from activities that may expose the company to risks.
11. Reviewing any matters referred by the Audit Committee that may affect the company's risk management framework.
12. Reviewing the appointment, performance, and replacement of the Risk Manager and overseeing the overall effectiveness of the risk management unit.

(C) Number of Meetings Held by the Risk Management Committee During the Year, their Dates, and Members' Attendance Records

The Risk Management Committee held **7** meetings during the year 2025. Below is a summary of the meetings and the number of times members attended in person:

Meetings of the Risk Management Committee
Meeting Date: February 19, 2025
Meeting Date: March 13, 2025
Meeting Date: April 23, 2025
Meeting Date: June 06, 2025
Meeting Date: September 25, 2025
Meeting Date: November 06, 2025
Meeting Date: December 15, 2025

Personal Attendance Records of the Risk Management Committee Members

Member / Meeting Date	Dr. Basel Al-Hindawi	Dr. Ali Rahid Al-Kaitoob	Mr. Abdullah Al-Hosani
Meeting Date: February 19, 2025	√	√	√
Meeting Date: March 13, 2025	√	√	√
Meeting Date: April 23, 2025	√	√	√
Meeting Date: June 06, 2025	√	√	√
Meeting Date: September 25, 2025	√	√	√
Meeting Date: November 06, 2025	√	√	√
Meeting Date: December 15, 2025	√	√	√
Number of Attendances	7	7	7

(✓attendance, X absence.)

4-Investment Committee:

a- Committee Chairman's Report:

The Chairman of the Investment Committee, Sheikh/ Nasser bin Rashid Al Moalla, reports on the committee's governance system within the company, reviews its operational mechanism, and ensures its proper implementation.

B. Names of the Investment Committee Members, Their Responsibilities, and Assigned Duties:

Name	Position
Sheikh/ Nasser bin Rashid Al Moalla	Chairman of the Board
Ms. Iman Al-Midfa	Member
Mr. Mohammed Salem Al-Hosani	Member

Investment Committee Mandate and Responsibilities:

1. Developing and overseeing the investment strategy and policy.

2. Preparing investment plans, discussing and reviewing the principles related to the nature of investment activities, and formulating an action plan accordingly, with necessary recommendations submitted to the Board of Directors.

3. Reviewing financial performance results of investments and making the necessary recommendations.

4. Managing the company's investments in alignment with the company's interests and the directives of the Board of Directors.

(C) Number of Meetings Held by the Investment Committee During the Year and Attendance Records of Members

The Investment Committee held one meeting in 2025. Below is a summary of the meetings, their dates, and the personal attendance records of the members.

Investment Committee Meetings
Meeting Date: December 08, 2025

Personal Attendance Records of Investment Committee

Member / Meeting Date	Sheikh Nasser bin Rafeh Al-Amala	Mr. Mohammed Al-Hosani	Ms. Iman Al-Midfa
Meeting Date: December 08, 2025	√	√	√
Number of Attendances	1	1	1

(√ attendance, X absence.)

5-Committee for Monitoring and Regulating of Insider Transactions

A. **Committee Chairman's Declaration:**

Dr. Ayman Abdelrazek, Chairman of the Committee for Monitoring and Oversight of Insider Transactions, affirms his responsibility for the committee's governance system within the company, as well as his review of its operational mechanism to ensure its effectiveness.

B. Committee Members:

1. Dr. Ayman Abdelrazek – Head of the Legal Department – Committee Chairman
2. Mr. Amit Kataria – Head of Internal Audit Department –Member
3. Mr. Murugesh Palani–Vice President – Financial Controller– Member

Committee Responsibilities and Duties:

• The committee is responsible for managing, monitoring, and overseeing insider transactions and holdings, maintaining the insider register, and submitting regular disclosures and reports to the market.

• Maintaining a comprehensive register of all insiders, including their details and periodic disclosures submitted by Board members.

• Notifying regulatory authorities of any changes to the insider register.

• Informing any individual of their insider status as soon as they qualify as an insider and obtaining their signature on the designated forms.

• Notifying insiders of trading blackout periods as determined by the market upon receipt, in addition to any other restrictions imposed by applicable regulations and circulars. The committee is also responsible for clarifying permanent and temporary blackout periods.

• Reviewing and monitoring insider trading policies, including periodic updates, and receiving and reviewing reports on insider trading transactions.

• Informing the Board of Directors of any insider trading violations and reporting the actions taken and/or required in accordance with applicable laws, regulations, and circulars.

• Ensuring the confidentiality of information and data provided by the Board of Directors.

C. Summary of the committee's activities during the year 2025:

The committee held one meeting on 19-12-2025 with the attendance of all its members. During the meeting, the committee reviewed shares pledged to banks by insiders' reports received from the market, reviewing the insiders' register, monitoring the trading blackout periods defined by the market, and ensuring that insiders were notified accordingly.

6- Credit Control Committee

- A. Committee Chairman's Report:

The Chairman of the Credit Control Committee, Dr. Basel Al-Hindawi, reports on the committee's governance system within the company, reviews its operational mechanism, and ensures its proper implementation.

B. Names of the Credit Control Committee Members, Their Responsibilities, and Assigned Duties:

Name	Position
Dr. Basel Al-Hindawi	Chairman of the Committee
Dr. Ali Al-Kaitoob	Member
Mr. Abdullah Al-Hosani	Member

Credit Control Committee Mandate and Responsibilities:

1. Review and approve the Credit control policy as per the Regulatory requirements
2. Review and approve the credit terms exceeding defined thresholds
3. Supervises credit portfolio trends, risk concentrations and ECL provisioning
4. Provide ratification approval on Premium cases exceeding 5% of UIC paid-up capital
5. Review the implementation of Credit control policy.
6. Any other areas related to UIC Credit risk exposure

.(C) Number of Meetings Held by the Credit Control Committee During the Year and Attendance Records of Members

The Credit Control Committee held two meetings in 2025. Below is a summary of the meetings, their dates, and the personal attendance records of the members.

Credit Control Committee Meetings
Meeting Date: September 25, 2025
Meeting Date: December 15, 2025

(D)Personal Attendance Records of Credit Control Committee

Member / Meeting Date	Dr. Basel Al-Hindawi	Dr. Ali Al-Kaitoob	Mr. Abdullah Al-Hosani
Meeting Date: September 25, 2025	√	√	√
Meeting Date: December 15, 2025	√	√	√
Number of Attendances	2	2	2

(√ attendance, X absence.)

F-Board of Directors' Delegated Duties and Authorities to Executive Management

Mr. Ramez Abu Zaid has been delegated with authority in his capacity as Chief Executive Officer of the company.

s	Authorized Person	Scope of Authorization	Duration of Authorization
1	**Mr. Ramez Abu Zaid**	**Special legal power with limited authority**	**Indefinite**

In accordance with Federal Law No. 32 of 2021 on Commercial Companies, the Chief Executive Officer (CEO), based on a special authorization granted by the current Board of Directors, exercises the necessary powers to manage the company's operations, which include:

1. Representing the company before all natural and legal persons, ministries, authorities, committees, councils, official entities, government and civil departments, chambers of commerce and industry, the Ministry of Economy, the Ministry of Human Resources and Emiratization, economic development departments, municipalities, the General Directorate of Residency and Foreigners Affairs, internal security and border control authorities, ports, customs, traffic departments, federal and local public prosecution offices, notaries, insurance companies, and telecommunications entities.

2. Signing all contracts, transactions, correspondences, and documents related to the company's business and submitting and following up on any necessary or required applications with any competent authority, whether federal, municipal, or governmental within the United Arab Emirates or abroad.

3. Managing the company's legal disputes by issuing instructions to the company's attorney regarding the submission of statements of claim and written pleadings before courts in the United Arab Emirates and other countries, regardless of their types, levels, execution departments, investigation departments, notary public offices, and judicial committees specialized in resolving rental disputes in any emirate within the United Arab Emirates. This includes taking all necessary actions and procedures required for filing and following up on lawsuits, whether initiated by or against the company, as well as undertaking precautionary measures, notifications, presenting evidence, submitting memoranda, petitions, objections, notices, warnings, counterclaims, allegations of forgery, appointing experts, requesting the release of seizures, intervening as a third party, adding additional defendants, acknowledging claims, waiving rights, settling disputes, accepting or administering oaths, rejecting oaths, withdrawing from litigation, waiving judgments in whole or in part, appealing decisions, lifting precautionary measures while maintaining the debt, alleging forgery, requesting the recusal of a judge, arbitrator, or expert, and

either accepting or rejecting offers. Additionally, the CEO has the right to receive all official notifications and communications related to the company from any governmental, non-governmental, judicial, or non-judicial entity and to serve notices to third parties. The CEO is further empowered to file complaints on behalf of the company before the police, public prosecution, and courts and to withdraw such complaints after ensuring the company's rights are secured—whether within the United Arab Emirates or abroad. The CEO is also authorized to delegate or assign these powers to any company employee as deemed necessary.

Furthermore, the CEO has the authority to buy, sell, register, and renew company-owned vehicles with the relevant authorities within the UAE and abroad and to delegate this responsibility to any company employee.

4. Selling, purchasing, registering, and renewing the vehicles owned by the company with the relevant authorities within the country and abroad, as well as delegating any of the company's employees for this purpose

G- Details of Transactions with Related Parties During the Financial Year 2025

The details of transactions with related parties pertain to associate insurance companies in Union Insurance and cover the scope of insurance operations, public liabilities, vehicles, and other related applications, as follows:

Transactions with Related Parties	AED/Dirhams
Accounts Receivable – New Board of Directors	291,849/-
account payable – New Board of Directors	0
Retained Ownership Shares	0
Total Outstanding Settlement Claims	17,021/-
Net Transaction Amounts / Al Sahel Financial Securities	6,182,779/-
Paid Claims	143,158/-
Rental Payments	550,125/-

5. Evaluation of the Board of Directors, its Committees, and the Executive Management:

During the year, an annual assessment of the performance of the Board of Directors and its committees was conducted under the supervision of the Nomination and Remuneration Committee, with the support of Talal Abu-Ghazaleh as an independent external consultant to ensure objectivity and alignment with governance best practices.

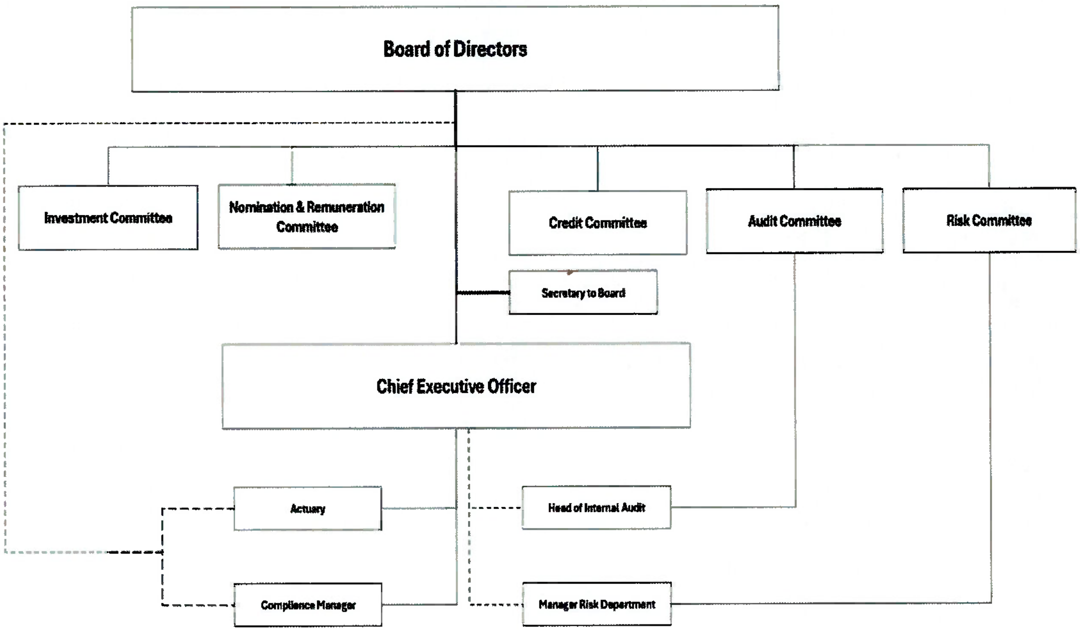
The results of the assessment indicated that the Board achieved a high level of performance, demonstrating adherence to established governance standards, regulatory principles, and applicable frameworks, with no instances of non-compliance identified during the evaluation period.

The assessment also highlighted certain areas for further enhancement as part of the Company's commitment to continuous improvement. The overall Board performance evaluation score reached 95.7%.

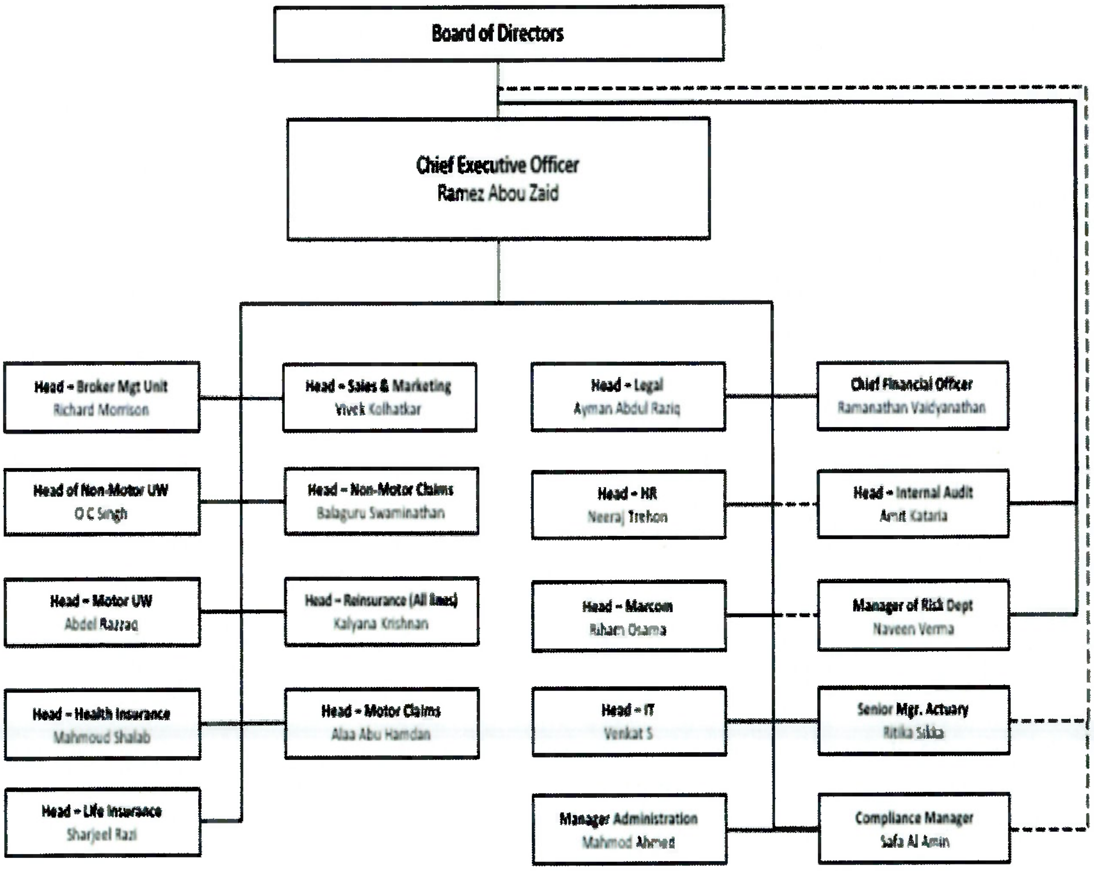
6. Organizational Structure and Executive Management:

a. Complete Organizational Structure of the Company:

Hierarchy



B. Detailed Statement of Senior Executive Employees for 2025



1-Statement of Senior Executive Management for the Year 2025:

Name	Position	Date of Appointment	Qualifications
Ramez Abu Zaid	Chief Executive Officer	01/12/2023	• Bachelor of Law from Ain Shams University, Arab Republic of Egypt • Former General Manager of Dubai National Insurance Company until 2021 • Recipient of the Top 10 CEOs Award in the GCC and MENA region for the years 2018 and 2019 • Member of the Supreme Technical Committee of the Emirates Insurance Association from 2015 to 2021 • Board Member of the Emirates Insurance Association in 2020 and 2021 • Chairman of the Motor and Legal Committees at the Emirates Insurance Association from 2015 to 2018 • Member of the Legal Committee of Dubai Chamber of Commerce and Industry for drafting new legislation in 2014 • Awarded by the Insurance Authority for personal achievements in the development of the insurance sector in 2020 • Certified Arbitrator at the Sharjah International Commercial Arbitration Center from 2012 to 2021

2-Statement of Salaries, Allowances, and Bonuses Paid or Accrued for Executive Management for the Year 2025:

Position	Date of Appointment	Total Salaries and Allowances for 2025 (AED)	Total Bonuses for 2025 (AED) Paid or Allocated
Chief Executive Officer	01/12/2023	Fixed Salary: 1,440,000 Variable Salary: 240,000	1,083,634
President – General Insurance- Resigned – 29/04/2025	16/10/2011	337,167	250,000**
Chief Financial Officer	01/08/2019	774,900	18,000
Head of Health Insurance	01/08/2012	754,380	51,741
Head of Information Technology	01/04/2013	524,592	34,506
Head of Human Resources	01/05/2019	570,000	40,500
Head of Legal Affairs	01/05/2013	774,900	18,000
Director of Internal Audit	10/11/2013	479,720	31,500
Head of Risk Management- (Effective 01/09/2025)	27/11/2023	96,000	18000

* **Please be informed:** The compensation policy approved by the Board of Directors in December 2024 will be applied to the disbursement of bonuses for senior management and risk takers in line with governance. Accordingly, only 70% of the bonus amount will be paid in 2025, while the remaining 30% will be deferred and paid in equal installments over the next three years

*The amount related to the bonus of the President – General Insurance represents the Production Bonus for the year 2023.

7-External Auditor

A. Overview of the External Auditor:

Grant Thornton was appointed as the external auditor for Union Insurance Company pursuant to a resolution issued by the General Assembly on 19-04- 2023. Grant Thornton has been operating in the United Arab Emirates for over 55 years and has three offices in the country. The company employs 450 professionals locally and has a global presence with 750 offices worldwide and approximately 62,000 employees. It provides services to various economic sectors. It is worth noting that this is the first appointment of Grant Thornton as the external auditor for Union Insurance Company.

B. Statement of Fees and Costs Related to the External Auditor:

The Annual General Assembly, in its meeting held on 21-04- 2025, approved the appointment of Grant Thornton as the external auditor of the company for the fiscal year 2025. The audit fees were set at AED 585,000 covering all professional services related to the review of interim and annual financial reports.

Grant Thornton	Audit Firm Name
Mr. Mohammed Ali	Audit Partner
4 years	The number of years served as the company's external auditor.
AED 585,000	Total audit fees for the financial statements of the year 2025
Issuance of ICV Certificate for a Fee of AED 13,000 Receivables AUP review for a Fee of AED 65,000 plus vat	Fees and expenses for other non-audit services related to the financial statements of 2025
Review of the quarterly reports and validation of the quarterly and annual electronic forms submitted to the UAE Central Bank, validation of the supervision fees for the Authority, and validation of the forms for the Department of Health – Abu Dhabi. Review and validation of quarterly investment reports, Anti-Money	Description and Nature of Services Provided

Laundering (AML) reports as mandated by the UAE Central Bank for the preparation of the annual final reports. Additionally, the review of insurance contracts in accordance with IFRS 17 standards.	
	Other services provided by another external auditor During 2025

C. <u>The reservations included by the external auditor in the interim and annual financial statements for the year 2025:</u>

No reservations provided by the external auditor.

8- Internal Control System

A. Acknowledgment by the Board of Its Responsibility for the Internal Control System and Its Review of Its Effectiveness:

The Board of Directors unequivocally acknowledges their full liability for the internal control system within the company and asserts that they have reviewed and assessed the system's effectiveness in strict adherence to all relevant applicable laws, systems, and the resolutions issued by the Securities and Commodities Authority.

B. Director of the Department and His Qualifications:

A dedicated internal audit department has been established, managed by Mr. Amit Kataria , who was appointed on 10-11-2013. Mr. Kataria holds a bachelor's degree in commerce from the University of Mumbai (College of Commerce and Economics), is a Chartered Accountant (ICAI) from the Institute of Chartered Accountants of India and holds the AICPA certification from the American Institute of Certified Public Accountants in Colorado. He has 23 years of experience in auditing, compliance, and risk management for Insurance Companies, and he has worked with various insurance companies such as TATA AIG and Universal Sompo Japan.

C. Compliance Officer Name, Qualifications, and Appointment Date:

Ms Safa Al Amin serves as the Compliance Officer of the company. She had joined the company on 13th July 2016 and earlier part of the Internal Audit department. She holds Masters of Commerce in Banking and Insurance Management, Bachelors of Commerce in Accounting and Finance, Banking Diploma from Emirates Institute of Finance, Certified Financial Service Auditor from the Institute of Internal Audit, International Compliance Association (ICA) Certificate in Financial Crime Compliance for the Insurance Sector in the UAE from International Compliance Association and Certified Risk Management Specialist in Targeted Financial Sanctions (UAE) She has 17 years of Experience in Internal Audit and Compliance within insurance sector in UAE

D. How the Internal Audit Department Deals with Major Issues within the Company:

The Internal Audit Department formulates an annual plan that identifies potential risks from UIC operational processes and evaluates their level of severity, covering audits across the company's various departments, divisions, and branches. Periodic reports detailing completed tasks are submitted to the Audit Committee, which subsequently presents them to the Board of Directors, accompanied by a plan aimed at addressing or minimizing any violations, should they arise. It is noteworthy that the Internal Audit Department has not encountered any significant issues within the company during the year 2025, however actions are taken to further strengthen the internal and system controls and remedial actions implemented during the year 2025.

F. Number of Reports Issued by the Internal Audit Department:

The Internal Audit Department has issued a total of (**11**) reports during the year 2025.

H. Report on the Risk Management Framework and Internal Controls

A. Applicable Governance Rules

A detailed report on governance requirements was presented to the Board of Directors, including the Audit Committee and the Risk Management Committee. The extent of implementation of these requirements were discussed and completed during 2025, and any identified gaps—if any—were highlighted for the purpose of addressing them.

B. Self-Assessment Approach of the Board's Performance

The self-assessment process for the performance of the Board of Directors and its committees was prepared and conducted by an independent external consultant for the financial year ended 31 December 2025.

C. Internal Audit Procedures and Their Scope as Applied by the Board

During 2025, internal audits of operational procedures were conducted in accordance with the annual audit plan approved by the Audit Committee. A total of 11 internal audit reports related to operational insurance activities were issued, presented to the Audit Committee, and discussed during its meetings. These reports also included observations related to risks associated with the reported findings.

The number of audit observations and recommendations related to operational controls and risk management amounted to 224, of which 204 were classified as high or medium risk. As part of senior management's commitment to enhancing the risk management and internal control framework, 147 of these recommendations have been implemented, while implementation plans for the remaining observations are currently underway.

Additionally, gaps in the internal control system over financial reporting were presented through a report submitted to both the Audit Committee and the Risk Management Committee of the Board. As part of the corrective action plan to improve the internal control and risk management framework, 253 audit recommendations were implemented during 2025.

9- Details of Violations Committed During the Financial Year, Their Causes, and How They Were Addressed to Prevent Recurrence in the Future:

There were no violations committed during the year 2025

10- Statement of Financial and In-Kind Contributions Made by the Company During 2025 to the Development of the Local Community and Environmental Sustainability:

Local Community

Our customers continue to benefit from our online Balsam platform. It is our value-added service which offers our clients several carefully designed programs that provide relief to certain areas that aren't covered under traditional health insurance policies.

Under the DHA program Basma, we continuously raise awareness of the importance of screening for Breast Cancer, Cervical cancer, Colorectal cancer, Hepatitis -B and Hepatitis-C through a number of channels.

We also provide complimentary health insurance coverage for families who cannot afford to pay the premium. In total, we donated policies worth AED8331.75.

Environmental Sustainability

Paper

We continue to implement initiatives aimed at reducing our environmental footprint across all local offices.

As part of our ongoing digital transformation, we have significantly reduced paper usage by enabling customers to purchase policies online and submit claims digitally. This has reduced the need for in-person visits to our offices, contributing to lower paper consumption and reduced air pollution from customer travel.

In 2025, we recycled a total of only 266 kg of paper, reinforcing our commitment to resource efficiency and reflecting the continued reduction in paper dependency.

Ink cartridges

Our ink cartridges recycling program now includes all types of cartridges. Since the program inception in 2015 we have recycled 3012 cartridges till December 31, 2025.

In some select departments, black and white printers have replaced color printing for a more environmental-friendly printing as it reduces consumption of ink.

Water Bottles

Since the introduction of plastic water bottle recycling across our offices in 2022, we have continued to expand participation and raise employee awareness. Employees are encouraged to use reusable bottles to help reduce single-use plastic consumption.

In 2025, a total of 70 kg of plastic water bottles were recycled across our offices, contributing to reduced carbon emissions and the conservation of energy and water resources.

11- General Information:

A- **A statement of the company's share price in the market (closing price, highest price, lowest price) at the end of each month during the fiscal year 2025:**

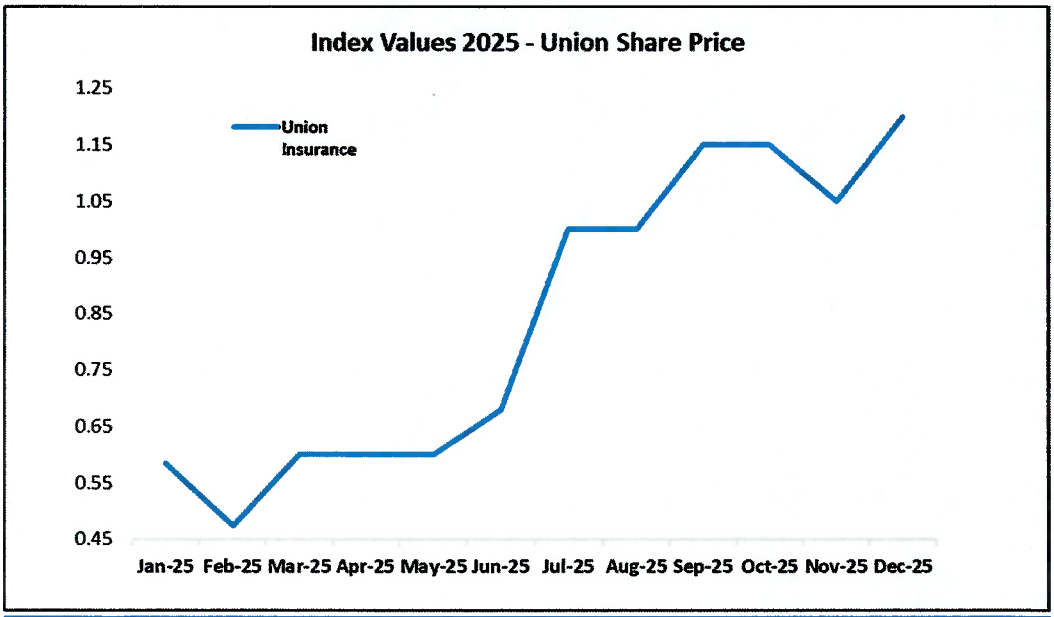
Month	High	Low	Last Close
Jan-25	0.650	0.585	0.585
Feb-25	0.585	0.475	0.475
Mar-25	0.601	0.546	0.601
Apr-25	0.601	0.601	0.601
May-25	0.601	0.600	0.600

Jun-25	0.680	0.600	0.680
Jul-25	1.010	0.881	1.000
Aug-25	1.050	1.000	1.000
Sep-25	1.150	1.150	1.150
Oct-25	1.150	1.150	1.150
Nov-25	1.050	0.936	1.050
Dec-25	1.200	1.200	1.200

B- A statement of the company's stock performance during the year 2025.

Month	Union Insurance
Jan-25	0.59
Feb-25	0.48
Mar-25	0.60
Apr-25	0.60
May-25	0.60
Jun-25	0.68
Jul-25	1.00
Aug-25	1.00
Sep-25	1.15
Oct-25	1.15
Nov-25	1.05
Dec-25	1.20

[Source: ADX Website](#)



C- A statement of shareholder ownership distribution as of 31/12/2025 (individuals, companies, governments) classified as follows: local, Gulf, Arab, foreign:

S.N	Shareholder Classification	Shareholding			
		Individuals	Companies	Government	Individuals
1	Local	83,576,832	1	Local	83,576,832
2	GCC	119,620	2	GCC	119,620
3	Arab	5,837	3	Arab	5,837
4	Foreign	551	4	Foreign	551
	Total	**83,702,840**		Total	**83,702,840**

D- Statement of Shareholders Holding 5% or More of the Company's Capital as of 31/12/2025:

S.N	Shareholder Name	No of Shares	Shareholding %
1	Salem Abdullah Salem Al Hosan	53,246,458	23.15%
2	AL SALEM CO. LTD	46,362,914	20.16%
3	UMM AL QAIWAIN GENERAL INVESTMENTS P.S.C	45,299,360	19.70%
4	GULF GENERAL INVESTMENTS COMPANY P.S.C	15,945,307	6.93%
5	SUQUR AL KHALEEJ COMPANY GENERAL TRADING LLC	13,938,073	6.06%

E- Statement on the Distribution of Shareholders by Ownership Size as of 31/12/2025:

S.N	Shareholding (share)	No. of Shares	No. of Shares Owned by	Shareholding
1	Less than 50,000	9,119,158	1,989	4.0%
2	From 50,000 up to less than 500,000	4,175,191	36	1.8%
3	From 500,000 up to less than 5,000,000	17,873,642	11	7.8%
4	Over 5,000,000	198,832,009	9	86.4%
	TOTAL	**230,000,000**	**2,045**	**100.0%**

F- Actions Taken Regarding Investor Relations Controls:

Ms. Riham Osama has been appointed as the Investor Relations Manager. She holds a bachelor's degree in commerce with a major in Accounting from Ain Shams University and a master's degree in Global Marketing from the University of Liverpool. She can be contacted via the details published on the company's website:

Riham Osama – riham.o@unioninsurance.ae – Phone: +971 4 378 7609

Additionally, an online link has been created on the company's website:

(https://www.unioninsurance.ae/en/about_us/#/InvestorRelations)

Through this website, stakeholders can access all financial reports, company news, developments, and material events related to the company.

G- Special Resolutions Presented to the General Assembly in 2025 and Actions Taken:

- On 21/04/2025, an Ordinary General Assembly was convened, during which approval was granted to reduce the share capital from AED 330,939,180 to AED 230,000,000, by offsetting the accumulated losses amounting to AED 142,745,000, in accordance with the following mechanism:

A. Utilizing an amount of AED 41,807,000 from reserves to offset the accumulated losses, as follows:

1. Using AED 21,851,000 from the statutory (special) reserve.
2. Using AED 19,954,820 from the legal reserve.

B. Offsetting the remaining accumulated losses amounting to AED 100,939,180 through a reduction of the share capital by cancelling a number of the Company's shares.

Accordingly, this will result in the cancellation of 30.50%, equivalent to 100,939,180 shares, out of the Company's total 330,939,180 shares, such that the Company's new share capital after completion of the cancellation process will be 230,000,000 shares.

- On 21/04/2025, an Ordinary General Assembly was also convened, during which approval was granted for the special resolutions related to amending the Company's Articles of Association, namely Articles (6), (63), and (64).

H- Board Meeting Secretary and Appointment Date:

Ms. Raneem Fajr Mahmoud serves as the Secretary of the Company's Board of Directors. She was appointed by the Board on 29/09/2021

K- Material Events Encountered by the Company During 2025:

- Fitch Ratings has upgraded Union Insurance Company's Insurer Financial Strength (IFS) Rating to 'BBB+' from 'BBB' with stable outlook.
- Joined Esaad, Dubai Police's platform, offering cardholders an exclusive discount of 20% on motor insurance policies.

P- Emiratization Rate as of Year-End 2023-2025:

The company's Emiratization rate for 2023 was 15.3%.

The company's Emiratization rate for 2024 was 20.8%.

The company's Emiratization rate for 2025 was 27.5%.

Q- Innovative Projects and Initiatives Undertaken or Under Development in 2025:

- Launched a new online healthcare portal, offering individuals the ability to browse, compare, and purchase health insurance policies at their convenience.
- Launched employee recognition program to acknowledge and reward outstanding performance and contributions.
- Expanded current health insurance plans with six additional plans for SMEs and 10 additional plans for individuals
- Hosted Employee family iftar for the first time to strengthen team bonds and celebrate cultural values
- Utilised AI tools in various Health Insurance operations.
- Launched new travel insurance portal for our direct customers providing essential coverage for medical emergencies, trip cancellations, lost luggage, and travel delays
- Launched B2B portal for our business partners to provide Pleasure craft insurance which provides comprehensive coverage for yachts, boats, and jet skis, protecting against hull damage, theft, fire, and third-party liabilities

The signatories of the report are responsible for the accuracy of the information stated above

Position	Signature	Date
Chairman of the Board		
Chairman of Audit Committe		28/02/2026
Chairman of Nomination & Remuneration Committee		27.2.2026
Director of the Internal Control Department		26/02/2026

Sustainability Report 2025

Table of Contents

Introduction

About this report

We, Union Insurance company, are pleased to issue our Sustainability report for the year 2025. Through this report, we are highlighting our capabilities and achievements that comply with the ESG values and objectives.

This report has been issued in compliance with the disclosure guidance set by the Abu Dhabi Securities Exchange on Environmental, Social & Governance (ESG) Disclosures for listed companies.

About us

Union Insurance was established in 1998. It has a paid-up capital of AED 230 million. It is licensed by the Central Bank of UAE and listed on the Abu Dhabi Securities Exchange, with its head office located in Dubai.

At Union Insurance, we provide a comprehensive range of retail and commercial insurance products to clients in the UAE. Led by some of the most experienced and respected professionals in the industry, we make it a point to offer innovative, superior-value insurance coverage.

This includes both standard and customised policies to help individuals; small, medium, and large enterprises; and government entities, obtain reliable and cost-effective insurance covers. We offer additional insurance services as well. They include risk assessment and gap analysis of insurance coverage, conducted by professionals with decades of experience.

Our comprehensive coverage in areas including (but not limited to) health, automobiles, life, property, engineering, liability and maritime, frees our clients to focus on their core operations, and gives them the surety of having robust insurance policies to manage various risks.

We have obtained ISO 14001, ISO 45001, ISO 9001 and ISO 10002 certification.

Mission

To deliver innovative, high-value insurance products that provide better risk management solutions to individuals, companies and governments.

Vision

To be UAE's most preferred insurer, setting the benchmark for excellence in customer experience, innovation and sustainable growth.

Values

Empowerment- Equal Opportunity- Friendship- Innovation- Quality- Reliability- Social Responsibility- Teamwork- Trust

Financial Stability

Management

Union management team comprises well experienced and qualified senior professionals. All the key positions such as in Underwriting, Finance and Accounting, Legal, Actuary, IT and Business are filled with professionally qualified personnel.

Reinsurance Arrangements

Union is supported by a panel of leading A-rated reinsurers who have long standing arrangements with the company. This has helped in sustaining the financial stability of the company.

Key Performance Indicators	2023	2024	2025
	AED'000	AED'000	AED'000
Insurance Revenue	633,537	591,417	614,840
Insurance Service Result	1,214	28,621	33,737
Reinsurance Ratio	58.30%	53.40%	48.37%
Net Claims Incurred Ratio	57.00%	60.80%	63.02%
Profit/(Loss) for the period	-2,479	38,306	45,978
Return on Average Equity	-1.20%	17.09%	17.26%
SCR Solvency Margin Surplus/(Deficit) *	46,612	44,313	78,383
Solvency Ratio *	144%	143%	175%

Solvency and Investments

UIC’s solvency position remains healthy, with a regulatory solvency margin surplus of AED 78,383

The company monitors its solvency position regularly.

Rating

Fitch Ratings has upgraded Union a first-time Insurer Financial Strength (IFS) Rating to 'BBB+' with a Stable Outlook.

The upgrade reflects Union's improved financial performance following the Board and Management actions to improve profitability of the underwriting book. The rating also reflects the insurer's strong capitalisation, good company profile and strong reinsurance protection.

Claims Management

As an insurance provider, we play a critical role in protecting the financial stability and long-term resilience of both individuals and businesses. Our commitment to prompt and adequate claims settlement is fundamental, as financial losses arising from insured events can significantly impact livelihoods and, in some cases, may even compel individuals or enterprises to exit the country.

Through claims payments across Healthcare, Credit, Property, and Liability lines, our Company has consistently supported customers facing financial hardship by providing compensation on either an indemnity basis or through fixed sum assured benefits. These payments not only alleviate individual and corporate losses but also contribute positively to the broader economy.

In parallel, we have developed products and coverage options designed to address potential financial risks faced by policyholders, including involuntary loss of earnings benefits. At the same time, we ensure that policy terms and conditions are clear, concise, and transparent, thereby strengthening customer confidence and supporting the overall sustainability of the Company

The table below summarizes our claims experience over each of the last 5 years. Our performance has been consistent across all years, with net loss ratios between 53-67%, demonstrating our stability and sustainability.

Net Claims Analysis AED'000s			
Loss Year	**Incurred Claims**	**Earned Premium**	**Loss Ratio**
2021	**159,363**	**302,248**	**53%**
2022	**161,713**	**323,251**	**50%**
2023	**150,826**	**243,316**	**62%**
2024	**161,090**	**241,676**	**67%**
2025	**194,541**	**307,602**	**63%**
TOTAL	**827,532**	**1,418,093**	**58%**

Our incurred claims represent the total estimated claims obligation, including amounts already paid. Future claim estimates are derived from recent experience and are reviewed and updated on a quarterly basis to reflect any adverse developments. This approach is intended to minimize unexpected claim fluctuations and support the Company’s long-term sustainability. It also demonstrates our ongoing commitment to ensuring that all policyholder liabilities are met in a timely and appropriate manner.

Further, our efficient underwriting processes result in healthy loss ratios, ensuring that we have sufficient funds to cover the fixed and variable expenses associated with the business. This is vital to ensure our business remains sustainable.

Corporate Governance

Compliance

The Compliance and Corporate ethics policies have been implemented and these are our enabler in sustainability framework. The Regulatory areas are given outmost priority and adherence to regulatory Compliance requirements are always ensured. The Corporate Code of conduct policy has been revised and updated from time to time. We have robust and comprehensive process for handling all relevant regulatory and compliance requirements including submission to the Regulatory bodies. The dedicated Compliance team as part of UIC line of defense is formed to liaise with Regulatory bodies and responsible for Compliance Monitoring framework. Following are the key highlights related to UIC Sustainability in Compliance:

1. UIC Compliance Manual
2. Anti-Money Laundering Policy/AML Screening system
3. Effective Corporate Governance Framework
4. Compliance Management System with Regulatory Repository
5. Compliance Owners and Compliance monitoring Controls
6. Compliance Training to Employees

Risk Management

The goal of UIC Risk Management process is to ensure that the operations which expose us to risk are consistent with our Strategy /Business plans and overall Risk philosophy while maintaining an appropriate balance between risk/ reward and enhance the stakeholders value. The Insurance processes are designed within the Risk Management framework to ensure assessment of risks prior to underwriting. The Risk Management principles are embedded in UIC Operational and Financial Processes and further mitigation/controls are assigned for the risks which are having impact on UIC Operational Processes. A dedicated risk management department has been formed with a Risk Manager which reports directly to the Risk Committee. The Risk Committee charter is already approved by the Board Committee and is reviewed on annual basis The Board monitors the overall UIC Risk Management framework, process and practices and approves the overall Risk Appetite and tolerance limits applicable to the key material risks. The Risk Management Committee of the Board has primary oversight over Enterprise Risk Management and Senior Management share responsibility and accountability for effective management of Risks across the Organization. The Risk registers of all the key processes like Underwriting, Operational, Financial and Regulatory areas are developed with the Mitigation/Controls. Further the Emerging risks are also monitored for risk exposure and time to time communicated within the Risk owners to have adequate controls in their area of Operation. The qualitative and Quantitative approach is being followed for assessment of risks and monitoring the Risk exposure for each type of risk category. Following are the key highlights related to UIC Sustainability in Risk Management:

1. Risk Committee Charter
2. Risk Committee Oversight Role
3. ERM Procedures
4. Enterprise wise Risk Register with Mitigation Controls and Regular Risk Assessment
5. Risk Management (GRC) system
6. Risk Management Strategy
7. Risk Appetite and Tolerance Limits
8. Financial Recovery Indicators
9. Own Risk and Solvency Assessment
10. Risk Culture with the Functional Departments

Distribution Channels

The company also utilises a number of diversified channels ensuring sustainability, reduction in costs and continued growth. We also continue to use social media where we engage with our customers through five platforms (Facebook, Instagram, LinkedIn, X and WhatsApp).

Business Continuity

- We have hosted in an ISO27001 and SOC Compliant Data Centre with primary site in Dubai and DR site in Abu Dhabi and we regularly conduct drill to test the IT Disaster Recovery plans effectively.

Digital Enterprise Transformation

- **Digital Enterprise Transformation**: Our insurance-specific offerings in the areas of customer engagement and experience, business transformation, protecting the enterprise and finance and risk management — all infused with digital technologies including process automation, analytics and more.

- **Data Privacy**:We implement privacy policy and communicate with our customers how we collect, use, share, protect, and retain users' personal information, detailing types of data gathered, reasons for collection (like marketing or service delivery), user rights (access, deletion), security measures, and compliance with laws like GDPRA, ensuring transparency and accountability for data handling

- **Hardware Lifecycle:** we are extending the life of computing end user devices, promoting repair, reuse, and responsible recycling (circular economy),

- **Esignature**:Implemented esign process in various approvals this drastically cutting paper use, saving trees, water, and energy, while reducing carbon emissions from production and transport, aligning with business ESG goals by replacing resource-intensive physical processes with digital, efficient, and cost-effective alternatives

Social Responsibility

Social Initiatives by UIC

Our customers continue to benefit from our online Balsam platform. It is our value-added service which offers our clients several carefully designed programs that provide relief to certain areas that aren't covered under traditional health insurance policies.

Under the DHA program Basma, we continuously raise awareness of the importance of screening for Breast Cancer, Cervical cancer, Colorectal cancer, Hepatitis -B and Hepatitis-C through a number of channels.

We also provide complimentary health insurance coverage for families who cannot afford to pay the premium. In total, we donated policies worth AED8331.75.

Employees

At Union Insurance, employee wellness is a top priority. Our management team is actively engaged in identifying and implementing policy enhancements that support and benefit our employees.

We organised online session for our employees to raise awareness of disease such as prostate cancer for our male employees and breast cancer for our female employees. Renowned doctors from leading hospitals delivered an informative and insightful presentation.

Our employees also benefited from the chance to get their eye tested during the eye health check-up camp. In partnership with experienced optometrist, the initiative provided eye screenings for early detection of any vision issues.

For the first time, Union hosted an iftar event for all employees and their families to foster inclusivity, strengthen team bonds, and promote cultural appreciation.

Introduced employee recognition program to acknowledge and reward outstanding performance and contributions.

In line with the federal government initiative, we continued to promote a work life balance by adopting a 4.5 day work week and introduced a new shift roster system starting from 6 am onwards to help our employees avoid traffic and improve work life balance.

Union also issues a bi-monthly staff magazine, Union Magazine, to boost employee engagement and help improve internal communication. The magazine also provides a platform to share company updates and celebrate achievements.

Diversity and Inclusion

Our Diversity and Inclusion framework enables UIC to implement targeted initiatives and improve diversity and inclusion across the corporation. UIC is committed to developing policies, practices, and ways of working that support diversity. Our workforce proudly represents over 20 different nationalities, reflecting our commitment to a diverse and dynamic workplace.

Equal opportunity is one of our core values with women forming 47% of our employees.

All employees are evaluated based on their contribution to their respective teams and the company. Union ensures full compliance with all statutory requirements set by the Ministry of Labor.

Women in Leadership

As an organization, we help nurture and grow individuals to lead senior positions within the company. The female member of the board makes 14% of total members.

Emiratisation

Inspired by the UAE Vision 2021 that aims to empower UAE nationals to drive economic growth by increasing their participation in the labour market, we are firmly committed to nurturing and developing the local Emirati community for the long-term benefit of our business and the national economy.

We take our responsibility towards the Emiratization initiative very seriously and aim to always achieve and surpass the set targets.

In 2025, UAE nationals represent 27.5% of our workforce, reflecting our ongoing efforts to develop Emirati talent and comply with Emiratization regulations. We also organized dedicated training and career development programs designed specifically for UAE Nationals.

Our objective is to attract well-qualified UAE Nationals to the company. We have participated in Job fairs organized by EIF-Ethraa job fair, Sharjah Government, RAK JIF, American University Career Fair & HCT career Fair to invite talented Emirati nationals to be a part of the company.

Training and Career development

A New Joiner Orientation (NJO) is the first training session that all employees go through. This session is aimed to help the employees get better acquainted with the organization structure and technical areas/departments.

Post the NJO, each department head puts the employee through a training program/period. This is managed directly by the department and is customized basis the role and career level of the individual. The objective is to ensure that the employees is coached by experienced team members on the tasks and process using real life examples and situations. This also allows the employees to understand their role, responsibilities, and key performance areas.

We also provide annual online training for Anti Money Laundering, IT Security, and specialized training for sales & marketing team via our inhouse training platform.

Environmental Responsibility

Energy Efficiency

We aim to be energy efficient at Union in line with the UAE’s direction to reduce emission.

We have LED energy efficient lights in our local offices and the air conditioning is programmed to switch off when no one is in the office. We have also instilled a culture where our staff switch off the lights before they leave.

Paper

We continue to implement initiatives aimed at reducing our environmental footprint across all local offices.

As part of our ongoing digital transformation, we have significantly reduced paper usage by enabling customers to purchase policies online and submit claims digitally. This has reduced the need for in-person visits to our offices, contributing to lower paper consumption and reduced air pollution from customer travel.

In 2025, we recycled a total of only 266 kg of paper, reinforcing our commitment to resource efficiency and reflecting the continued reduction in paper dependency.

Ink cartridges

Our ink cartridges recycling program now includes all types of cartridges. Since the program inception in 2015 we have recycled 3012 cartridges till December 31, 2025.

In some select departments, black and white printers have replaced color printing for a more environmental-friendly printing as it reduces consumption of ink.

Water Bottles

Since the introduction of plastic water bottle recycling across our offices in 2022, we have continued to expand participation and raise employee awareness. Employees are encouraged to use reusable bottles to help reduce single-use plastic consumption.

In 2025, a total of 70 kg of plastic water bottles were recycled across our offices, contributing to reduced carbon emissions and the conservation of energy and water resources.