

# **Emirates Insurance Company P.J.S.C.**

Financial Statements

31 December 2025

**Principal business address:**

Emirates Insurance Company P.J.S.C.

P.O. Box: 3856

Abu Dhabi

UAE

# Emirates Insurance Company P.J.S.C.

## Financial Statements

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## **BOARD OF DIRECTORS' ANNUAL REPORT 2025**

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the annual report of Emirates Insurance Company P.S.C. ("EIC") detailing the progress we have made across our business for the fiscal year ended 31 December 2025.

### **Share Buyback and redistribution**

After obtaining the approval from the Abu Dhabi Securities Exchange and the Cabinet decision granting the required exception to purchase 11.8% of the Company's shares, conveyed by the Securities and Commodities Authority on 22nd of July 2024, The Central Bank of UAE has granted its Board of Directors no objection after all the remaining regulatory approvals were obtained, the Company was in full adherence to the requirements of the Corporate Governance Regulation and Standards for Insurance Companies and other relevant Regulations and directives, and this transaction was taken into consideration when the 2024 cash dividend was determined.

At the AGM held during Q1\_25, our shareholders authorized the company to repurchase these shares. During April 2025, these shares were purchased at a price of Aed7.95 per share with the total cost of the transaction being 140.9m. The AGM also voted in favor of distributing the acquired shares, on a pro rata basis, to existing shareholders. This redistribution was also completed in April 2025.

The buyback was funded from excess investment and cash assets and executed in compliance with the applicable regulatory requirements.

### **Insurance Operations**

I am pleased to report that our insurance revenue increased to Aed1.554bn, an increase of approximately 15% compared to 2024.

This year we have witnessed a much-improved claims experience especially across our domestic lines and consequently our total insurance income is up 40% from 2024 to around Aed106.6m.

### **Investment Performance**

Fiscal year 2025 was defined by a favourable shift in the global macro environment characterized by broad-market rallies coupled with strong earning expansions across our portfolio companies. While our P&L income improved by 8.7% yoy, our total investment income reached a record AED 201 million, allowing for a substantial expansion of our investment base.

This performance highlights the company's ability to generate significant value from an investment asset base that has grown to Aed1.97 bn.

Despite uncertainty and regional geopolitical tensions, EIC's strong performance can partly be attributed to an in-house preference for income-generating assets, that successfully anchored the portfolio while allowing us to capture broader market gains.

With a strengthened liquidity position of Aed391.8m, the Company is exceptionally well-placed to navigate the 2026 economic landscape. We remain committed to a rigorous investment framework that prioritizes both capital preservation and the pursuit of high-quality alpha.

### **Overall Performance**

Our underwriting performance combined with our investment income generated a net profit after tax for 2025 of Aed138 million, a 25% increase from 2024, resulting in an Earnings per share of 0.93 fils.

### **Dividend Distribution**

Based on the strong operating performance and considering our strong solvency margins, I am very pleased to confirm that the Board will be recommending a 20% increase in cash dividend of 60 fils per share.

This dividend distribution is in addition to the 13% increase in shares allocated to shareholders following the share buyback transaction mentioned above.

The company's ability to pay above industry level dividends reflects our continuing financial strength and our commitment to shareholder returns.

### **Solvency Margin**

Solvency margins are a measure of the financial strength of an insurance company and its ability to meet its commitments to policyholders. The Central Bank's regulations stipulate a common methodology for all insurers in the UAE to calculate this important indicator so that each company may be compared with its peers. I am pleased to report that EIC's solvency margin surplus (after proposed dividend of Aed90m), remains very strong at Aed493m.

### **EIC's Credit Ratings**

EIC enjoys A- credit ratings with stable outlooks from the international credit rating agencies, AM Best and Standard and Poor's. I am pleased to say both ratings were confirmed again in 2025.

### **Transactions with related Parties**

The financial statements disclose related party transactions and balances in note 21. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

### **Our Thanks**

It gives me pleasure to express the appreciation of the Board of Directors for our shareholders for their support and confidence. On behalf of our shareholders, I thank the management of EIC and its entire staff for their steadfast dedication and belief in EIC and its future.

My thanks are also due to EIC's many external stakeholders: customers, brokers, reinsurers and professional advisors who support us every day in our operations. We should also express our appreciation for the work of the UAE Central Bank in its regulation of the country's insurance industry.

The Board of Directors would also like to express sincere appreciation to His Highness Sheikh Mohammed Bin Zayed Al Nahyan, UAE President and Ruler of Abu Dhabi, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, for their invaluable support to the UAE business community and economic interests of the country. Moreover, we shall not forget to pay tribute to the memory of the late Sheikh Zayed Bin Sultan Al Nahyan and the late Sheikh Maktoum Bin Rashid Al Maktoum for their remarkable vision. The UAE owes to them its miraculous developments and achievements.

Yours faithfully,



**ABDULLAH MOHAMMED AL MAZRUI**  
**CHAIRMAN**

05 March 2026

## CHIEF EXECUTIVE OFFICER’S REPORT

Dear Shareholders, Business Associates and Fellow Employees,

During 2025, the UAE Insurance Sector demonstrated a robust recovery after the severe weather events that affected underwriting results in 2024. I am pleased to report that EIC achieved a 40% increase in its Total Insurance income in the 2025 financial year.

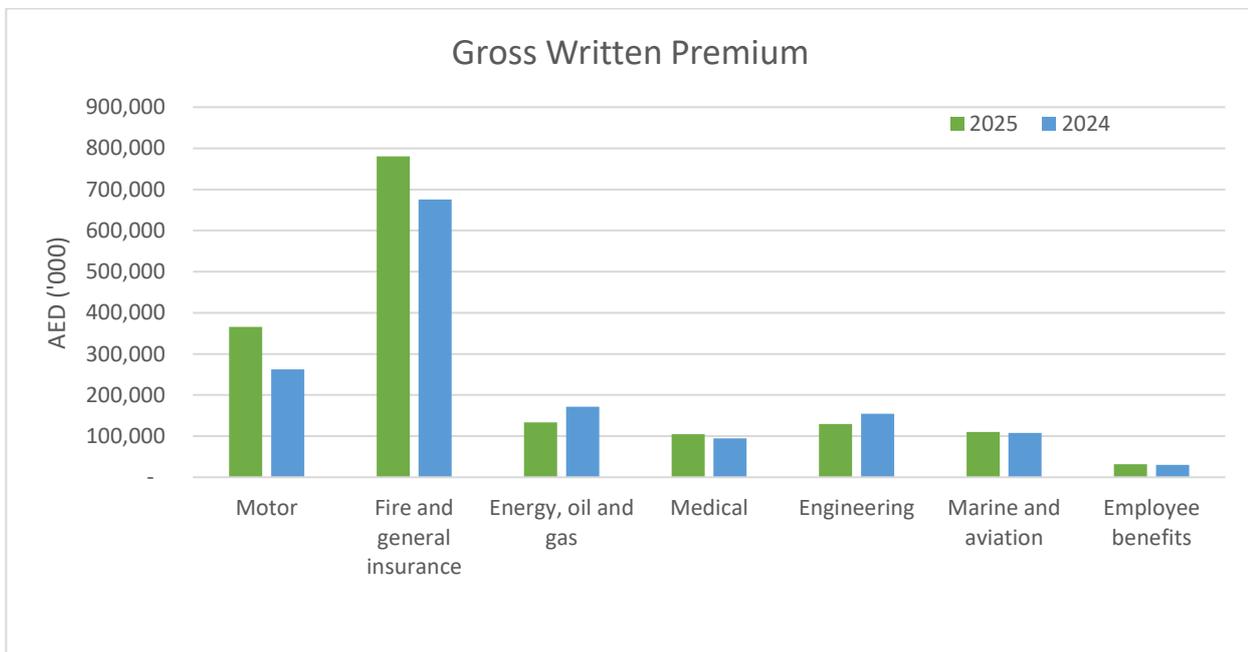
We experienced another exceptionally strong investment performance in 2025 as well, contributing Aed92m to the profit for the year.

Our net profit after income tax for 2025 increased by 25% to Aed138 million, increasing the earnings per share to 93 Fils from 74 Fils one year ago.

### Insurance Operations Report

#### Premium income

Although GWP is not reported under IFRS17, this remains an important metric for the company. Overall, EIC’s Gross Premium Income increased by approximately 11% during the year to Aed1,656 bn.



#### Insurance Service result

Our insurance revenue increased 15% to Aed1,554 billion from Aed1,348 billion in 2024. The increase was mainly due to a rise in premium volumes written in Motor, Fire and General Insurance and Casualty. Motor rates have increased across the market following the 2024 severe weather events – however our reinsurance costs also saw an increase for the same reason.

This year we have witnessed a much-improved experience in our domestic lines and although our international business suffered from a second Taiwan earthquake our overall insurance service expenses have reduced by 47% compared to 2024.

This improved underwriting performance resulted in our insurance service result increasing by 37% from 2024.

Once the effects of our Insurance and Reinsurance finance income are considered, our total insurance income is up 40% from 2024 to around Aed106.6m.

Early in the year, the Board approved a digitalization project to introduce the latest IT techniques including AI across our whole business. This project will unfold over a period of years, but I am pleased to say it is well underway already with early milestones being met.

### **Investments**

In 2025, Emirates Insurance Company achieved an exceptional investment performance, with pre-tax P&L investment income rising to Aed92.2m, compared to Aed84.7m in FY 2024. This 8.7% growth in P&L investment income was achieved alongside a significant expansion of our total investment base, which reached Aed1.97bn by year-end.

The growth in our total investment base was primarily driven by our existing equity positions that rallied strongly during the year, delivering a 20.3% total return. We captured Aed112.9m in total capital gains from this segment. Despite the significant capital growth, EIC maintained a tactical preference for income-generating assets to navigate market uncertainty, collecting Aed36.2m in dividends and increasing interest income by 2.4% to Aed33.6m.

This balanced approach ensured that while we secured high-quality yields, we remained fully positioned to benefit from market upside. By staying disciplined in our security selection, we successfully optimized the portfolio's total return to 10.37% for the year. We are further comforted by the fact that our liquidity remains robust, providing a stable foundation and flexibility to deploy capital opportunistically.

### **Emiratization**

During 2025, EIC built further on the success of our e-team program that encourages the training and mentoring of UAE nationals working for the company. During 2025, and in line with priorities clearly identified by the Central Bank, we further increased our local citizens' staff contingent. The company is committed to the recruitment, retention and development of local citizens who are still underrepresented in the insurance industry. Whilst our excellent record in this field has been regularly commended by various government entities, the company will continue to develop its value proposition for local staff in the days ahead.

### **2026**

As always, my colleagues and I look forward to a new year of challenges. From an underwriting standpoint whilst pricing in some segments has flattened somewhat from post-flood highs the continued strength and dynamism of the national economy across practically all sectors offers a rich source of opportunity for EIC. As our digitization project continues into its second, and probably most important year, we shall see our long-established values of professionalism and high standards combined with a state-of-the-art technology-based offer to our insurers and their brokers. I am confident that offer will form the foundation of continuing and growing success in our chosen markets.

### **My Thanks**

I would like to pay tribute to the wise leadership of our Board of Directors and particularly our Chairman, Mr. Abdullah Mohamed Al Mazrui.

Once again, my colleagues at EIC have worked extremely diligently for the company during the year to produce a very strong result. I commend them for their professionalism and hard work.



**Jason Light**

Chief Executive Officer

05 March 2026

## INDEPENDENT AUDITOR'S REPORT

**The Shareholders of  
Emirates Insurance Company P.J.S.C.  
Abu Dhabi  
United Arab Emirates**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Emirates 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 comprehensive income, statement of changes in 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 the ethical requirements that are relevant to audits of the financial statements of public interest entities in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

**INDEPENDENT AUDITOR’S REPORT  
TO THE SHAREHOLDERS OF EMIRATES INTERNATIONAL INSURANCE COMPANY P.J.S.C.  
(continued)**

**Key audit matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Valuation of insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities</i></b></p> <p>As at 31 December 2025, insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities amounted to AED 1,367 million, AED 2.5 million, AED 866 million and AED 15 million respectively, as detailed in notes 8 and 9 to the financial statements.</p> <p>A key element of the valuation of insurance contract liabilities, insurance contract assets, reinsurance contract assets and reinsurance contract liabilities is the Present value of future cash flows (“PVFCFs”). The PVFCFs is included in the liability for incurred claims for contracts measured under the premium allocation approach (PAA). As at 31 December 2025 this amounted to a net liability of AED 1,008 million for insurance contracts issued and a net asset of AED 1,013 million for re-insurance contracts held.</p> <p>The determination of the PVFCFs represents the Company’s expectations regarding future cash outflows minus cash inflows that will arise as the entity fulfils insurance contracts and involves actuarial models and several assumptions made by management. Its accuracy is dependent on the input data being correct and requires management to apply significant judgements, make significant estimates and use actuarial models. The risk of error arises as a result of inappropriate choice of actuarial methodologies, techniques and assumptions. Management used an external actuary to assist them in the aforementioned determination.</p> <p>As a result of all the above factors, as well as the significant audit effort required, we consider the valuation of the PVFCFs included in the liability for incurred claims for contracts measured under the Premium Allocation Approach as a key audit matter.</p>	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process adopted by management to value the insurance contract assets, reinsurance contract assets, insurance contract liabilities and reinsurance contract liabilities;</li> <li>• Assessing the key controls related to the integrity of the data used in the process of valuation of the PVFCFs to determine if they had been appropriately designed and implemented;</li> <li>• Evaluating and testing the data used in the process of the valuation of the PVFCFs;</li> <li>• Testing samples of claims case reserves by comparing the estimated amount of the case reserve to appropriate documentation, for example, reports from loss adjusters and, confirmations obtained from lawyers, reinsurance contracts ;</li> <li>• Evaluating the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary’s engagement with the Company to determine if the scope of his work was sufficient for audit purposes.</li> </ul> <p>In addition, with the assistance of our internal actuarial specialists, we:</p> <ul style="list-style-type: none"> <li>• Determined if the calculation methods and the model used were appropriate;</li> <li>• Assessed the following assumptions: <ul style="list-style-type: none"> <li>- loss ratios;</li> <li>- claims development factors; and</li> <li>- discount rates</li> </ul> </li> <li>• Determined if the estimates applied in the current and prior year were consistent;</li> <li>• Developed a point estimate or range based on our understanding of the Company’s business, and evaluated the differences between management’s point estimate and our point estimate or range;</li> </ul> <p>We also assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS Accounting Standards.</p>



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS OF EMIRATES INSURANCE COMPANY P.J.S.C. (continued)**

**Other Matter**

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2025.

**Other Information**

The Board of Directors and management are responsible for the other information, which comprises the Board of Directors' Annual Report and the Chief Executive Officer's Report which we obtained prior to the date of this auditor's report. The other information 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 on the other information that we obtained prior to the date of this auditor's report, 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the Articles of Association of the Company, United Arab Emirates (UAE) Federal Law No. 32 of 2021, as amended, UAE Federal Decree Law No. (6) 2025 and related Financial Regulations for Insurance Companies, 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.



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE SHAREHOLDERS OF EMIRATES INSURANCE COMPANY P.J.S.C. (continued)**

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

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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our 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.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMIRATES INSURANCE COMPANY P.J.S.C. (continued)

### Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. 32 of 2021, as amended, we report that for the year ended 31 December 2025:

- 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 Law No. 32 of 2021, as amended;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Company;
- v) as disclosed in Note 7 to the financial statements, the Company has investments in securities as at 31 December 2025;
- vi) Note 21 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- vii) 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 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; and
- viii) Note 32 to the financial statements discloses the social contributions made during the financial year ended 31 December 2025.

Further, as required by the Federal Decree Law No. 48 of 2023 and the related financial Regulations for Insurance Companies, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)



Signed by:  
Firas Anabtawi  
Registration No. 5482  
5 March 2026  
Abu Dhabi, United Arab Emirates

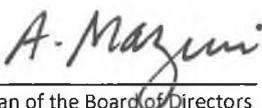
# Emirates Insurance Company P.J.S.C.

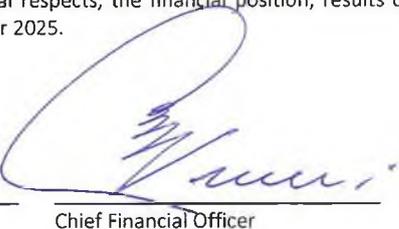
## Statement of financial position

as at

	Note	31 December 2025 AED'000	31 December 2024 AED'000
<b>Assets</b>			
Cash and cash equivalents	5	265,458	276,573
Term deposits	6	116,348	88,666
Financial assets at amortised cost	7	384,834	298,903
Financial assets at fair value through other comprehensive income ("FVTOCI")	7	811,272	740,148
Financial assets at fair value through profit or loss ("FVTPL")	7	363,756	335,655
Insurance contract assets	8	2,547	-
Reinsurance contract assets	9	866,155	1,130,763
Other receivables and prepayments	10	20,656	41,079
Investment properties	11	5,031	3,681
Statutory deposit	12	10,000	10,000
Property and equipment	13	15,166	10,379
<b>Total assets</b>		<b>2,861,223</b>	<b>2,935,847</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	150,000	150,000
Statutory reserve	15	75,000	75,000
General reserve	16	570,000	635,000
Reinsurance risk reserve	17	22,331	17,017
Fair value reserve		292,052	239,935
Retained earnings		267,325	230,326
<b>Total equity</b>		<b>1,376,708</b>	<b>1,347,278</b>
<b>Liabilities</b>			
Employees' end of service obligation	18	23,311	22,243
Provisions and other payables	19	79,382	99,641
Insurance contract liabilities	8	1,366,748	1,447,740
Reinsurance contract liabilities	9	15,074	18,945
<b>Total Liabilities</b>		<b>1,484,515</b>	<b>1,588,569</b>
<b>Total Equity and Liabilities</b>		<b>2,861,223</b>	<b>2,935,847</b>

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operations and cash flows of the Company as of, and for, the year ended 31 December 2025.





Chairman of the Board of Directors      Chief Executive Officer      Chief Financial Officer

The notes set out on pages 15 to 79 form an integral part of these financial statements. The independent auditors' report is set out on pages 5 to 9.

# Emirates Insurance Company P.J.S.C.

## Statement of profit or loss

for the year ended 31 December

	Note	2025 AED'000	2024 AED'000
Insurance revenue	8	1,553,613	1,348,153
Insurance service expenses	8	(714,017)	(1,351,218)
<b>Insurance service result before reinsurance contracts held</b>		<b>839,596</b>	<b>(3,065)</b>
Allocation of reinsurance premiums	9	(945,548)	(811,984)
Amounts recoverable from reinsurers	9	217,197	896,147
<b>Net (expense) / income from reinsurance contracts held</b>		<b>(728,351)</b>	<b>84,163</b>
<b>Insurance service result</b>		<b>111,245</b>	<b>81,098</b>
Insurance finance expense for insurance contracts issued	8	(46,007)	(24,091)
Reinsurance finance income from reinsurance contracts issued	9	41,314	19,092
<b>Net insurance finance expenses</b>		<b>(4,693)</b>	<b>(4,999)</b>
<b>Total Insurance Income</b>		<b>106,552</b>	<b>76,099</b>
Net investment income	24	90,846	83,343
Income from investment properties	25(a)	1,306	1,401
<b>Total Investment income</b>		<b>92,152</b>	<b>84,744</b>
Other expenses – Net	25(b)	(49,501)	(41,760)
<b>Profit for the year before tax</b>		<b>149,203</b>	<b>119,083</b>
Income tax expense	26	(10,761)	(8,331)
<b>Profit for the year</b>		<b>138,442</b>	<b>110,752</b>
<b>Basic and diluted earnings per share, in AED</b>	27	<b>0.93</b>	<b>0.74</b>

The notes set out on pages 15 to 79 form an integral part of these financial statements.

The independent auditors' report is set out on pages 5 to 9.

## Emirates Insurance Company P.J.S.C.

### Statement of profit or loss and other comprehensive income for the year ended 31 December

	2025 AED'000	2024 AED'000
<b>Profit for the year</b>	<b>138,442</b>	110,752
<b><i>Item that will not be reclassified subsequently to statement of profit or loss:</i></b>		
Changes in fair value of equity instruments at fair value through other comprehensive income	<b>107,738</b>	38,909
<b><i>Items that are or may be reclassified subsequently to statement of profit or loss:</i></b>		
Changes in fair value of debt instruments at fair value through other comprehensive income	<b>895</b>	809
Related income tax (expense) / benefit	<b>(1,772)</b>	289
<b>Other comprehensive income for the year</b>	<b>106,861</b>	40,007
<b>Total comprehensive income for the year</b>	<b>245,303</b>	150,759

The notes set out on pages 15 to 79 form an integral part of these financial statements.

The independent auditors' report is set out on pages 5 to 9.

## Emirates Insurance Company P.J.S.C.

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

	Share capital AED'000	Treasury shares AED'000	Treasury shares reserve AED'000	Statutory reserve AED'000	General reserve AED'000	Reinsurance risk reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2024	150,000	-	-	75,000	600,000	11,712	252,078	190,229	1,279,019
<i>Total comprehensive income:</i>									
Profit for the year	-	-	-	-	-	-	-	110,752	110,752
Other comprehensive income for the year	-	-	-	-	-	-	40,007	-	40,007
Total comprehensive income for the year	-	-	-	-	-	-	40,007	110,752	150,759
<i>Transactions with owners of the Company:</i>									
Dividends	-	-	-	-	-	-	-	(82,500)	(82,500)
Total transactions with owners of the Company	-	-	-	-	-	-	-	(82,500)	(82,500)
Transfer to General Reserve (note 16)	-	-	-	-	35,000	-	-	(35,000)	-
Transfer to retained earnings on disposal of equity investments designated at FVOCI	-	-	-	-	-	-	(52,150)	52,150	-
Transfer from retained earnings to reinsurance risk reserve	-	-	-	-	-	5,305	-	(5,305)	-
Balance at 31 December 2024	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>635,000</u>	<u>17,017</u>	<u>239,935</u>	<u>230,326</u>	<u>1,347,278</u>
<b>Balance at 1 January 2025</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>635,000</b>	<b>17,017</b>	<b>239,935</b>	<b>230,326</b>	<b>1,347,278</b>
<i>Total comprehensive income:</i>									
Profit for the year	-	-	-	-	-	-	-	138,442	138,442
Other comprehensive income for the year	-	-	-	-	-	-	106,861	-	106,861
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,861</b>	<b>138,442</b>	<b>245,303</b>
<i>Transactions with owners of the Company:</i>									
Purchase of treasury shares (note 14)	-	(17,720)	(123,153)	-	-	-	-	-	(140,873)
Stock dividends (note 14)	-	17,720	123,153	-	(140,873)	-	-	-	-
Dividends (note 20)	-	-	-	-	-	-	-	(75,000)	(75,000)
Total transactions with owners of the Company	-	-	-	-	(140,873)	-	-	(75,000)	(215,873)
Transfer to General Reserve (note 16)	-	-	-	-	75,873	-	-	(75,873)	-
Transfer to retained earnings on disposal of equity investments designated at FVOCI	-	-	-	-	-	-	(54,744)	54,744	-
Transfer from retained earnings to reinsurance risk reserve	-	-	-	-	-	5,314	-	(5,314)	-
<b>Balance at 31 December 2025</b>	<b><u>150,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>75,000</u></b>	<b><u>570,000</u></b>	<b><u>22,331</u></b>	<b><u>292,052</u></b>	<b><u>267,325</u></b>	<b><u>1,376,708</u></b>

The notes set out on pages 15 to 79 form an integral part of these financial statements.

# Emirates Insurance Company P.J.S.C.

## Statement of cash flows

for the year ended 31 December

	Note	2025 AED'000	2024 AED'000
<b>Cash flows from operating activities</b>			
Profit before tax for the year		149,203	119,083
<b>Adjustments for:</b>			
Depreciation of property and equipment	13	3,747	3,228
Depreciation of investment properties	11	472	353
Net gain on disposal of property and equipment		(27)	(13)
Net gain on disposal of investments in securities	24	(11,911)	(6,241)
Unrealised gain on investments measured at FVTPL	24	(11,178)	(3,767)
Premium amortisation	7	(1,369)	(1,181)
Dividends from investments in securities	24	(36,206)	(42,601)
Charge for expected credit losses on financial assets		1,378	568
Charge for employees' end of service benefit obligation	18	2,841	3,507
Interest income	24	(33,634)	(32,846)
<b>Cash generated from operating activities before change in operating assets and liabilities</b>		<b>63,316</b>	<b>40,090</b>
Increase in insurance contract assets		(2,547)	-
Decrease/ (increase) in reinsurance contract assets		264,608	(504,197)
Decrease/ (increase) in other receivables and prepayments		24,207	(10,989)
(Decrease)/ increase in insurance contract liabilities		(82,244)	456,568
(Decrease)/ increase in reinsurance contract liabilities		(3,871)	2,800
Decrease in provisions, reinsurance and other payables		(24,809)	(1,738)
<b>Cash generated from / (used in) operating activities</b>		<b>238,660</b>	<b>(17,466)</b>
Payment for employees' end of service benefit obligation	18	(1,773)	(1,989)
Income tax paid		(7,983)	-
<b>Net cash generated from / (used in) operating activities</b>		<b>228,904</b>	<b>(19,455)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of property and equipment	13	(10,356)	(4,992)
Proceeds from disposal of property and equipment		27	13
Payments for purchase of financial assets		(264,358)	(184,324)
Proceeds from disposal and maturities of financial assets		212,181	251,559
Placement of term deposits		(97,907)	(383,245)
Maturities of term deposits		70,214	497,984
Dividends received		36,206	42,601
Interest income received		29,850	32,664
<b>Net cash (used in) / generated from investing activities</b>		<b>(24,143)</b>	<b>252,260</b>
<b>Cash flows from financing activities</b>			
Purchase of Treasury shares		(140,873)	-
Dividends paid		(75,000)	(82,500)
<b>Cash used in financing activities</b>		<b>(215,873)</b>	<b>(82,500)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(11,112)</b>	<b>150,305</b>
Cash and cash equivalents at the beginning of the year		276,610	126,305
<b>Cash and cash equivalents at the end of the year</b>		<b>265,498</b>	<b>276,610</b>

The notes set out on pages 15 to 79 form an integral part of these financial statements.

The independent auditors' report is set out on pages 5 to 9.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 1 Legal status and activities

Emirates Insurance Company P.J.S.C. (the "Company") is a public joint stock company, which was incorporated in Abu Dhabi, United Arab Emirates on 27 July 1982. The Company is registered under the UAE Federal Law No. 32 of 2021, as amended, relating to commercial companies. The Company is subject to the regulations of the UAE Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, the UAE Insurance Authority ("IA") under registration number (2). The Company's registered head office is at P.O. Box 3856, Abu Dhabi, United Arab Emirates. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange ("ADX"), United Arab Emirates.

On 8 September 2025, the UAE Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business was issued and came into effect on 16 September 2025 which repealed the UAE Federal Law No. 14 of 2018 and UAE Federal Law No. 48 of 2023. The Company must within a period not exceeding (1) one year from the date of the enforcement of its provisions from 16 September 2025 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No. (6) of 2025.

The licensed activities of the Company are issuing short term and long-term insurance contracts and trading in securities. The insurance contracts are issued in connection with properties and responsibilities insurance., insurance of persons and funds accumulation operations., health insurance products.

### 2 Application of new and revised IFRS Accounting Standards (IFRSs)

#### 2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

#### ***Amendment to IAS 21— Lack of Exchangeability***

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 2 Application of new and revised IFRS Accounting Standards (IFRSs) (continued)

#### 2.2 New and revised IFRS in issue but not yet effective

##### New and revised IFRSs

**Effective for  
annual periods  
beginning on or after**

##### *IFRS 18 Presentation and Disclosures in Financial Statements*

1 January 2027

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the Notes to the condensed interim financial statements
- improve aggregation and disaggregation.

##### *IFRS 19 Subsidiaries without Public Accountability: Disclosures*

1 January 2027

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 2 Application of new and revised IFRS Accounting Standards (IFRSs) (continued)

#### 2.2 New and revised IFRS in issue but not yet effective (continued)

##### **New and revised IFRSs**

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

*Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments*

1 January 2026

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*.

*Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)*

1 January 2027

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

*Annual improvements to IFRS Accounting Standards — Volume 11*

1 January 2026

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a 'de facto agent'
- IAS 7: Cost method

**Effective for  
annual periods  
beginning on or after**

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 2 Application of new and revised IFRS Accounting Standards (IFRSs) (continued)

#### 2.2 New and revised IFRS in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<b><i>IFRS Sustainability Disclosure Standards</i></b>	
<i>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</i>	Effective date not yet decided by the regulator in the United Arab Emirates
IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	
<i>IFRS S2 Climate-related Disclosures</i>	Effective date not yet decided by the regulator in the United Arab Emirates
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	

The above stated new standards and amendments are not expected to have any significant impact, other than IFRS 18, will have a material impact on the financial statements. The Company is currently working to identify the impacts IFRS 18 will have on the financial statements and its notes.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the financial statements of the Company.

### 3 Material accounting policies

#### ***(a) Statement of compliance***

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the United Arab Emirates (U.A.E.) Federal Law No. 32 of 2021, as amended, the UAE Federal Decree-Law No. (6) of 2025, the Insurance Authority Board of Directors' Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 Concerning Instructions Organizing Reinsurance Operations.

#### ***(b) Basis of measurement***

The financial statements have been prepared under the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values and insurance and reinsurance contracts which are measured at the estimated fulfilment cash flows that are expected to arise as the company fulfils its contractual obligations.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### *(c) Functional and reporting currency*

These financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the Company’s functional currency. Except as indicated, the financial information presented in AED has been rounded to the nearest thousand.

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed as below:

#### **Leases**

At inception of a contract, the Company assesses whether a contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *(a) As a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimate of costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequently, the right of use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Leases (continued)

##### (b) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'income from investment properties'.

#### Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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. All other repairs and maintenance expenses are charged to statement of profit or loss in the period they are incurred.

Depreciation is calculated so as to write off the cost of property and equipment less their estimated residual values, on a straight-line basis over their expected useful economic lives. The useful lives used for this purpose are:

	Years
Buildings	15
Furniture, fixtures and office equipment	4
Motor vehicles	4
Computer equipment and accessories	4

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Property and equipment *(continued)*

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### Capital work in progress

Capital work in progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property and equipment category and is depreciated in accordance with Company's policy.

#### Investment properties

Investment properties which are properties held to earn rentals and/or for capital appreciation, are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated using the straight-line method to reduce the cost of investment properties to their estimated residual values over their expected useful life of 15 years. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation for any subsequent incremental expenditures or additions is calculated based on an expected useful life of 4 years.

The gain or loss arising on the disposal or retirement of an investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss. An investment property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### **Impairment of non-financial assets *(continued)***

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit or loss.

#### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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.

#### **Employees' end of service benefits**

##### ***Defined benefit plan***

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final basic salary and 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***

The Company pays its obligations for UAE citizens into a Social Security and UAE Pension Fund in accordance with the Federal Law No. (7) of 1999 for Pension and Social Security.

#### **Financial assets**

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time-frame established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Financial assets (continued)

##### **Classification of financial assets**

The Company classifies its financial assets under the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI).

##### **Financial assets at amortised cost and the effective interest method**

###### **Cash and cash equivalents**

Cash and cash equivalents which include cash on hand and deposits held at call with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

###### **Other receivables**

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

###### **Investments at amortised cost**

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs except if they are designated as at FVTPL. They are subsequently measured at amortised cost using the effective interest method less any impairment.

Subsequent to initial recognition, the Company is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria is no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Company may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

###### **Financial assets at FVTPL**

Debt instrument financial assets that do not meet the amortised cost criteria or that meet the criteria but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Financial assets (continued)

##### *Financial assets at FVTPL (continued)*

Subsequent to initial recognition, the Company is required to reclassify debt instruments from FVTPL to amortised cost if the objective of the business model changes so that the amortised cost criteria starts to be met and the instrument's contractual cash flows meet the amortised cost criteria. Reclassification of debt instruments designated as at FVTPL at initial recognition is not permitted.

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Company designates an investment that is not held for trading as at FVOCI at initial recognition as described in the note below.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognised in statement of profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in statement of profit or loss when the Company's right to receive the dividends is established and is included in the 'net investment income' line item in the statement of profit and loss.

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking.

##### *Financial assets at FVTOCI*

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Cumulative change in FVOCI. When the asset is disposed of, the cumulative gain or loss previously accumulated in the Cumulative change in FVOCI is not reclassified to statement of profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in statement of profit or loss when the Company's right to receive the dividends is established unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in the statement of profit or loss and are included in 'net investment income' in the statement of profit or loss.

Investments in debt instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Cumulative change in FVOCI. Interest income is recognised in profit or loss using the effective interest method. When the asset is disposed of, the cumulative gain or loss previously accumulated in the Cumulative change in FVOCI is reclassified to statement of profit or loss.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Financial assets *(continued)*

##### ***Impairment of financial assets***

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or fair value through other comprehensive income, insurance receivables and bank balances including term deposits. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECL for bank balances, term deposits and debt instruments at amortised cost or fair value through other comprehensive income are determined using the low credit risk expedient, and therefore recognise a 12 month ECL, as they are held with reputable financial institutions. The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company always recognises lifetime ECL for insurance receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

##### *Definition of default:*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Write-off policy*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of insurance receivables, when the amounts are long past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Financial assets (continued)

##### *Impairment of financial assets (continued)*

##### *Measurement and recognition of expected credit losses:*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. There is no discounting effect on the insurance receivables as these are interest free and has a lifetime of less than one year.

##### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

### Financial liabilities and equity instruments

#### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### *Financial liabilities*

Financial liabilities comprised of insurance payables and other liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term liabilities when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Financial liabilities and equity instruments *(continued)*

##### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### **Dividend distribution**

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

##### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

##### **Insurance and reinsurance contracts**

IFRS 17, 'Insurance contracts' is applicable for annual reporting periods commencing on 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

##### **Insurance contracts**

###### **Definition and classification**

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks.

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. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

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

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Insurance and reinsurance contracts *(continued)*

financial statements apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

The Company does not write any investment contracts with discretionary participation features or insurance contracts with direct participation features.

#### Level of aggregation

In accordance with IFRS 17, the Company determines the level of aggregation by first identifying portfolios of insurance contracts. Portfolios comprise contracts subject to similar risks and managed together. Each portfolio is divided into annual cohorts comprising contracts issued within the same financial year. No group includes contracts issued more than one year apart.

Within each annual cohort, contracts are further grouped based on expected profitability at initial recognition into:

- contracts that are onerous at initial recognition;
- contracts that have no significant possibility of becoming onerous subsequently; and
- other remaining contracts.

Profitability is assessed using actuarial valuation models that consider pricing, historical experience, expected loss ratios and relevant environmental factors, including regulatory or market developments.

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where law or regulation specifically constrains the Company's practical ability to set different prices or levels of benefits for policyholders with different characteristics, contracts may be grouped together even if they would otherwise fall into different profitability groups.

Portfolios of reinsurance contracts held are assessed using the same principles. References to onerous contracts in respect of reinsurance contracts held refer to contracts on which there is a net gain at initial recognition. In certain cases, a group of reinsurance contracts held may comprise a single contract. The Company applied the full retrospective approach on transition to IFRS 17.

#### Separating components from insurance and reinsurance contracts

At inception, the Company assesses insurance and reinsurance contracts to determine whether they contain distinct components that must be separated and accounted for under other IFRS Accounting Standards. Distinct investment components, distinct non-insurance service components and embedded derivatives are separated and accounted for under the applicable standards where required.

The Company has assessed its non-life insurance and reinsurance products and concluded that they do not contain distinct components requiring separation

Certain reinsurance contracts include profit commission arrangements with minimum guaranteed amounts. These minimum guaranteed amounts are considered non-distinct investment components that are highly interrelated with the insurance component. Accordingly, they are not separated. Cash flows relating to such investment components are recognised outside profit or loss in accordance with IFRS 17.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Insurance and reinsurance contracts *(continued)*

##### Recognition

The Company recognises groups of insurance contracts it issues from the earliest of:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder is due or received (if no due date exists); or
- the date when facts and circumstances indicate that the group is onerous.

Groups of reinsurance contracts held are recognised from the earlier of:

- the beginning of the coverage period of the group of reinsurance contracts held; or
- the date the Company recognises an onerous group of underlying insurance contracts, provided the related reinsurance contract was entered into at or before that date.

For reinsurance contracts held that provide proportionate coverage, recognition is delayed until the date on which any underlying insurance contract is initially recognised, if later than the beginning of the coverage period.

New contracts are added to a group in the reporting period in which they meet the recognition criteria.

##### Measurement approach

##### Premium Allocation Approach

The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts for all groups. When measuring liabilities for remaining coverage (LRC), the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Contracts written by the Company that have a coverage period of one year or less are automatically eligible for the PAA. The Company does write some contracts that have a coverage period exceeding one year and which were not automatically eligible. These are the Property, Motor (non-Fleet), Casualty, Energy and Engineering portfolios. For all the groups of contracts within the portfolio, the LRC measured under the PAA and the General measurement model were projected over the lifetime of the contracts, considering different reasonable scenarios, to determine if the differences were significant. The Company has found that for all these contracts the PAA provided a reasonable approximation of the General measurement model and were thus eligible for measurement under the PAA.

As the premium allocation approach ("PAA") is an optional simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Insurance and reinsurance contracts *(continued)*

##### **Measurement approach** *(continued)*

Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

Insurance revenue and insurance service expenses are recognized in the income statement based on the concept of services provided during the period. The standard requires losses to be recognized immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions;
- Initial stages of a new business acquired where the underlying contracts are onerous; and
- Any other strategic decisions the management considers appropriate.

The Company applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Company performed PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the assessment performed, the Company expects all of its contracts to be eligible for PAA measurement model.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. The liability for incurred claims is measured as the fulfilment cash flows relating to incurred claims. The fulfilment cash flows incorporate, in an unbiased manner, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of future cash flows. They reflect current estimates from the perspective of the Company and include estimates of future claims payments and directly attributable claims handling expenses. The Company does not adjust future cash flows for the time value of money and the effect of financial risk where claims are expected to be paid within one year of being incurred. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

#### **Presentation**

The Company presents separately in the statement of financial position the carrying amounts of portfolios of insurance contracts issued that are assets, insurance contracts issued that are liabilities, reinsurance contracts held that are assets, and reinsurance contracts held that are liabilities, in accordance with IFRS 17.

The Company does not offset insurance contract assets and liabilities, nor does it offset reinsurance contract assets and liabilities. Insurance contracts issued and reinsurance contracts held are presented separately.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Insurance and reinsurance contracts (continued)

##### Insurance revenue and insurance service expenses

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

For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time. IFRS 17 requires losses to be recognised immediately on contracts that are expected to be onerous.

Insurance service expenses include incurred claims and benefits, other incurred directly attributable expenses, insurance acquisition cash flows amortisation, changes that relate to past service i.e., changes in the Fulfilment cash flows (“FCF”) relating to the liability for incurred claims (“LIC”), changes that relate to future service (i.e., changes in the FCF that result in onerous contract losses or reversals of those losses) and insurance acquisition cash flows assets impairment.

#### Accounting policy choices

The following table sets out the accounting policy choices that the Company adopted:

	IFRS 17 options	Adopted approach
Insurance acquisition cash flows	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortising them over the contract’s coverage period.	The Company adopted the policy choice of amortising the insurance acquisition cash flows over the contract’s period regardless of the total coverage period of the contracts.
Liability for Remaining Coverage (“LRC”) adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Company has not accounted for an allowance for time value of money on the LRC for groups of contracts, since the contracts do not contain a significant financing component.
Liability for Incurred Claims (“LIC”) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company has decided to adjust LIC cash flows for the time value of money, as claims are not expected to be paid within 12 months from the date of loss.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.	The Company has included changes in discount rates and other financial changes in profit or loss.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies (continued)

#### Insurance and reinsurance contracts (continued)

#### Accounting policy choices (continued)

Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and plans to include the entire change within the insurance service result.
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The General measurement model has not been applied by the Company, as the contracts written / held are either auto PAA eligible or have passed the PAA eligibility test carried out by the Company. Variable fee approach is also not being applied as the Company does not issue any unit linked insurance contracts.

#### Onerous contracts – loss component

The Company assume that no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise. The Company assesses whether contracts that are not onerous at initial recognition have no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, The Company shall calculate the difference between:

- the carrying amount of the liability for remaining coverage; and
- the fulfilment cash flows that related to the remaining coverage of the group

A contract measured using the PAA is onerous if the fulfilment cash flows exceed the PAA Liability for remaining coverage. The Company will therefore use a combined ratio as a proxy for fulfilment cashflows, determined on the following basis (to ensure consistency with fulfilment cash flows):

- Based on expected claims and expenses rather than incurred amounts
- Includes the impact of the time value of money at locked-in rates
- Includes an allowance for the risk adjustment
- Includes an allowance for directly attributable expenses (which includes a portion of overheads) as required by IFRS 17
- Calculated at the most granular segmentation for which such assessments are available, which is currently at Actuarial Reserving class level

The key indicator the Company will use for the purpose of this assessment is the forward-looking combined ratio derived as per the above points. Should this ratio exceed 100% for a given segment, this group shall be classified as onerous.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Insurance and reinsurance contracts *(continued)*

##### Onerous contracts – loss component *(continued)*

Where the Company recognises a loss on an onerous group of insurance contracts and holds reinsurance contracts that provide coverage for those losses, the Company recognises a loss-recovery component as part of the carrying amount of the reinsurance contract held. The loss-recovery component represents the portion of the loss on the underlying insurance contracts that the Company expects to recover under the reinsurance contract held.

The loss-recovery component is recognised in profit or loss and is limited to the extent that the Company expects to recover the loss from the reinsurance contract held. It is subsequently reduced in line with reductions in the loss component of the underlying onerous group of insurance contracts.

##### Modification and derecognition

An insurance contract may be modified, either by agreement between the parties or as result of regulation. If the terms are modified, an entity must derecognise the original insurance contract and recognise the modified contract as a new contract, if and only if certain conditions as prescribed in IFRS 17 are satisfied. The exercise of a right included in the terms of a contract is not a modification. Any contract modification that changes the accounting model or the applicable standard for measuring the components of the insurance contract, is likely to result in derecognition.

If a contract modification meets none of the conditions for derecognition, any changes in cash flows caused by the modification are treated as changes in the estimates of the fulfilment cash flows. For contracts applying the premium allocation approach, any adjustments to premium receipts or insurance acquisition cash flows arising from a modification adjust the liability for remaining coverage and insurance revenue is allocated to the period for services provided (which would also require judgement in determining the period to which the modification applies).

##### Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the Liability for Remaining Coverage and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services. For insurance contracts measured under the premium allocation approach, expected premium receipts are allocated to insurance revenue based on the passage of time. IFRS 17 requires losses to be recognized immediately on contracts that are expected to be onerous.

##### Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundaries of each contract in a group. The period covered by the premiums within the contract boundary is the “coverage period”, which is relevant when applying IFRS 17 requirements.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligation that exist during the reporting period in which the Company can compel the policyholder to pay premium or has a substantive obligation to provide services. For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Insurance and reinsurance contracts *(continued)*

##### Contract boundaries *(continued)*

obligation that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. Judgement might be required to assess the Company's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

##### Measurement of expenses

The Company has defined acquisition expenses as the costs of selling, underwriting and starting issuing a group of insurance contracts as per IFRS 17 requirements. The Company had defined acquisition costs as attributable to a contract (or group of contracts) if the cost is incurred to acquire a specific contract or group of contracts (as opposed to new business in general).

The Company has defined all other expenses as maintenance expenses. The Company has defined maintenance costs as attributable if they could not have been avoided if the contract had not been entered into. Where this is unclear, the Company has determined that maintenance costs are attributable if that expense would continue in run-off. The Company has separated the outwards reinsurance costs from other expenses using a systematic allocation.

The Company defines such expenses as attributable to the reinsurance contracts in line with the principles for direct contracts. Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognized in other operating expenses as incurred. The Company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance and reinsurance contracts. Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. From a quantitative perspective, directly attributable expenses make up 78% of total expenses, leaving 22% of the expenses unallocated.

The Company allocates these using relevant proxies. Similar methods are consistently applied to allocate expenses of a similar nature. The Company does not pay (or recognise a liability, applying a standard other than IFRS 17) directly attributable acquisition costs before a group of insurance contracts is recognised. As such, no pre-recognition acquisition costs assets have been established.

##### Taxation

The income tax expense represents the sum of current and deferred income tax expense.

##### Current Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 3 Material accounting policies *(continued)*

#### Taxation *(continued)*

##### Deferred Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

##### Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### Dividend income

Dividend income is recognised when the Company's right to receive the payment has been established.

##### Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

##### Foreign currencies

For the purpose of these financial statements, UAE Dirhams (AED) is the functional and the presentation currency of the Company. Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

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

In preparing the financial statements, management has made certain judgments, 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. Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

#### *Insurance and reinsurance contracts*

The following are key judgements and estimates which the Company applied as a result of IFRS 17. The Company has elected to determine cumulative results for each interim reporting period, and estimates made by the Company in previous interim financial statements will not be considered when applying IFRS 17 in subsequent interim periods or in the annual financial statements.

#### **Discount rates**

The Company uses the bottom-up approach for groups of contracts. Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for territory risk premiums and, where appropriate, to reflect differences between the liquidity characteristics of the insurance contract cash flows and those of the financial instruments underlying the observed market rates. . 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 curve.

The yield curves that were used to discount the estimates of future cash flows are as follows:

Financial year	1 Year	5 Year	10 Year	20 Year	30 Year
31 December 2025	4.74%	4.47%	4.32%	4.52%	4.70%
31 December 2024	5.44%	6.01%	6.20%	6.39%	5.55%

#### **Risk adjustment**

The Company estimates the risk adjustment on a value at risk (bootstrapping) / confidence level approach as this method allows the disclosure of confidence level as per IFRS 17 requirements. The Company uses stochastic techniques to estimate the probability distribution of the future cash flows which forms the basis for determining the risk adjustment.

The risk adjustment for the all the portfolios corresponds to a 75% confidence interval.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

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

#### *Other estimates*

#### **Impairment of investment properties and building under property and equipment**

Investment properties and buildings under property and equipment are assessed for impairment, when there are impairment indicators, using acceptable valuation techniques which are conducted by an independent third-party valuator. The fair values are compared to the carrying amount, to assess any possible impairment. Management is satisfied that there are no impairment indicators present on 31 December 2025.

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

#### **Classification and fair value of investments**

Management designates at the time of acquisition of securities whether these should be classified as at Fair Value through Other Comprehensive Income ("FVOCI"), Fair Value through Profit or Loss ("FVTPL") or amortised cost. While making the judgments of whether investments in securities are as at FVOCI, FVTPL or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 "Financial Instruments". Management is satisfied that its investments in securities are appropriately classified.

Management decides on acquisition of an investment whether it should be classified as investments carried at fair value or amortised cost on the basis of both:

- (a) its business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

For equity investments carried at fair value, management decides whether it should be classified as financial assets carried at FVOCI or FVTPL.

Investments in equity instruments are classified and measured at FVTPL except if the equity investment is not held for trading and is designated by the Company at FVOCI.

Further, even if the asset meets the amortised cost criteria the Company may choose at initial recognition to designate the financial asset as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 5 Cash and cash equivalents

	31 December 2025 AED'000	31 December 2024 AED'000
Cash at banks inside UAE	118,976	125,173
Cash at banks outside UAE	40,589	42,232
Cash in hand	33	17
<b>Cash and bank balances</b>	<b>159,598</b>	<b>167,422</b>
Term deposits	222,307	197,902
	<b>381,905</b>	<b>365,324</b>
Less: deposits with original maturities of three months or more	(116,407)	(88,714)
<b>Cash and cash equivalents</b>	<b>265,498</b>	<b>276,610</b>
Less: allowance for expected credit losses	(40)	(37)
	<b>265,458</b>	<b>276,573</b>

### 6 Term deposits

Term deposits are fixed deposits with original maturity ranges between 4 months and two years (2024: 4 months and two years). Interest rate on term deposits ranges between 3.50% and 4.69% (2024: 4.00% and 6.00%) per annum. Loss allowance of AED 59 thousand (2024: AED 48 thousand) is recognized for the deposits.

### 7 Investments in securities

The Company's investments at the end of the reporting period are detailed below:

	31 December 2025 AED'000	31 December 2024 AED'000
<b>Financial assets at amortised cost</b>		
Fixed income portfolio at amortised cost - UAE	149,197	137,980
Fixed income portfolio at amortised cost – Outside UAE	236,066	161,240
Less: allowance for expected credit losses	(429)	(317)
	<b>384,834</b>	<b>298,903</b>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 7 Investments in securities (continued)

	31 December 2025 AED'000	31 December 2024 AED'000
<b>Financial assets at fair value through other comprehensive income ("FVOCI")</b>		
Quoted UAE equity securities	525,221	499,708
Unquoted UAE equity securities	2,566	2,960
Investment funds	213,762	169,625
Unquoted overseas equity securities	1,752	1,545
Investment in bond portfolio	67,971	66,310
	<u>811,272</u>	<u>740,148</u>
<b>Financial assets at fair value through profit or loss</b>		
Quoted UAE equity securities	27,036	34,251
Unquoted UAE equity securities	1,036	1,000
Investment funds	150,382	86,878
Unquoted overseas equity securities	29,671	30,875
Investment in bond portfolio	155,631	182,651
	<u>363,756</u>	<u>335,655</u>
The movement in investments during the year is as follows:		
<b>Financial assets at amortised cost</b>		
Amortised cost at the beginning of the year	298,903	284,365
Purchases	111,804	53,630
Maturities	(27,130)	(40,211)
Premium amortisation	1,369	1,181
Allowance for expected credit losses	(112)	(62)
	<u>384,834</u>	<u>298,903</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 7 Investments in securities (continued)

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
<b>Financial assets at fair value through other Comprehensive income</b>		
Fair value at the beginning of the year	<b>740,148</b>	797,208
Purchases	<b>40,806</b>	29,904
Disposals	<b>(78,315)</b>	(126,682)
Change in fair values	<b>108,633</b>	39,718
<b>Fair value at the end of the year</b>	<b>811,272</b>	740,148
<b>Financial assets at fair value through profit or loss</b>		
Fair value at the beginning of the year	<b>335,655</b>	309,523
Purchases	<b>111,748</b>	100,790
Disposals	<b>(94,825)</b>	(78,425)
Change in fair values	<b>11,178</b>	3,767
<b>Fair value at the end of the year</b>	<b>363,756</b>	335,655
The geographical distribution of investments is as follows:		
Within UAE	<b>722,537</b>	723,160
Outside UAE	<b>837,753</b>	651,863
	<b>1,560,290</b>	1,375,023

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 8 Insurance contract assets and insurance contract liabilities

At 31 December 2025

AED ('000')

	<u>Liability for remaining coverage</u>		<u>Liability for incurred claims</u>		<u>Total Liability</u>
	<u>Excluding loss component</u>	<u>Loss component</u>	<u>Estimates of the present value of future cash flows</u>	<u>Risk adjustment</u>	
Insurance contract assets as at 31/12/2024	-	-	-	-	-
Insurance contract liabilities as at 31/12/2024	169,711	-	1,220,571	57,458	1,447,740
<b>Net insurance contract liabilities as at 31/12/2024</b>	<b>169,711</b>	<b>-</b>	<b>1,220,571</b>	<b>57,458</b>	<b>1,447,740</b>
<b>Insurance revenue</b>	<b>(1,553,613)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,553,613)</b>
<b>Insurance service expenses</b>					
Incurred claims and other expenses	-	-	540,848	3,686	544,534
Amortisation of insurance acquisition cash flows	175,772	-	-	-	175,772
Losses on onerous contracts	-	41	-	-	41
Changes to liabilities for incurred claims	-	-	11,368	(17,698)	(6,330)
<b>Insurance service expenses</b>	<b>175,772</b>	<b>41</b>	<b>552,216</b>	<b>(14,012)</b>	<b>714,017</b>
<b>Insurance service result before reinsurance contracts held</b>	<b>(1,377,841)</b>	<b>41</b>	<b>552,216</b>	<b>(14,012)</b>	<b>(839,596)</b>
Interest accreted	-	-	40,049	-	40,049
Effect of changes in interest rates and other financial assumptions	-	-	5,958	-	5,958
<b>Insurance finance expenses from insurance contracts issued</b>	<b>-</b>	<b>-</b>	<b>46,007</b>	<b>-</b>	<b>46,007</b>
<b>Total changes in the statement of comprehensive income</b>	<b>(1,377,841)</b>	<b>41</b>	<b>598,223</b>	<b>(14,012)</b>	<b>(793,589)</b>
<b>Cash flows</b>					
Premiums received	1,710,642	-	-	-	1,710,642
Claims and other expenses paid	-	-	(810,969)	-	(810,969)
Insurance acquisition cash flows paid	(189,623)	-	-	-	(189,623)
<b>Total cash flows</b>	<b>1,521,019</b>	<b>-</b>	<b>(810,969)</b>	<b>-</b>	<b>710,050</b>
<b>Net insurance contract liabilities as at 31/12/2025</b>	<b>312,889</b>	<b>41</b>	<b>1,007,825</b>	<b>43,446</b>	<b>1,364,201</b>
Insurance contract assets as at 31/12/2025	(3,627)	-	1,026	54	(2,547)
Insurance contract liabilities as at 31/12/2025	316,516	41	1,006,799	43,392	1,366,748
<b>Net insurance contract liabilities as at 31/12/2025</b>	<b>312,889</b>	<b>41</b>	<b>1,007,825</b>	<b>43,446</b>	<b>1,364,201</b>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 8 Insurance contract assets and insurance contract liabilities *(continued)*

At 31 December 2024

AED ('000')

	<u>Liability for remaining coverage</u>		<u>Liability for incurred claims</u>		<u>Total Liability</u>
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract assets as at 31/12/2023	-	-	-	-	-
Insurance contract liabilities as at 31/12/2023	178,739	740	768,204	42,988	990,671
Net insurance contract liabilities as at 31/12/2023	178,739	740	768,204	42,988	990,671
Insurance revenue	(1,348,153)	-	-	-	(1,348,153)
Insurance service expenses					
Incurred claims and other expenses	-	(739)	689,931	3,202	692,394
Amortisation of insurance acquisition cash flows	154,025	-	-	-	154,025
Reversal of losses on onerous contracts	-	(1)	-	-	(1)
Changes to liabilities for incurred claims	-	-	493,532	11,268	504,800
Insurance service expenses	154,025	(740)	1,183,463	14,470	1,351,218
Insurance service result before reinsurance contracts held	(1,194,128)	(740)	1,183,463	14,470	3,065
Interest accreted	-	-	28,314	-	28,314
Effect of changes in interest rates and other financial assumptions	-	-	(4,223)	-	(4,223)
Insurance finance expenses from insurance contracts issued	-	-	24,091	-	24,091
Total changes in the statement of comprehensive income	(1,194,128)	(740)	1,207,554	14,470	27,156
Cash flows					
Premiums received	1,330,125	-	-	-	1,330,125
Claims and other expenses paid	-	-	(755,187)	-	(755,187)
Insurance acquisition cash flows paid	(145,025)	-	-	-	(145,025)
Total cash flows	1,185,100	-	(755,187)	-	429,913
Net insurance contract liabilities as at 31/12/2024	169,711	-	1,220,571	57,458	1,447,740
Insurance contract assets as at 31/12/2024	-	-	-	-	-
Insurance contract liabilities as at 31/12/2024	169,711	-	1,220,571	57,458	1,447,740
Net insurance contract liabilities as at 31/12/2024	169,711	-	1,220,571	57,458	1,447,740

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 9 Reinsurance contract assets and reinsurance contract liabilities

At 31 December 2025

AED ('000')	Asset for remaining coverage		Amounts recoverable on incurred claims		Total Asset
	Non-loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 31/12/2024	(226,824)	-	1,303,630	53,957	1,130,763
Reinsurance contract liabilities as at 31/12/2024	(37,399)	-	17,940	514	(18,945)
<b>Net reinsurance contract assets as at 31/12/2024</b>	<b>(264,223)</b>	-	<b>1,321,570</b>	<b>54,471</b>	<b>1,111,818</b>
<b>Allocation of reinsurance premiums</b>	<b>(945,548)</b>	-	-	-	<b>(945,548)</b>
<b>Amounts recoverable from reinsurers</b>					
Amounts recoverable for claims and other expenses incurred in the year	-	-	425,650	-	425,650
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(191,824)	(16,629)	(208,453)
Transfer of reinsurance investment components	8,258	-	(8,258)	-	-
<b>Amounts recoverable from reinsurers</b>	<b>8,258</b>	-	<b>225,568</b>	<b>(16,629)</b>	<b>217,197</b>
<b>Net (expense) / income from reinsurance contracts held</b>	<b>(937,290)</b>	-	<b>225,568</b>	<b>(16,629)</b>	<b>(728,351)</b>
Interest accreted	-	-	35,814	-	35,814
Effect of changes in interest rates and other financial assumptions	-	-	5,500	-	5,500
<b>Reinsurance finance income from reinsurance contracts held</b>	-	-	<b>41,314</b>	-	<b>41,314</b>
<b>Total changes in the statement of comprehensive income</b>	<b>(937,290)</b>	-	<b>266,882</b>	<b>(16,629)</b>	<b>(687,037)</b>
<b>Cash flows</b>					
Premiums paid	1,001,385	-	-	-	1,001,385
Amounts received	-	-	(575,085)	-	(575,085)
<b>Total cash flows</b>	<b>1,001,385</b>	-	<b>(575,085)</b>	-	<b>426,300</b>
<b>Net reinsurance contract assets as at 31/12/2025</b>	<b>(200,128)</b>	-	<b>1,013,367</b>	<b>37,842</b>	<b>851,081</b>
Reinsurance contract assets as at 31/12/2025	(169,454)	-	998,367	37,242	866,155
Reinsurance contract liabilities as at 31/12/2025	(30,674)	-	15,000	600	(15,074)
<b>Net reinsurance contract assets as at 31/12/2025</b>	<b>(200,128)</b>	-	<b>1,013,367</b>	<b>37,842</b>	<b>851,081</b>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 9 Reinsurance contract assets and reinsurance contract liabilities *(continued)*

At 31 December 2024

AED ('000')	Asset for remaining coverage		Amounts recoverable on incurred claims		Total Asset
	Non-loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 31/12/2023	(93,346)	-	688,428	31,484	626,566
Reinsurance contract liabilities as at 31/12/2023	(49,028)	-	31,826	1,057	(16,145)
Net reinsurance contract assets as at 31/12/2023	(142,374)	-	720,254	32,541	610,421
Allocation of reinsurance premiums	(811,984)	-	-	-	(811,984)
Amounts recoverable from reinsurers	-	-	251,281	2,469	253,750
Amounts recoverable for claims and other expenses incurred in the year	-	-	622,936	19,461	642,397
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	-	-
Transfer of reinsurance investment components	(23,997)	-	23,997	-	-
Amounts recoverable from reinsurers	(23,997)	-	898,214	21,930	896,147
Net (expense) / income from reinsurance contracts held	(835,981)	-	898,214	21,930	84,163
Interest accreted	-	-	23,130	-	23,130
Effect of changes in interest rates and other financial assumptions	-	-	(4,038)	-	(4,038)
Reinsurance finance income from reinsurance contracts held	-	-	19,092	-	19,092
Total changes in the statement of comprehensive income	(835,981)	-	917,306	21,930	103,255
Cash flows					
Premiums paid	714,132	-	-	-	714,132
Amounts received	-	-	(315,990)	-	(315,990)
Total cash flows	714,132	-	(315,990)	-	398,142
Net reinsurance contract assets as at 31/12/2024	(264,223)	-	1,321,570	54,471	1,111,818
Reinsurance contract assets as at 31/12/2024	(226,824)	-	1,303,630	53,957	1,130,763
Reinsurance contract liabilities as at 31/12/2024	(37,399)	-	17,940	514	(18,945)
Net reinsurance contract assets as at 31/12/2024	(264,223)	-	1,321,570	54,471	1,111,818

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 10 Other receivables and prepayments

	31 December 2025 AED '000	31 December 2024 AED '000
Vat receivable in insurance and reinsurance contracts - net	4,531	22,089
Receivable from employees	2,817	3,242
Prepayments	2,238	1,933
Others	11,070	13,815
	<u>20,656</u>	<u>41,079</u>

### 11 Investment properties

	Abu Dhabi building AED'000	Al Ain building AED'000	Mussafah building AED'000	Right of Use leased assets AED'000	Total AED'000
<b>Cost</b>					
At 1 January 2024	24,737	7,833	2,588	644	35,802
At 1 January 2025	24,737	7,833	2,588	644	35,802
Transfer from property and equipment	-	1,822	-	-	1,822
<b>At 31 December 2025</b>	<b>24,737</b>	<b>9,655</b>	<b>2,588</b>	<b>644</b>	<b>37,624</b>
<b>Accumulated depreciation</b>					
At 1 January 2024	22,037	7,143	2,588	-	31,768
Charge for the year	294	59	-	-	353
At 1 January 2025	22,331	7,202	2,588	-	32,121
Charge for the year	296	176	-	-	472
<b>At 31 December 2025</b>	<b>22,627</b>	<b>7,378</b>	<b>2,588</b>	<b>-</b>	<b>32,593</b>
<b>Carrying amount</b>					
<b>At 31 December 2025</b>	<b>2,110</b>	<b>2,277</b>	<b>-</b>	<b>644</b>	<b>5,031</b>
At 31 December 2024	2,406	631	-	644	3,681

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 11 Investment properties (continued)

The property rental income earned by the Company and the direct operating expenses including depreciation arising on the investment properties are as follows:

	<b>31 December 2025 AED '000</b>	31 December 2024 AED '000
Rental income	<b>3,034</b>	2,945
Direct operating expenses	<b>(1,728)</b>	(1,544)
	<hr/> <b>1,306</b> <hr/>	<hr/> 1,401 <hr/>

The Company's investment properties comprise the following:

#### **Abu Dhabi Head Office building**

The construction of this building was completed in 1987. The Company occupies three floors of the building for its Head Office with the remaining twelve floors available for letting to third parties. As at 31 December 2025, the fair value of this property is estimated to be AED 47,500 thousand (31 December 2024: AED 43,175 thousand).

#### **Al Ain building**

The construction of this building was completed in 1992. The Company is utilising half of the second mezzanine floor for housing its Al Ain Branch office with the remaining space available for letting to third parties. As at 31 December 2025, the fair value of this property is estimated to be AED 10,750 thousand (31 December 2024: AED 11,900 thousand).

#### **Mussafah building**

The construction of this building was completed in 2008. The Company is utilising half of the warehouse area for storage purposes with the remaining warehouse area available for letting to third parties. The front side of the building is being used for Mussafah branch. As at 31 December 2025, the fair value of this property is estimated to be AED 8,120 thousand (31 December 2024: AED 7,780 thousand).

Land on which the Abu Dhabi Building and Al Ain Building were constructed has been allotted free of cost by the Executive Council of Abu Dhabi, and land on which Mussafah building is constructed is leased under a long-term lease from the Abu Dhabi Municipality and Town Planning Department.

The disclosed fair value of the Company's investment properties as at 31 December 2025 and 31 December 2024 are based on the valuation carried out on the respective dates by independent valuers having the appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 12 Statutory deposit

In accordance with the requirements of UAE Federal Law No. (6) of 2025 concerning the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business, the Company maintains a bank deposit of AED 10,000,000 (31 December 2024: AED 10,000,000) which cannot be utilised without the consent of the Central Bank of UAE.

### 13 Property and equipment

	Building AED'000	Furniture, fixtures and office equipment AED'000	Motor vehicles AED'000	Computer equipment and accessories AED'000	Capital Work-in- progress AED'000	Total AED'000
<b>Cost</b>						
At 1 January 2024	26,289	3,776	787	22,074	372	53,298
Additions	-	90	62	1,445	3,395	4,992
Disposals	-	-	(126)	-	-	(126)
Transfers	62	-	-	197	(259)	-
At 1 January 2025	<u>26,351</u>	<u>3,866</u>	<u>723</u>	<u>23,716</u>	<u>3,508</u>	<u>58,164</u>
Additions	-	99	89	1,548	8,620	10,356
Disposals	(670)	(33)	(83)	(1,143)	(64)	(1,993)
Transfer to Investment properties.	-	-	-	-	(1,822)	(1,822)
Transfers	-	36	-	5,284	(5,320)	-
<b>At 31 December 2025</b>	<u><b>25,681</b></u>	<u><b>3,968</b></u>	<u><b>729</b></u>	<u><b>29,405</b></u>	<u><b>4,922</b></u>	<u><b>64,705</b></u>
<b>Accumulated depreciation</b>						
At 1 January 2024	22,408	3,753	282	18,240	-	44,683
Charge for the year	1,253	70	164	1,741	-	3,228
Disposals	-	-	(126)	-	-	(126)
At 1 January 2025	<u>23,661</u>	<u>3,823</u>	<u>320</u>	<u>19,981</u>	-	<u>47,785</u>
Charge for the year	1,300	74	168	2,205	-	3,747
Disposals	(670)	(33)	(78)	(1,212)	-	(1,993)
<b>At 31 December 2025</b>	<u><b>24,291</b></u>	<u><b>3,864</b></u>	<u><b>410</b></u>	<u><b>20,974</b></u>	<u><b>-</b></u>	<u><b>49,539</b></u>
<b>Carrying amount</b>						
<b>At 31 December 2025</b>	<u><b>1,390</b></u>	<u><b>104</b></u>	<u><b>319</b></u>	<u><b>8,431</b></u>	<u><b>4,922</b></u>	<u><b>15,166</b></u>
At 31 December 2024	<u>2,690</u>	<u>43</u>	<u>403</u>	<u>3,735</u>	<u>3,508</u>	<u>10,379</u>

All other property and equipment are also located in the United Arab Emirates.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 14 Issued and paid up share capital

	31 December 2025 AED'000	31 December 2024 AED'000
<b>Authorised:</b>		
150,000,000 (2024: 150,000,000) shares of AED 1 each	<u>150,000</u>	<u>150,000</u>
<b>Allotted, issued and fully paid:</b>		
150,000,000 (2024: 150,000,000) shares of AED 1 each	<u>150,000</u>	<u>150,000</u>

At the AGM held on 25 March 2025, the shareholders authorized the Company to repurchase 17,719,999 shares of its issued shares from Al Mamoura Diversified Global Holding Company, representing approximately 11.81% of the Company's total share capital. During April 2025, these shares were purchased at a price of AED 7.95 per share with the total cost of the transaction being 140.9 million. The AGM also voted in favor of distributing the acquired shares, on a pro rata basis, to existing shareholders after the completion of the transaction. This redistribution was also completed in April 2025.

At 31 December 2025, a total of 25,714,121 shares were held by MZI Holding Limited (2024: 22,676,427 shares), 124,116,598 (31 December 2024: 131,880,234) shares by UAE nationals, 144,862 (31 December 2024: 127,750) shares by Kuwaiti nationals, 5,993 (31 December 2024: 5,767) shares by Saudi nationals and 18,426 (31 December 2024: 16,250) shares by Bahraini national.

### 15 Statutory reserves

In accordance with the UAE Federal Law No. (32) of 2021, as amended, concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to a non-distributable reserve until the balance of the reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

### 16 General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors. This reserve may be used for such purposes as the Directors deem fit. During the year the Company has transferred AED 75.87 million from retained earnings to general reserve (31 December 2024: AED 35 million) and transferred AED 140.87 million as stock dividend to the remaining shareholders as a result of Al Mamoura Diversified Global Holding Company share buyback transaction (note 14).

### 17 Reinsurance risk reserve

In accordance with Article (34) to Central Bank of UAE Board of Directors Decision No. (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of UAE shall bind in the preparation of its annual financial statements and its final accounts to allocate an amount equal to 0.5% (five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the Company or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Director General. The decision is effective from 1 December

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 17 Reinsurance risk reserve (continued)

2020. Accordingly, an amount of AED 22,331 thousands (31 December 2024: AED 17,017 thousands) has been recorded in equity as a reinsurance default risk reserve as at 31 December 2025.

During the year the Company has transferred AED 5.31 million from retained earnings to reinsurance risk reserve. (31 December 2024: AED 5.31 million).

### 18 Employees' end of service benefit obligation

	<b>31 December 2025 AED '000</b>	31 December 2024 AED '000
As at 1 January	<b>22,243</b>	20,725
Charge for the year	<b>2,841</b>	3,507
Paid during the year	<b>(1,773)</b>	(1,989)
<b>As at 31 December</b>	<b>23,311</b>	22,243

During the year, the Company paid pension contributions in respect of UAE national employees amounting to AED 2,099 thousand (31 December 2024: AED 1,718 thousand).

### 19 Provisions and other payables

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
Provisions and accruals	<b>49,027</b>	42,799
Current tax	<b>12,438</b>	7,969
Deferred tax liability	<b>154</b>	73
Deferred income	<b>703</b>	905
Other payables	<b>17,060</b>	47,895
	<b>79,382</b>	99,641

### 20 Proposed cash dividends

In respect of the current year, the Board of Directors propose a cash dividend of AED 0.60 per share (31 December 2024: AED 0.50 per share) amounting to AED 90,000 thousand (31 December 2024: AED 75,000 thousand). The dividends proposed in 2024 were paid during the year. The cash dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

### 21 Related parties

Related parties include the Directors of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operational decisions.

Directors are expected to avoid any action, position or interest that conflict with an interest of the Company. Details of all transactions in which a director and/or related parties might have actual or potential conflicts are provided to the Board of Directors for their review and approval. When a potential conflict of interest arises, the directors concerned neither participate in the discussions nor

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 21 Related parties (continued)

exercise any influence over other members of the Board. If a major shareholder or a Director has any conflict of interests with any matter to be considered by the Board of Directors and the Board of Directors determines that such a matter is significant, the decision thereon by the Board of Directors shall be made in the presence of all directors and in the absence of the interested director's vote.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, being the directors, chief executive officer and his direct reports.

The Company maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows.

#### *Related parties as per the requirement of local regulations:*

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
Due from policy holders (Directors' affiliates) <i>(Included in insurance contract liabilities as part of presentation requirement of IFRS 17)</i>	<b>5,995</b>	2,660
Due to policy holders (Directors' affiliates) <i>(Included in insurance contract liabilities as part of presentation requirement of IFRS 17)</i>	<b>737</b>	509

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

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
Gross premiums written from Directors' affiliates	<b>8,446</b>	16,158
Gross claims paid to Directors' affiliates	<b>11,404</b>	26,369

#### *Related parties as per the requirement of IAS 24:*

Directors' remuneration for the year	<b>4,038</b>	3,991
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The remuneration of the Board of Directors is subject to approval by the shareholders and as per limits set by the UAE Federal Law No. (32) of 2021, as amended, concerning Commercial Companies.

#### *Remuneration of key management personnel:*

Short term benefits	<b>23,362</b>	19,557
Post-employment benefits	<b>799</b>	1,379
	<b>24,161</b>	20,936

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 21 Related parties (continued)

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

### 22 Insurance contracts

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
<b>Insurance contract assets</b>		
Domestic Non-motor	2,240	-
International	307	-
	<u>2,547</u>	<u>-</u>
<b>Insurance contract liabilities</b>		
Motor	231,797	163,246
Domestic Non-motor	867,937	968,583
International	267,014	315,911
	<u>1,366,748</u>	<u>1,447,740</u>
<b>Net Insurance contract liabilities</b>		
Motor	231,797	163,246
Domestic Non-motor	865,697	968,583
International	266,707	315,911
	<u>1,364,201</u>	<u>1,447,740</u>

### 23 Re-insurance contracts

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
<b>Re-insurance contract assets</b>		
Motor	11,422	50,016
Domestic Non-motor	668,289	880,567
International	186,444	200,180
	<u>866,155</u>	<u>1,130,763</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 23 Re-insurance contracts (continued)

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
<b>Re-insurance contract liabilities</b>		
Motor	1,298	2,588
Domestic Non-motor	12,046	16,357
International	1,730	-
	<u>15,074</u>	<u>18,945</u>
<b>Net Insurance contract assets</b>		
Motor	10,124	47,428
Domestic Non-motor	656,243	864,210
International	184,714	200,180
	<u>851,081</u>	<u>1,111,818</u>

### 24 Net investment income

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
Dividends from investments in securities	36,206	42,601
Unrealised gain on investments measured at fair value through profit or loss – net	11,178	3,767
Net gain on disposal of investments	11,911	6,241
Interest on bonds*	24,869	22,728
Interest on bank deposits*	8,765	10,118
Investment expenses	(2,083)	(2,112)
	<u>90,846</u>	<u>83,343</u>

\*This includes interest income calculated using effective interest rate amounting to AED 33.6 million (2024: AED 32.8 million).

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 25(a) Income from investment properties

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
Rental income	<b>3,034</b>	2,945
Direct operating expenses including depreciation	<b>(1,728)</b>	(1,544)
	<b>1,306</b>	1,401

### 25(b) Other expenses - Net

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
Staff cost	<b>38,250</b>	26,253
Consulting expenses	<b>750</b>	3,504
Other income	<b>(581)</b>	(13)
Other expenses	<b>11,082</b>	12,016
	<b>49,501</b>	41,760

## 26 Income tax expense

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime became effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company.

The Company is subject to the provisions of the UAE CT Law with effect from 1 July 2023, and current taxes have been accounted for as appropriate in the financial statements for the financial year beginning 1 January 2025.

On the 6 February 2025, the UAE released the legislation introducing a Domestic Minimum Top-up Tax ("DMTT") for multinational enterprises ("MNEs"), through the publication of Cases, Provisions, Conditions, Rules, Controls, and Procedures on the Imposition of Top-up Tax on Multinational Enterprises which is applicable from 1 January 2025. The company is not a part of MNE that falls within the scope of pillar two in UAE.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 26 Income tax expense (continued)

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
<b>Statement of Profit or loss:</b>		
Current tax expense	<b>10,761</b>	8,331
<b>Statement of comprehensive income:</b>		
Current tax expense / (benefit)	<b>1,691</b>	(362)
Deferred tax	<b>81</b>	73
<b>Relationship between tax expense and accounting profit</b>		
Profit for the period before taxation	<b>149,203</b>	119,083
Basic exemption limit	<b>(375)</b>	(375)
Tax applicable profit	<b>148,828</b>	118,708
Tax at the applicable rate of 9%	<b>13,395</b>	10,684
Effect of items that are not considered in determining taxable income - net		
Exempt income - Dividends received from UAE listed Companies	<b>(2,319)</b>	(2,715)
Exempt income - Participation Exemption	<b>(379)</b>	339
Non-deductible expenses	<b>50</b>	23
- Current tax for the year	<b>10,747</b>	8,331
- Adjustment relating to prior year taxes	<b>14</b>	-
	<b>10,761</b>	8,331

### 27 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and shares data used in the earnings per share computations:

	<b>31 December 2025</b>	31 December 2024
Profit for the year after tax (AED '000)	<b>138,442</b>	110,752
Weighted average number of ordinary shares (shares in '000)*	<b>149,563</b>	150,000
Earnings per share for the year – basic and diluted (AED)	<b>0.93</b>	0.74

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 27 Basic and diluted earnings per share *(continued)*

\*During the year ended 31 December 2025, the Company repurchased 17,719,999 shares of its issued shares from Al Mamoura Diversified Global Holding Company, representing approximately 11.81% of the Company's total share capital. The shares were distributed, on a pro rata basis, to existing shareholders after the completion of the transaction. This redistribution was also completed in April 2025 (note 14).

### 28 Commitments and contingent liabilities

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
Commitments in respect of investments	<b>5,074</b>	6,243
Bank guarantees	<b>4,520</b>	4,883

The above bank guarantees were issued in the normal course of business.

#### ***Legal proceedings***

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

### 29 Segment information

The Company has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Company is organised into two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor, general accident and miscellaneous.
- Investments – incorporating investments in marketable equity securities and investment funds, bonds, term deposits with banks and investment properties and other securities.

#### **Primary segment information - Business segments**

The following is an analysis of the Company's revenue and results by business segments

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 29 Segment information (continued)

	Underwriting		Investments		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
Segment revenue*	<u>1,770,810</u>	<u>2,244,300</u>	<u>95,963</u>	<u>88,400</u>	<u>1,866,773</u>	<u>2,332,700</u>
Segment result	106,552	76,099	92,152	84,744	198,704	160,843
Unallocated expenses					(49,501)	(41,760)
<b>Profit for the year</b>					<u>149,203</u>	<u>119,083</u>

#### \*Break-down of segment revenue (Underwriting)

	31 December 2025 AED'000	31 December 2024 AED'000
Insurance revenue	1,553,613	1,348,153
Amounts recoverable from reinsurers	217,197	896,147
	<u>1,770,810</u>	<u>2,244,300</u>

#### \*Break-down of segment revenue (Investments)

	31 December 2025 AED'000	31 December 2024 AED'000
Dividends from investments in securities	36,206	42,601
Unrealised gain on investments measured at fair value through profit or loss – net	11,178	3,767
Net gain on disposal of investments	11,911	6,241
Interest on bonds	24,869	22,728
Interest on bank deposits	8,765	10,118
Rental income	3,034	2,945
	<u>95,963</u>	<u>88,400</u>

The following is an analysis of the Company's assets and liabilities by business segments:

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 29 Segment information (continued)

	Underwriting		Investments		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
<b>Segment assets</b>	<b>895,956</b>	1,175,927	<b>1,689,809</b>	1,473,347	<b>2,585,765</b>	2,649,274
Unallocated assets					<b>275,458</b>	286,573
Total assets					<b>2,861,223</b>	2,935,847
<b>Segment liabilities</b>	<b>1,460,211</b>	1,566,015	<b>993</b>	311	<b>1,461,204</b>	1,566,326
Unallocated liabilities					<b>23,311</b>	22,243
Total liabilities					<b>1,484,515</b>	1,588,569

There were no transactions between the two business segments during the year.

#### Secondary segment information - Revenue by underwriting departments

Analysis of the Company's segment revenue (Insurance revenue) classified by major underwriting departments are as below:

	31 December 2025	31 December 2024
	AED'000	AED'000
<b>Insurance Revenue</b>		
Motor	<b>304,253</b>	234,282
Domestic Non-motor	<b>1,063,333</b>	948,226
International	<b>186,027</b>	165,645
	<b>1,553,613</b>	1,348,153

#### Secondary segment information - Geographical segment

The Company's underwriting business is based entirely within UAE, except for treaty reinsurance arrangements which are held with companies based primarily in Europe. All the investments of the Company are held in UAE except for the investments in managed portfolios and other securities which are held in the United States of America (USA) and Europe.

Total revenues and total assets of the underwriting and investment segments by geographical location are detailed below:

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 29 Segment information *(continued)*

	Revenue		Total assets	
	2025 AED '000	2024 AED '000	2025 AED '000	2024 AED '000
UAE	1,603,764	2,015,636	1,969,561	2,180,895
USA	21,753	49,399	891,662	747,574
Europe	241,256	267,665	-	7,378
	<b>1,866,773</b>	<b>2,332,700</b>	<b>2,861,223</b>	<b>2,935,847</b>

### 30 Insurance risks

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 nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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.

#### *Claims development process*

The following schedules reflect the actual claim payments with previous estimates of the undiscounted amounts of the claim on an accident year basis:

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks *(continued)*

#### Motor – Gross:

Accident year	2018 and earlier AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
At the end of the accident year	1,169,606	181,048	149,555	138,377	135,279	133,242	204,011	203,157	2,314,275
One year later	1,163,086	181,674	143,124	142,831	143,790	128,466	193,429	-	2,096,400
Two years later	1,162,303	175,610	143,231	142,291	139,628	126,948	-	-	1,890,011
Three years later	1,158,507	173,193	142,944	139,766	138,904	-	-	-	1,753,314
Four years later	1,155,928	173,239	141,538	139,504	-	-	-	-	1,610,209
Five years later	1,156,924	171,407	142,047	-	-	-	-	-	1,470,378
Six years later	1,156,295	171,430	-	-	-	-	-	-	1,327,725
Seven years later	1,155,588	-	-	-	-	-	-	-	1,155,588
Gross estimates of the undiscounted amount of the claims	1,155,588	171,430	142,047	139,504	138,904	126,948	193,429	203,157	2,271,007
Cumulative payments to date	(1,155,588)	(171,430)	(142,035)	(138,405)	(137,879)	(124,254)	(180,761)	(139,740)	(2,190,092)
Gross undiscounted liabilities for incurred claims	-	-	12	1,099	1,025	2,694	12,668	63,417	80,915
Effect of discounting									(2,174)
Effect of risk adjustment									3,510
Others*									34,474
Total gross liabilities for incurred claims									<u>116,725</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks (continued)

#### Motor - net:

Accident year	2018 and earlier AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
At the end of the accident year	1,052,702	164,365	134,208	127,151	105,972	111,241	145,520	186,266	2,027,425
One year later	1,049,496	169,638	130,378	130,884	113,634	111,950	140,417	-	1,846,397
Two years later	1,050,616	164,229	129,414	130,470	110,883	111,110	-	-	1,696,722
Three years later	1,045,839	162,062	128,593	128,234	110,214	-	-	-	1,574,942
Four years later	1,043,389	162,135	127,224	127,984	-	-	-	-	1,460,732
Five years later	1,044,028	160,377	127,160	-	-	-	-	-	1,331,565
Six years later	1,043,576	160,401	-	-	-	-	-	-	1,203,977
Seven years later	1,042,874	-	-	-	-	-	-	-	1,042,874
Net estimates of the undiscounted amount of the claims	1,042,874	160,401	127,160	127,984	110,214	111,110	140,417	186,266	2,006,426
Cumulative payments to date	(1,042,874)	(160,401)	(127,148)	(127,015)	(109,381)	(108,765)	(129,387)	(126,586)	(1,931,557)
Net undiscounted liabilities for incurred claims	-	-	12	969	833	2,345	11,030	59,680	74,869
Effect of discounting									(1,913)
Effect of risk adjustment									2,730
Others*									20,590
Total Net liabilities for incurred claims									96,276

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks (continued)

#### Non-Motor – gross:

Accident year	2018 and earlier AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
At the end of the accident year	3,149,588	399,446	580,493	523,300	341,173	434,833	1,079,556	459,784	6,968,173
One year later	3,147,539	655,820	388,851	436,914	305,514	299,706	940,780	-	6,175,124
Two years later	3,191,992	388,811	368,843	428,467	293,378	292,226	-	-	4,963,717
Three years later	3,168,512	310,751	345,268	426,255	276,028	-	-	-	4,526,814
Four years later	3,144,806	291,649	353,664	430,948	-	-	-	-	4,221,067
Five years later	3,097,870	288,782	350,789	-	-	-	-	-	3,737,441
Six years later	3,096,358	290,155	-	-	-	-	-	-	3,386,513
Seven years later	3,082,353	-	-	-	-	-	-	-	3,082,353
Gross estimates of the undiscounted amount of the claims	3,082,353	290,155	350,789	430,948	276,028	292,226	940,780	459,784	6,123,063
Cumulative payments to date	(3,062,923)	(277,013)	(329,301)	(394,335)	(257,811)	(256,113)	(610,134)	(79,517)	(5,267,147)
Gross undiscounted liabilities for incurred claims	<b>19,430</b>	<b>13,142</b>	<b>21,488</b>	<b>36,613</b>	<b>18,217</b>	<b>36,113</b>	<b>330,646</b>	<b>380,267</b>	<b>855,916</b>
Effect of discounting									<b>(27,005)</b>
Effect of risk adjustment									<b>39,936</b>
Others*									<b>65,699</b>
Total gross liabilities for incurred claims									<b>934,546</b>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks (continued)

#### Non-Motor - net:

Accident year	2018 and earlier AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
At the end of the accident year	890,868	155,878	161,842	105,591	114,832	85,657	83,887	88,177	1,686,732
One year later	890,566	166,195	160,922	97,015	117,383	75,254	69,184	-	1,576,519
Two years later	904,349	184,499	161,170	93,092	111,432	74,183	-	-	1,528,725
Three years later	937,262	174,330	151,860	90,212	108,620	-	-	-	1,462,284
Four years later	946,392	166,154	148,485	86,205	-	-	-	-	1,347,236
Five years later	902,300	163,769	149,012	-	-	-	-	-	1,215,081
Six years later	901,568	163,259	-	-	-	-	-	-	1,064,827
Seven years later	899,409	-	-	-	-	-	-	-	899,409
Net estimates of the undiscounted amount of the claims	899,409	163,259	149,012	86,205	108,620	74,183	69,184	88,177	1,638,049
Cumulative payments to date	(883,769)	(152,689)	(131,372)	(81,841)	(105,336)	(63,046)	(55,956)	(26,282)	(1,500,291)
Net undiscounted liabilities for incurred claims	<b>15,640</b>	<b>10,570</b>	<b>17,640</b>	<b>4,364</b>	<b>3,284</b>	<b>11,137</b>	<b>13,228</b>	<b>61,895</b>	<b>137,758</b>
Effect of discounting									<b>(4,326)</b>
Effect of risk adjustment									<b>2,873</b>
Others*									<b>(232,520)</b>
Total Net liabilities for incurred claims									<b>(96,215)</b>

\* Others includes Gross Unallocated loss adjustment expenses reserve and Insurance claims payable.

\* \*Others includes Net Unallocated loss adjustment expenses reserve, and Net (re)insurance claims payable.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks *(continued)*

#### *Frequency and severity of claims*

The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right 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).

Property insurance contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property insurance contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The insurance risk arising from these contracts is not concentrated in any of the Emirates of the UAE in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

#### *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, liability claims are settled over a long period of time and an element of the claims provision includes incurred but not reported reserve (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.

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 likely that the final outcome will prove to be different from the original liability established.

The amount of insurance claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

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

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks *(continued)*

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.

The initial estimate of the loss ratios used for the current year before and after reinsurance are analysed below by type of risk where the insured operates for current and prior year premiums earned.

Type of risk	31 December 2025		31 December 2024	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
Motor	63%	65%	80%	66%
Non-Motor	23%	26%	85%	34%

#### *Process used to decide on assumptions*

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

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 different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

#### *Concentration of insurance risk*

The Company's underwriting business is based entirely within the UAE and other GCC countries, except for international energy business written in Afro-Asia. Treaty reinsurance arrangements are placed with companies based in UK and Europe.

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangements with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks (continued)

#### Concentration of insurance risk (continued)

Type of risk	31 December 2025		31 December 2024	
	Gross AED'000	Net AED'000	Gross AED'000	Net AED'000
<i>Motor</i>				
UAE	11,654,975	10,562,438	11,124,670	9,771,252
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Non-Motor</i>				
UAE	495,573,343	58,052,689	428,768,373	45,451,093
GCC countries	28,300,653	4,165,218	34,921,897	3,440,655
Others	39,715,197	12,056,038	34,229,877	13,837,503
	<hr/>	<hr/>	<hr/>	<hr/>
	563,589,193	74,273,945	497,920,147	62,729,251
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Grand total</b>	<b>575,244,168</b>	<b>84,836,383</b>	<b>509,044,817</b>	<b>72,500,503</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks (continued)

*Sensitivity of underwriting profit and losses*

Sensitivity of insurance contracts (AED'000)

	2025			2024				
	LIC as at 31 December	Impact on LIC	Impact on profit	Impact on equity	LIC as at 31 December	Impact on LIC	Impact on profit	Impact on equity
Insurance contract liabilities	1,051,271				1,278,029			
Reinsurance contract assets	(1,051,209)				(1,376,041)			
Net Insurance contract liabilities	62				(98,012)			
<i>Discount rate + 0.5%</i>								
Insurance contract liabilities		(3,206)	3,206	3,206		(4,822)	4,822	4,822
Reinsurance contract assets		2,942	(2,942)	(2,942)		4,452	(4,452)	(4,452)
Net Insurance contract liabilities		(264)	264	264		(370)	370	370
<i>Discount rate - 0.5%</i>								
Insurance contract liabilities		3,238	(3,238)	(3,238)		4,875	(4,875)	(4,875)
Reinsurance contract assets		(2,973)	2,973	2,973		(4,506)	4,506	4,506
Net Insurance contract liabilities		265	(265)	(265)		369	(369)	(369)
<i>Risk adjustment +5%</i>								
Insurance contract liabilities		2,165	(2,165)	(2,165)		2,873	(2,873)	(2,873)
Reinsurance contract assets		(1,885)	1,885	1,885		(2,724)	2,724	2,724
Net Insurance contract liabilities		280	(280)	(280)		149	(149)	(149)
<i>Risk adjustment -5%</i>								
Insurance contract liabilities		(2,179)	2,179	2,179		(2,873)	2,873	2,873
Reinsurance contract assets		1,899	(1,899)	(1,899)		2,724	(2,724)	(2,724)
Net Insurance contract liabilities		(280)	280	280		(149)	149	149

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 30 Insurance risks *(continued)*

The contribution by the insurance operations in the profit of the Company amounts to AED 106,552 thousand for the year ended 31 December 2025 *(31 December 2024: AED 76,099 thousand)*. The Company does not foresee any major impact from insurance operations due to the following reasons:

The Company has an overall risk retention level of 35% *(31 December 2024: 29%)* and the same is mainly contributed by one class of business i.e., Motor line wherein the retention level is 95% *(31 December 2024: 90%)*. However, in this class the liabilities are adequately covered by excess of loss reinsurance programs to guard against major financial impact.

The Company's 78% volume of business *(31 December 2024: 82%)* has low risk retention. The Company has limited exposure in high retention areas like Motor, and as a result the Company is comfortable to maintain a net loss ratio in the range of 50% - 60% and does not foresee any serious financial impact in the insurance net profit.

### 31 Financial Risks

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, 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 and investment contracts. The most important components of this financial risk are equity price risk, credit risk, foreign currency risk and interest rate risk.

#### Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. (48) of 2023 concerning the formation of Insurance Authority of UAE and the Regulations;
- 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.

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the year. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarizes the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Capital risk management (continued)

	<i>(Unaudited)</i> 31 December 2025* AED '000	<i>(Unaudited)</i> 31 December 2024 AED '000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	417,339	404,660
Minimum Guarantee Fund (MGF)	140,372	134,887
Own Funds		
- Basic Own Funds	910,134	930,447
- Ancillary Own Funds	-	-
Own funds eligible to meet the MCR	910,134	930,447
MCR Solvency Margin - Surplus	810,134	830,447
SCR Solvency Margin - Surplus	492,795	525,787
MGF Solvency Margin - Surplus	769,762	795,560

\* The disclosed amounts includes the proposed dividend of AED 90 million, as mentioned in Note 20.

#### Categories of financial instruments

	31 December 2025 AED '000	31 December 2024 AED '000
<b>Financial assets</b>		
Statutory deposit	10,000	10,000
Financial assets at amortised cost	384,834	298,903
Financial assets measured at FVOCI	811,272	740,148
Financial assets measured at FVTPL	363,756	335,655
Other receivables	13,887	17,057
Term deposits	116,348	88,666
Cash and cash equivalents	265,458	276,573
	<u>1,965,555</u>	<u>1,767,002</u>
<b>Financial liabilities</b>		
Other payables	17,060	47,895
Accruals and other liabilities	40,587	34,088
	<u>57,647</u>	<u>81,983</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments *(continued)*

#### Market price risk management

Market price risk is the risk that the value 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 is exposed to market risk with respect to its investments in quoted securities held by it directly or through investment managers. The Company limits market risk by actively monitoring the key factors that affect stock and the market movements, including analysis of the operational and financial performance of the investees.

#### *Sensitivity analysis*

At 31 December 2025, if the equity prices are 5% higher/lower and all the other variables were held constant, the Company's:

- Profit for the year would increase/decrease by AED 10,406 thousand (2024: AED 7,650 thousand), as a result of the changes in fair value of investments designated at FVTPL; and
- Other comprehensive income for the year would increase/decrease by AED 37,165 thousand (2024: AED 33,692 thousand), as a result of the changes in fair value investments designated at FVOCI.

#### Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

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

- Insurance/reinsurance contract assets
- Other receivables
- Financial investments
- amounts due from banks for its bank balances and term deposits;

The Company has adopted a policy of only 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 the 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 policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

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 expected credit losses on insurance receivables and subsequent write-offs. Exposures to individual policy holders and

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Credit risk management (continued)

groups of policy holders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policy holders, or homogenous groups of policy holders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company.

The movement for expected credit losses during the year is as follows:

	Bank balances and term deposits AED'000	Financial assets at amortised cost AED'000	Financial assets at FVOCI AED'000	Total AED'000
Expected credit losses as at 1 January 2024	80	255	-	335
Loss allowance for the year	5	62	-	67
Expected credit losses as at 31 December 2024	<u>85</u>	<u>317</u>	<u>-</u>	<u>402</u>
Expected credit losses as at 1 January 2025	<b>85</b>	<b>317</b>	-	<b>402</b>
Loss allowance for the year	<b>14</b>	<b>112</b>	-	<b>126</b>
<b>Expected credit losses as at 31 December 2025</b>	<b><u>99</u></b>	<b><u>429</u></b>	<b><u>-</u></b>	<b><u>528</u></b>

Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its policy holders.

The credit risk on liquid funds is limited because the counterparties are major banks operating in the UAE and are highly regulated by the Central Bank of UAE. The Company's exposure to bond portfolio is monitored on a regular basis, and all investments are done in bonds which meet the minimum credit rating criteria set and approved by the Board of Directors, in addition to limiting the concentration in a single counterparty. A summary of the company's exposure to credit risk for financial assets at amortised cost, term deposits and bank balances, reinsurance contract assets and financial assets at FVTOCI are as below;

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Credit risk management (continued)

	31 December 2025 AED'000	31 December 2024 AED'000
<b>Financial assets at amortised cost</b>		
(Based on AM Best, S&P, Moody's & Fitch Ratings)		
AAA	1,222	1,213
AA	101,716	60,400
A	58,938	65,384
BBB	161,210	86,670
BB	31,678	60,310
B	30,499	25,243
	<u>385,263</u>	<u>299,220</u>
<b>Bank balances, Term deposits and Statutory deposits</b>		
(Based on AM Best, S&P, Moody's & Fitch Ratings)		
AA	78,118	6,908
A	313,784	366,216
BBB	-	2,183
BB	3	-
	<u>391,905</u>	<u>375,307</u>
<b>Reinsurance contract assets</b>		
(Based on AM Best, S&P, Moody's & Fitch Ratings)		
AAA	-	23,640
AA	343,197	378,091
A	480,785	667,413
BBB	33,678	60,894
BB	8,495	725
	<u>866,155</u>	<u>1,130,763</u>
<b>Financial assets at FVTOCI</b>		
(Based on AM Best, S&P, Moody's & Fitch Ratings)		
AAA	41,666	36,919
AA	160,779	125,694
A	336,049	368,503
BBB	179,659	161,386
BB	12,281	10,641
B	13,851	8,989
Unrated equity instruments	36,394	28,016
	<u>780,679</u>	<u>740,148</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Credit risk management (continued)

	<b>31 December 2025 AED'000</b>	31 December 2024 AED'000
<b>Debt Instruments at FVTOCI</b>		
(Based on AM Best, S&P, Moody's & Fitch Ratings)		
A	<b>30,593</b>	29,701
	<b>30,593</b>	29,701

At 31 December 2025, the maximum exposure to credit risk arising from insurance contracts is AED 508,486 thousand (2024: AED 560,571 thousand), which relates to premium receivables embedded within insurance contract balances. The Company manages this risk through credit control procedures and monitoring of outstanding balances.

The Company has no overdue balances within its other receivables as of the reporting date. Management expects to recover all amounts outstanding in other receivables within the stipulated timeframes.

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 for such receivables and liquid funds.

#### Foreign currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2025 AED '000</b>	2024 AED '000	<b>2025 AED '000</b>	2024 AED '000
US Dollars	<b>211,421</b>	193,645	<b>85,684</b>	89,974
Euro	<b>6,536</b>	12,898	<b>8,906</b>	2,368
British Pounds	<b>3,148</b>	2,355	<b>949</b>	785
Saudi Riyals	<b>4,042</b>	5,260	<b>1,638</b>	2,978
Indian Rupees	<b>2,804</b>	2,271	<b>4</b>	4
South Korean Won	<b>1,043</b>	2,128	-	-
Taiwan Dollar	<b>6,274</b>	10,602	-	-
Others	<b>55,873</b>	52,718	<b>2,020</b>	4,463
	<b>291,141</b>	281,877	<b>99,201</b>	100,572

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Foreign currency risk management(continued)

The Company is mainly exposed on the above foreign currency denominated balances, except for US Dollars denominated balances as AED is pegged to the US Dollar and other GCC currencies which are pegged to the US Dollar. At 31 December 2025, if the exchange rates of unpegged currencies increased/decreased by 5% against AED, with all variables held constant, the Company's profit and equity would have been higher / lower by AED 3,190 thousand (2024: AED 3,768 thousand) mainly as a result of foreign exchange gain / (loss) on translation of outstanding receivables, payables and bank balances denominated in these currencies.

#### Liquidity risk management

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Bank facilities, the policy holders and the re-insurers, are the major sources of funding for the Company and the liquidity risk for the Company is assessed to be low. 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 financial liabilities with maturities determined on the basis of the remaining period from the end of the reporting period to the contractual maturity/repayment date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	0 - 180 days AED'0 00	181 - 365 Days AED'000	More than 1 year AED'000	Carrying Amount AED'000
<b>At 31 December 2025</b>				
Other payables	5,345	11,715	-	17,060
Accruals and other liabilities	40,587	-	-	40,587
<b>Total</b>	<b>45,932</b>	<b>11,715</b>	<b>-</b>	<b>57,647</b>
<b>At 31 December 2024</b>				
Other payables	41,450	6,445	-	47,895
Accruals and other liabilities	34,088	-	-	34,088
<b>Total</b>	<b>75,538</b>	<b>6,445</b>	<b>-</b>	<b>81,983</b>

Insurance contract liabilities are disclosed separately below as their maturity profile is governed by IFRS 17 rather than IFRS 7.

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments *(continued)*

#### Liquidity risk management *(continued)*

In accordance with IFRS 17 paragraph 132(b), the Company presents a maturity analysis for portfolios of insurance contracts issued that are liabilities, showing the estimated timing of future cash outflows.

The analysis is presented by time bands representing the first five years after the reporting date and in aggregate thereafter. The amounts disclosed represent estimates based on actuarial projections and may differ from actual cash outflows.

As at December 2025	Year 1 AED'000	Year 2 AED'000	Year 3 AED'000	Year 4 AED'000	Year 5 AED'000	Thereafter AED'000	Total AED'000
Insurance contract liabilities – LIC	<u>874,923</u>	<u>155,985</u>	<u>16,635</u>	<u>2,383</u>	<u>259</u>	<u>6</u>	<u>1,050,191</u>
As at December 2024	Year 1 AED'000	Year 2 AED'000	Year 3 AED'000	Year 4 AED'000	Year 5 AED'000	Thereafter AED'000	Total AED'000
Insurance contract liabilities – LIC	<u>955,736</u>	<u>235,029</u>	<u>70,393</u>	<u>16,073</u>	<u>713</u>	<u>85</u>	<u>1,278,029</u>

The maturity analyses above include only the liabilities for incurred claims, including the related risk adjustment. Liabilities for remaining coverage measured under the Premium Allocation Approach are excluded from the analysis in accordance with IFRS 17.132(b). At 31 December 2025, liabilities for remaining coverage amounted to AED 316,557 thousand (2024: AED 169,711 thousand). The total carrying amount of insurance contract liabilities presented in the statement of financial position was AED 1,366,748 thousand at 31 December 2025 (2024: AED 1,447,740 thousand).

Reinsurance contracts held were predominantly in a net asset position in both years. Accordingly, no separate maturity analysis is presented for reinsurance contracts held, as required only for portfolios that are liabilities under IFRS 17.132(b).

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments *(continued)*

#### Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to cash flow interest rate risk as there are no financial assets or financial liabilities carried at variable interest rates. The Company is exposed to fair value interest rate risk due to investments in quoted bonds carried at fixed interest rates. These investments are measured at FVTPL and amortised cost category. Term deposits with banks are also carried at fixed interest rates, however, these are not subject to fair value interest rate risk, as these have a maximum maturity period of 12 months and are frequently repriced.

#### *Sensitivity analysis*

At 31 December 2025, if market interest rates had been 50 basis points higher / lower and all the other variables were held constant, the Company's profit for the year would decrease / increase by AED 778 thousand (2024: AED 913 thousand), as a result of the changes in fair value of quoted bonds measured at FVTPL.

#### Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes legal and compliance risk and excludes strategic and reputational risk.

The Risk committee at the Company is tasked with reviewing the overall risk profile of the Company for appropriateness and to monitor the risk management techniques employed within the divisions and at the corporate level. This task includes a comprehensive annual review of all operational risks to which the Company are exposed to. All risks identified have been categorized according to impact, likelihood and the management controls in place to mitigate. A financial impact assessment was conducted to identify the twenty largest risks in terms of the monetary amount as per the maximum probable loss the Company could be exposed to.

The twenty largest risks were reviewed and where applicable additional controls were designed and implemented or existing controls were refined, to reduce the potential financial impact. The Risk committee reviews the internal controls mitigating the top twenty risks to ensure they are up to date and in line with the business processes and discuss potential control gaps which could represent a significant weakness. The Board of Directors annually review, discuss and approve the top twenty risks, the risk appetite of the company and the risk assessment as presented by the Risk committee.

#### Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, 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 would 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:

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Fair value of financial instruments (continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>At 31 December 2025</b>				
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted UAE equity securities	524,626	595	-	525,221
Unquoted UAE equity securities	-	-	2,566	2,566
Investment funds	202,524	-	11,238	213,762
Unquoted overseas equity securities	-	-	1,752	1,752
Investment in bond portfolio	29,040	24,842	14,089*	67,971
	<u>756,190</u>	<u>25,437</u>	<u>29,645</u>	<u>811,272</u>
<i>Financial assets measured at fair value through profit or loss</i>				
Quoted UAE equity securities	27,036	-	-	27,036
Unquoted UAE equity securities	-	-	1,036	1,036
Investment funds	139,483	8,694	2,205	150,382
Unquoted overseas equity securities	-	-	29,671	29,671
Investment in bond portfolio	132,535	286	22,810*	155,631
	<u>299,054</u>	<u>8,980</u>	<u>55,722</u>	<u>363,756</u>
<b>Total</b>	<u><u>1,055,244</u></u>	<u><u>34,417</u></u>	<u><u>85,367</u></u>	<u><u>1,175,028</u></u>

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Fair value of financial instruments (continued)

At 31 December 2024	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted UAE equity securities	499,045	663	-	499,708
Unquoted UAE equity securities	-	-	2,960	2,960
Investment funds	157,389	-	12,236	169,625
Unquoted overseas equity securities	-	-	1,545	1,545
Investment in bond portfolio	28,268	24,254	13,788*	66,310
	<u>684,702</u>	<u>24,917</u>	<u>30,529</u>	<u>740,148</u>
<i>Financial assets measured at fair value through profit or loss</i>				
Quoted UAE equity securities	34,251	-	-	34,251
Unquoted UAE equity securities	-	-	1,000	1,000
Investment funds	75,884	8,213	2,781	86,878
Unquoted overseas equity securities	-	-	30,875	30,875
Investment in bond portfolio	154,874	2,998	24,779*	182,651
	<u>265,009</u>	<u>11,211</u>	<u>59,435</u>	<u>335,655</u>
<b>Total</b>	<u><u>949,711</u></u>	<u><u>36,128</u></u>	<u><u>89,964</u></u>	<u><u>1,075,803</u></u>

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period.

The investments in quoted equities and bond portfolio are valued based on quoted prices in an active market and thus these have been classified as Level 1.

\*These are investments in funds and are valued using the net assets value (NAV) of those funds.

#### **Sensitivity analysis for investments under Level 3**

For the fair values of investments under level 3, reasonably possible changes at the reporting date to the unobservable inputs would have the following effects.

Total comprehensive income	Increase AED'000	Decrease AED'000
<b>Equity securities 31 December 2025</b>		
Adjusted net asset value (5% movement)	<b>4,268</b>	<b>(4,268)</b>
<i>31 December 2024</i>		
Adjusted net asset value (5% movement)	4,498	(4,498)

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments (continued)

#### Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements:

	Financial assets measured at fair value through profit or loss AED'000	Financial assets measured at fair value through other comprehensive income AED'000	Total AED'000
<b>At 31 December 2025</b>			
Opening balance	59,435	30,529	89,964
Purchases	1,156	-	1,156
Disposals	(5,769)	(983)	(6,752)
Transfers	-	-	-
Total gains or (losses):			
- in profit or loss	900	-	900
- in other comprehensive income	-	99	99
<b>Closing balance</b>	<b>55,722</b>	<b>29,645</b>	<b>85,367</b>
<b>At 31 December 2024</b>			
Opening balance	58,367	28,758	87,125
Purchases	4,006	2,561	6,567
Disposals	(2,770)	(4,077)	(6,847)
Transfers	-	-	-
Total gains or (losses):			
- in profit or loss	(168)	-	(168)
- in other comprehensive income	-	3,287	3,287
<b>Closing balance</b>	<b>59,435</b>	<b>30,529</b>	<b>89,964</b>

Fair value of financial instruments that are not measured at fair value (but fair value disclosures are required):

	31 December 2025		31 December 2024	
	Carrying amount AED'000	Fair value AED'000	Carrying amount AED'000	Fair value AED'000
<b>Financial assets</b>				
Investments at amortised cost	<b>384,834</b>	<b>388,813</b>	298,903	291,353

# Emirates Insurance Company P.J.S.C.

## Notes to the financial statements

### 31 Financial instruments *(continued)*

#### Fair value of financial instruments *(continued)*

Investments at amortised cost comprise mainly of fixed income bonds and sukuks. The fair value of these bonds and sukuks are determined based on quoted prices in an active market and classified as Level 1 fair value measurement.

### 32 Social contributions

The social contribution made during the year amount to AED 28 thousand *(31 December 2024: AED Nil)*.

### 33 Audit fees

The audit fees charged during the year amount to AED 580 thousand *(31 December 2024: AED 365 thousand)*.

The audit related fees charged during the year amount to AED 310 thousand *(31 December 2024: AED 405 thousand)*.

### 34 Supervision Fees

In reference to notice CBUAE/BIS/2023/6163 by Central Bank of UAE on reporting requirements, the insurance companies are required to include a disclosure on the details of gross written premium as per INFO-7 of the eForms.

Description	Medical Insurance AED'000	Property and Liability AED'000	Total AED'000
Direct written premiums	135,492	1,214,450	1,349,942
Assumed Business			
- Foreign		269,261	269,261
- Local		37,080	37,080
Total Assumed Business		306,341	306,341
Gross written premiums	135,492	1,520,791	1,656,283
Local Assumed business		37,080	37,080
Gross premiums excl. local assumed business	135,492	1,483,711	1,619,203
Ratio by Council of Ministers decision	0.40%	0.50%	
Total Fees to be paid for the year 2025	<u>542</u>	<u>7,419</u>	<u>7,961</u>

### 35 Approval of financial statements

These financial statements were approved by the Board of Directors and authorised for issue in their meeting on 26 February 2026.