

**Al Buhaira National Insurance Company P.S.C.  
and its Subsidiary**

**Consolidated financial statements  
For the year ended 31 December 2025**

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Consolidated financial statements

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## Directors' report

The Board of Directors has pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2025.

## Incorporation and registered offices

Al Buhaira National Insurance Company P.S.C. (the "Parent Company"), is incorporated as a public shareholding Company by an Emiri Decree issued by His Highness, The Ruler of Sharjah on 16 May 1978. The Parent Company is subject to the regulations of applicable provisions of UAE Federal Decree Law No. (6) of 2025. The Parent Company is registered in the Insurance Companies register of the Central Bank of the U.A.E. under registration number 15. The address of the Parent Company's registered corporate office is P.O. Box 6000, Sharjah, United Arab Emirates.

## Principal activities

The principal activity of the Group is the writing of insurance of property, engineering, motor, marine and aviation, miscellaneous, accidents, group life and medical . The Group operates through its Head Office in Sharjah and has branches in Dubai, Abu Dhabi, Al Ain, Khorfakkan, Fujairah and Ajman.

## Financial position and results

The consolidated financial position and results of the Group for the year ended 31 December 2025 are set out in the accompanying consolidated financial statements.

## Directors

The following were the Directors of the Group for the year ended 31 December 2025:

Sheikh Faisal Bin Khalid Sultan Al Qasimi (Chairman)  
Sheikh Abdulla Mohd Ali Al Thani (Vice Chairman)  
Sheikh Khaled Abdulla Sultan Al Qasimi (Director)  
Sheikh Ahmed Abdulla Bin Mohammed Ali Al Thani (Director)  
Sheikh Saoud Nasser Rashid Abdulaziz Al Moalla (Director)  
Mr. Rashid Ali Rashid Dimas Al Suwaidi (Director)  
Mr. Abdulla Mohamed Salih Abdul Rahim Al Zarooni (Director)  
Ms. Noura Mahmoud Mohamed Al Mahmoud Al-Ali (Director)  
Mr. Bassam Ibrahim Mohammed Elayyan (Director)  
Mr. Issam Mehdawi General Manager

## Auditors

KPMG Lower Gulf Limited has been appointed as the auditor for the Group for the year ending December 31, 2025. This marks their first year in this role. In compliance with the Financial Reporting and External Audit Regulation for Insurance Companies issued by the Central Bank of the UAE, a mandatory rotation is required after six years. As a result, Grant Thornton has been replaced to KMPG Lower Gulf Limited.



Sheikh Faisal Bin Khaled Bin Sultan Al Qasimi  
Chairman of the Board of Directors

31 March 2026





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## Independent auditors' report

### To the Shareholders of Al Buhaira National Insurance Company P.S.C

#### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

We have audited the consolidated financial statements of Al Buhaira National Insurance Company P.S.C (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### Basis for Qualified Opinion

At the direction of those charged with governance, management appointed forensic experts to investigate certain irregular transactions and related matters concerning the Company. As of the date of our report, the investigation had not been finalised and we had not received the forensic experts' final report or sufficient related information to enable us to complete the audit procedures that we considered necessary in respect of these matters. Accordingly, we were not able to determine whether any adjustments might be necessary in the consolidated financial statements for insurance revenue, insurance contract liabilities and related reinsurance assets as at and for the year ended 31 December 2025 and 31 December 2024.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the United Arab Emirates. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**Measurement of Insurance contract Liabilities**

See Note 9 to the consolidated financial statements.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The measurement of gross insurance contract liabilities is a key audit matter due to their materiality to the consolidated financial statements, and the significant judgements and estimation uncertainty involved.</p> <p>The Group has applied the Premium Allocation Approach (“PAA”) for all groups of insurance contracts.</p> <p>The measurement process involves a number of actuarial estimation techniques. These techniques are reliant on underlying data and a number of assumptions which are subjective in nature. Further, significant judgement is required in determining the appropriate measurement approach for group of contracts.</p> <p>Changes to estimation techniques and assumptions can lead to a material impact on the measurement of insurance contract liabilities and a corresponding effect on the consolidated statement of profit or loss.</p> <p>Insurance contract liabilities measured using the PAA remain susceptible to a risk that an inappropriate amount of LIC is estimated due to the following elements:</p> <ul style="list-style-type: none"> <li>• Methods to determine ultimate expected claims are inappropriately determined.</li> <li>• Assumptions used in estimating ultimate expected claims are inappropriately developed.</li> <li>• The methods, assumptions and data are inappropriately applied.</li> </ul> <p>The measurement of these liabilities depends on completeness, accuracy and relevant of data used in actuarial models. If the data used in calculating the above insurance contract liabilities is not complete and accurate, then material impacts on consolidated financial statements may arise.</p>	<p>Our audit procedures, supported by our actuarial specialists, included:</p> <ul style="list-style-type: none"> <li>• Evaluating the design and implementation of key controls over the underwriting and premiums, claims handling and actuarial reserving process for estimation of LIC.</li> <li>• With the support of our actuarial specialists, holding discussions with finance and actuarial staff and Group’s actuarial specialists to obtain an understanding of the following:                             <ul style="list-style-type: none"> <li>- LIC estimation methodology; and</li> <li>- Key assumptions used and changes thereof.</li> </ul> </li> <li>• Assessing the appropriateness of Group’s determination of insurance contracts groups and the application of the relevant measurement approaches.</li> <li>• With the support of our actuarial specialists, evaluating methods and assumptions to determine the appropriateness of ultimate expected claims. This included evaluating management’s methodology against market practice.</li> <li>• With the support of our actuarial specialists, performing an independent calculation of LIC for a sample of insurance contract groups to challenge management’s assumptions used within the LIC calculation.</li> <li>• With the support of our actuarial specialists, checking the mathematical accuracy of the calculations used in measuring the insurance contract liabilities, including the underlying methodologies, assumptions and data applied in the actuarial models.</li> <li>• With the support of our actuarial specialists, evaluating management’s method for determining expected premium receipts, including the methodology for allocation of expected premium receipts to coverage period.</li> </ul>



**Key Audit Matters (continued)**

**Measurement of Insurance contract Liabilities (continued)**

See Note 9 to the consolidated financial statements.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Specific audit and actuarial expertise is required to evaluate the complex actuarial methodologies and assumptions.</p>	<ul style="list-style-type: none"> <li>• Evaluating the competence, capabilities and objectivity of the Group's external actuarial experts.</li> <li>• Testing on a sample basis, the completeness, accuracy and relevance of data used in actuarial models by reconciling to underlying accounting records.</li> <li>• With the support of our actuarial specialists, assessing the adequacy of the disclosures relating to insurance contract liabilities made in the Group's consolidated financial statements against the requirements of relevant accounting standards.</li> </ul>

**Valuation of investment properties**

See Note 6 to the consolidated financial statements.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group owns a portfolio of investment properties comprising commercial properties, residential properties and land. These investment properties represent a significant proportion of the Group's total assets.</p> <p>The Group's accounting policy is to measure the investment properties after the initial recognition using the fair value model.</p> <p>The determination of fair value involves significant judgment and the use of complex valuation techniques. The valuations are highly sensitive to key assumptions, and relatively small changes in these assumptions may have a material impact on the reported amounts. Accordingly, we considered the valuation of investment properties to be a key audit matter.</p>	<p>Our audit procedures, supported by our valuation specialists, included:</p> <ul style="list-style-type: none"> <li>• Performing a walkthrough and obtaining an understanding of the valuation process, including the significant assumptions and critical judgements applied in the valuation methodologies.</li> <li>• Obtaining the valuation assessment reports prepared by the Group's external valuation specialists, and evaluating their competence, capabilities and objectivity.</li> <li>• Assessing appropriateness of the valuation methodologies, key assumptions and critical judgements used by comparing these with market data, or other publicly available information on all properties.</li> <li>• Developing an independent estimate of the value of all properties using our own assumptions considering our knowledge of the market and comparing it to Group's external valuation specialists' result.</li> <li>• Agreeing cash flows (rental income) to the underlying lease contracts on a sample basis.</li> <li>• Assessing the adequacy of the disclosures relating to fair valuation of investment properties made in the Group's consolidated financial statements against the requirements of relevant accounting standards.</li> </ul>



### Emphasis of Matter

We draw attention to note 28 to the consolidated financial statements, which describes that the Group has a deficit in the Solvency Capital Requirement as stipulated by the Central Bank of U.A.E by an amount of AED 16,826,476 and to note 1 which describes the judgements applied in evaluating the impact of this deficit. Our opinion is not modified in respect of this matter.

### Other Matter – Comparative Information

The consolidated financial statements of the Group as at and for the years ended 31 December 2024 and 31 December 2023 (from which the consolidated statement of financial position as at 1 January 2024 has been derived), excluding the adjustments described in note 34 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 25 March 2025 and 29 March 2024 respectively.

### Other Information

Management is responsible for the other information. The other information comprises the Integrated Report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report prior to the date of this auditors' report, and we expect to obtain the remaining sections of the Integrated Report after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 have obtained prior to the date of this auditors' 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, the UAE Federal Decree-Law No. (6) of 2025, and the related Financial Regulations for Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.



## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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



## Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, as amended, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, we report that for the year ended 31 December 2025:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 7 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2025;
- vi) note 25 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- 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 Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2025.

Further, as required by Article (140) of the UAE Federal Decree-Law No. (6) of 2025, and the related Financial Regulations for Insurance Companies, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, we report that we have obtained all the information and explanations we considered necessary for the purposes of our audit.

KPMG Lower Gulf Limited – SHJ BR

Adil Abid  
Registration No.: 5541  
Sharjah, United Arab Emirates

Date: **31 MAR 2026**

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Consolidated statement of financial position As at 31 December 2025

	Notes	2025 AED	2024 AED (Restated)*	2023 AED (Restated)*
<b>ASSETS</b>				
Property and equipment	5	8,142,345	11,181,248	13,872,192
Investment properties	6	794,540,000	849,055,989	847,850,000
Investments in securities at FVTOCI	7	70,124,670	56,414,041	59,567,189
Statutory deposit	8	10,000,000	10,000,000	10,000,000
Deferred tax asset		4,906,870	-	-
Reinsurance contract assets	9	134,650,653	173,043,683	106,000,128
Insurance contract assets	9	429,406	-	9,166,072
Other receivables	10	42,977,582	42,632,402	38,208,725
Deposits	11.1	391,005,328	317,534,720	242,778,768
Cash and cash equivalents	11	107,569,936	106,750,419	72,952,230
<b>TOTAL ASSETS</b>		<b>1,564,346,790</b>	<b>1,566,612,502</b>	<b>1,400,395,304</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	12	250,000,000	250,000,000	250,000,000
Statutory reserve	13.1	122,126,377	122,126,377	122,126,377
Voluntary reserve		100,000,000	100,000,000	200,000,000
Reinsurance reserve	13.2	23,695,002	18,901,014	14,293,181
Cumulative changes in fair value		(6,617,115)	(18,842,169)	(15,689,021)
Accumulated losses		(6,507,700)	(7,385,923)	(68,419,599)
<b>Total equity</b>		<b>482,696,564</b>	<b>464,799,299</b>	<b>502,310,938</b>
<b>Liabilities</b>				
Provision for employees' end of service indemnity	14	46,782,351	46,784,750	43,118,479
Bank borrowings	15	115,294,207	300,075,193	278,982,938
Lease liabilities	16	1,158,860	3,231,693	6,880,398
Insurance contract liabilities	9	793,905,807	695,185,080	504,931,440
Reinsurance contract liabilities	9	63,081,130	-	15,199,767
Other payables	17	58,390,341	56,536,487	48,971,344
Income tax payable	33	1,828,459	-	-
Deferred tax liability	33	1,209,071	-	-
<b>Total liabilities</b>		<b>1,081,650,226</b>	<b>1,101,813,203</b>	<b>898,084,366</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,564,346,790</b>	<b>1,566,612,502</b>	<b>1,400,395,304</b>

Sheikh Faisal Bin Khaled Bin Sultan Al Qasimi  
Chairman

Issam Mehdawi  
General Manager

\*Comparative information has been restated due to changes in accounting policy and correction of errors (refer note 34).

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

The independent auditors' report on the consolidated financial statements is set out on pages 2 to 7.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Consolidated statement of profit or loss For the year ended 31 December 2025

	Notes	2025 AED	2024 AED (Restated)*
Insurance revenue	19	1,645,918,528	1,447,877,715
Insurance service expenses	20	(1,396,719,318)	(1,455,079,289)
<b>Insurance service result before reinsurance contracts held</b>		<b>249,199,210</b>	<b>(7,201,574)</b>
Allocation of reinsurance premiums	21	(905,841,036)	(810,881,568)
Amounts recoverable from reinsurance for incurred claims	21	688,056,872	771,573,948
<b>Net expense from reinsurance contracts held</b>		<b>(217,784,164)</b>	<b>(39,307,620)</b>
<b>Insurance service result</b>		<b>31,415,046</b>	<b>(46,509,194)</b>
<b>Investment and other (loss)/income**</b>	18	<b>(5,937,911)</b>	<b>45,912,891</b>
Insurance finance expense for insurance contracts issued	22	(16,286,588)	(12,954,209)
Reinsurance finance income for reinsurance contracts held	22	12,233,108	10,494,786
<b>Net insurance financial result</b>		<b>(4,053,480)</b>	<b>(2,459,423)</b>
<b>Net insurance and investment results</b>		<b>21,423,655</b>	<b>(3,055,726)</b>
General and administrative expenses	23	(5,541,050)	(6,161,276)
Finance costs		(13,024,454)	(24,935,077)
Finance costs – lease	16	(264,351)	(206,412)
<b>Profit / (loss) for the year before tax</b>		<b>2,593,800</b>	<b>(34,358,491)</b>
Income tax	33	3,078,411	-
<b>Profit / (loss) for the year after tax</b>		<b>5,672,211</b>	<b>(34,358,491)</b>
<b>Basic and diluted earnings / (loss) after tax per share, in Fils</b>	24	<b>2.27</b>	<b>(13.74)</b>

\*Comparative information has been restated due to changes in accounting policy and correction of errors (refer note 34).

\*\* This includes interest income calculated using effective interest rate amounting to AED 16.3 Million (2024: AED 15.79 Million).

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

The independent auditors' report on the consolidated financial statements is set out on pages 2 to 7.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Consolidated statement of other comprehensive income For the year ended 31 December 2025

	2025 AED	2024 AED (Restated)*
Profit / (loss) for the year after tax	<u>5,672,211</u>	<u>(34,358,491)</u>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments carried at FVTOCI	13,434,125	(3,153,148)
Related deferred tax liability	<u>(1,209,071)</u>	-
<b>Other comprehensive income / (loss) for the year</b>	<u>12,225,054</u>	<u>(3,153,148)</u>
<b>Total comprehensive income / (loss) for the year</b>	<u><u>17,897,265</u></u>	<u><u>(37,511,639)</u></u>

\*Comparative information has been restated due to changes in accounting policy and correction of errors (refer note 34).

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

The independent auditors' report on the consolidated financial statements is set out on pages 2 to 7.

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Consolidated statement of changes in equity For the year ended 31 December 2025

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Reinsurance reserve AED	Cumulative changes in fair value AED	Accumulated losses AED	Total AED
Balance at 31 December 2023 (as previously reported)	250,000,000	122,126,377	200,000,000	14,293,181	(15,689,021)	(74,178,917)	496,551,620
Restatement due to change in accounting policies	-	-	-	-	-	5,759,318	5,759,318
Balance as at 31 December 2023 (restated)*	250,000,000	122,126,377	200,000,000	14,293,181	(15,689,021)	(68,419,599)	502,310,938
Loss for the year (restated)*	-	-	-	-	-	(34,358,491)	(34,358,491)
Other comprehensive income for the year	-	-	-	-	(3,153,148)	-	(3,153,148)
Total comprehensive loss for the year	-	-	-	-	(3,153,148)	(34,358,491)	(37,511,639)
Transfer to accumulated losses	-	-	(100,000,000)	-	-	100,000,000	-
Transfer to reinsurance reserve	-	-	-	4,607,833	-	(4,607,833)	-
Balance at 31 December 2024 (restated)	250,000,000	122,126,377	100,000,000	18,901,014	(18,842,169)	(7,385,923)	464,799,299
Profit for the year after tax	-	-	-	-	-	5,672,211	5,672,211
Other comprehensive income for the year	-	-	-	-	12,225,054	-	12,225,054
Total comprehensive income for the year	-	-	-	-	12,225,054	5,672,211	17,897,265
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer to reinsurance reserve	-	-	-	4,793,988	-	(4,793,988)	-
<b>Balance at 31 December 2025</b>	<b>250,000,000</b>	<b>122,126,377</b>	<b>100,000,000</b>	<b>23,695,002</b>	<b>(6,617,115)</b>	<b>(6,507,700)</b>	<b>482,696,564</b>

\*Comparative information has been restated due to changes in accounting policy and correction of errors (refer note 34).

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Consolidated statement of cash flows For the year ended 31 December 2025

	Notes	2025	2024
		AED	AED
<b>OPERATING ACTIVITIES</b>			(Restated)*
Profit / (loss) for the year before tax		2,593,800	(34,358,491)
Adjustments for:			
Depreciation of property and equipment	5	4,435,316	4,663,722
Interest income on deposits	18	(16,300,710)	(15,786,662)
Dividend income	18	(3,425,026)	(2,989,308)
Change in fair value of investment properties	6	54,520,775	3,000,000
Provision for employees' end of service indemnity	14	7,204,507	5,142,269
Finance costs		13,288,805	25,141,489
Other income	18	(171,338)	(72,399)
<b>Operating cash flows before changes in working capital</b>		62,146,129	(15,259,380)
<b>Change in working capital</b>			
Change in insurance contract assets		(429,406)	9,166,072
Change in insurance contract liabilities		98,720,727	190,253,640
Change in reinsurance contract assets		38,393,030	(67,043,555)
Change in reinsurance contract liabilities		63,081,130	(15,199,767)
Other receivables		(345,180)	(2,646,298)
Other payables		1,853,854	7,565,143
<b>Cash generated from operating activities</b>		263,420,284	106,835,855
Employees' end of service benefits paid	14	(7,206,906)	(1,475,998)
<b>Net cash generated from operating activities</b>		256,213,378	105,359,857
<b>INVESTING ACTIVITIES</b>			
Placement of fixed deposits		(91,597,461)	(114,764,064)
Maturities of fixed deposits		18,126,853	40,006,112
Movement in margin deposits		-	2,000
Additions in investment properties	6	(4,786)	(4,205,989)
Purchase of investments in securities at FVTOCI	7	(276,505)	-
Purchase of property and equipment	5	(1,796,817)	(1,369,879)
Proceeds from sale of property and equipment		2,130,603	-
Interest received		16,300,710	14,009,283
Dividends received	18	3,425,026	2,989,308
Other income		68,104	36,276
<b>Net cash used in investing activities</b>		(53,624,273)	(63,296,953)
<b>FINANCING ACTIVITIES</b>			
Bank borrowings obtained	15	-	-
Bank borrowings repaid	15	(184,780,986)	21,092,255
Finance costs paid		(13,024,454)	(24,935,077)
Lease payments	16	(3,964,148)	(4,421,893)
<b>Net cash used in financing activities</b>		(201,769,588)	(8,264,715)
<b>Net change in cash and cash equivalents during the year</b>		819,517	33,798,189
Cash and cash equivalents at the beginning of the year		106,750,419	72,952,230
<b>Cash and cash equivalents at the end of the year</b>	11	107,569,936	106,750,419
<b>Non-cash transactions:</b>			
Rights of use assets		-	602,899
Lease liability		(1,626,964)	(566,776)
Reinsurance reserve		4,793,988	4,607,833
Voluntary reserve		-	(100,000,000)
Statutory reserve		-	-
Accumulated losses		(4,793,988)	100,000,000

The accompanying notes from 1 to 36 form an integral part of these consolidated financial statements.

\*Comparative information has been restated due to changes in accounting policy and correction of errors (refer note 34).

The independent auditors' report on the consolidated financial statements is set out on pages 2 to 7.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 1. General information

Al Buhaira National Insurance Company P.S.C. (the “Company”) is incorporated as a public shareholding company by an Emiri Decree issued by His Highness, The Ruler of Sharjah on 16 May 1978. The Company is subject to the regulations of applicable provision of UAE Federal Decree Law No. (6) of 2025 and is registered in the Insurance Companies Register of the Central Bank of the UAE under registration Number 15.

This consolidated financial statements has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Decree Law No. (32) of 2021.

The Company is domiciled and operates in the UAE and its registered address is P.O. Box 6000, Sharjah, United Arab Emirates. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

The principal activity of the Company is the writing of insurance of of property, engineering, motor, marine and aviation, miscellaneous, accidents, group life and medical. The Company operates through its head office in Sharjah and has branches in Dubai, Abu Dhabi, Al Ain, Khorfakkan, Fujairah and Ajman.

This consolidated financial statements comprise the Company and its subsidiary, Al Buhaira Economic Investments Establishment 100% owned by the Company, (together referred to as “the Group”) as disclosed in Note 3.3 to the consolidated financial statements.

The consolidated financial statements has been prepared on a going concern basis. In making this assessment, the directors have exercised judgement, particularly in evaluating the impact of a breach of the Group’s Solvency Capital Requirement (SCR) as of 31 December 2025.

The breach of the SCR arose due to several reasons including the inadmissibility of certain assets, including investment properties, and credit risk charge associated with certain balances receivables. For the purposes of the SCR calculations, the credit charge is calculated following the Central Bank of UAE’s solvency calculation rules, however, in management’s view those certain balances receivables that are due from Government entities carry minimal default risk. While the breach of SCR does not affect the Group’s operational liquidity or ability to meet its financial obligations in the normal course of business, it triggers enhanced oversight by the regulators and necessitates proactive measures to restore the solvency position in respect of the SCR.

In determining whether a material uncertainty to the Going Concern assumption exists, the directors considered that:

- the Group has received a no-objection letter from the Central Bank of UAE on the Solvency Recovery Plan;
- the Group implemented major steps during Q4 2025 which have significantly improved the solvency position as of 31 December 2025;
- the Group continues to comply with the action plan proposed in the Solvency Recovery Plan; and
- forecasts demonstrating profitability over the next 12 months which will improve the Group’s solvency position further.

The directors concluded that there is no material uncertainty that casts significant doubt on the Group’s ability to continue as a going concern. This judgement is based on reasonably foreseeable outcomes including that the Central Bank has approved the Group’s Solvency Recovery Plan and management has implemented major actions which have significantly improved the Group’s Solvency Position as of 31 December 2025. This conclusion involved significant judgement, and the directors acknowledge that the actual outcomes may differ if there are adverse conditions including worsening loss ratios, large retained losses, catastrophe events exceeding the Group’s reinsurance capacity, or any other regulatory concerns. However, the Board is confident about the management’s solvency recovery plan and expects significant further improvements in the Group’s solvency position in the near future.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 2. Application of new and revised International Financial Reporting Standards (“IFRS”)

#### 2.1 New and revised IFRSs and interpretations applied on the consolidated financial statements

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

Standard number	Title	Effective date
IAS 21	Lack of exchangeability – amendments to IAS 21	1 January 2025

These standards have been adopted by the Group and did not have a material impact on these consolidated financial statements.

#### 2.2 Standards issued but not yet effective

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

Standard number	Title	Effective date
IFRS 9 & IFRS 7	Classification and measurement of financial instruments – amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 9 & IFRS 7	Contracts referencing nature – dependent electricity – amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18	Annual improvements to IFRS Accounting Standards – volume 11	1 January 2027
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28	To be determined

### 3. Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each of the years presented.

#### 3.1 Statement of compliance

These consolidated financial statements are for the year ended 31 December 2025 and are presented in Arab Emirate Dirham (AED), which is also the functional currency of the Company. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee (“IFRS IC”) and in compliance with the applicable requirements of the UAE Federal Decree Law No. (32) of 2021 (“Companies Law”), relating to commercial companies and and applicable provision of UAE Federal Decree Law No. (6) of 2025

#### 3.2 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the UAE and the applicable requirements of UAE law except for the possible effects of the ongoing internal investigation below. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and other items that are measured at fair value as described in the accounting policies. The financial statements were authorised for issue by the Board on 31 March 2026.

#### Ongoing internal investigation

Subsequent to the year-end, the Company had identified concerns relating to certain matters that may affect internal controls over financial reporting and certain amounts recorded in the Company’s accounting records. The Audit Committee and the Board have initiated an internal investigation and have engaged forensic specialists to assist. At the date these consolidated financial statements were authorised for issue, the forensic investigation had not concluded.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.2 Basis of preparation (continued)

##### Ongoing internal investigation (continued)

At this stage, management is unable to reliably measure any financial effect arising from the matters under investigation. No amount has been recognised in these consolidated financial statements in relation to amounts that may be identified by the forensic investigation, because (i) management cannot at present determine whether a present obligation exists that requires recognition, and (ii) no reliable estimate of any such obligation can be made until the forensic investigation and any related specialist reviews are complete. The outcome of the investigation, and of any subsequent regulatory or legal actions, could result in adjustments to recognised amounts or the recognition of provisions in a future reporting period.

##### Use of judgements and estimates

The matters under investigation have increased the estimation uncertainty associated with certain judgements and estimates used in applying the Company's accounting policies. The areas of the consolidated financial statements most affected include, but are not limited to:

- measurement of insurance contract liabilities, reinsurance recoverables and claim provisions;
- recognition and measurement of provisions for liabilities and possible recoveries;
- assessment of impairment indicators for financial assets.

Management has applied its accounting policies consistently and, where possible, has used the best information available at the reporting date to make estimates and judgements.

##### Subsequent events

The Company continues to monitor developments arising from the internal investigation and any related regulatory or legal matters after the reporting date. Any material events that provide additional evidence of conditions that existed at the reporting date will be reflected in the consolidated financial statements. Other material developments arising after the reporting date that do not provide additional evidence of conditions at the reporting date will be disclosed as non-adjusting events, where required. At the date these consolidated financial statements were authorized for issue, it is not practicable to quantify any potential financial effect where such quantification would be speculative. Management will update the disclosures and recognised amounts in future reporting periods as further information becomes available.

These consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties and certain financial instruments that are measured at fair values and insurance and reinsurance contracts which are measured at the estimated fulfilment cash flows that are expected to arise as the Group fulfils its contractual obligations as at the end of each reporting date and the provision for employees' end of service indemnity which is calculated in line with IAS 19.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, other receivables, deposits, income tax payable, and other payables. The following balances would generally be classified as non-current: property and equipment, investments in securities at fair value through other comprehensive income, investment properties, statutory deposit, deferred tax liability and provision for employees' end of service benefit. The following balances are of mixed nature (including both current and non-current portions): reinsurance contract assets and liabilities, insurance contract assets and liabilities, bank borrowings and lease liabilities.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.3 Basis of consolidation

The consolidated financial statements of Al Buhaira National Insurance Company P.S.C. and its subsidiary (the “Group”) incorporate the consolidated financial statements of the Parent Company and the entity controlled by the Parent Company (its subsidiary).

Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- The size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.3 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of the Group's subsidiary at 31 December 2025 and 2024 is as below:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held	Principal activity
Al Buhaira Economic Investments Establishment	Sharjah, U.A.E.	100%	Investing in economic projects.

#### 3.4 IFRS 17 Insurance Contracts

##### Insurance and reinsurance contracts classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

##### Insurance and reinsurance contracts accounting treatment

###### *Separating components from insurance and reinsurance contracts*

The Group does not separate components from insurance and reinsurance contracts except in the following cases. The Group separates the following components from an insurance or reinsurance contract at inception and accounts for them as if they were stand-alone financial instruments

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.4 IFRS 17 Insurance Contracts (continued)

##### *Level of aggregation*

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Group previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group has elected to group together those contracts that would fall into different groups only because law, regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes.

Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The Group assesses all contracts at the initial stage purely based on the underwriting merits of the prospect company or individual. Departments like actuary, underwriting and claims review performance of the group and individual contracts and decisions are taken accordingly when these are due for renewal. Any contracts that perform below the defined or expected benchmarks are then discussed with technical teams and may be put under close monitoring and improvement program.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.4 IFRS 17 Insurance Contracts (continued)

##### *Recognition*

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

- The beginning of the coverage year of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Group recognises a group of reinsurance contracts held;

The Group recognises groups of reinsurance contracts it holds from the earliest of the following:

- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage year of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage year of the group the Group adds new contracts to the group when they are issued or initiated.

##### *Contract boundary*

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

A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

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

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

### **Measurement - Premium Allocation Approach**

#### *Insurance contracts – initial measurement*

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage year of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary.

Or

- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.4 IFRS 17 Insurance Contracts (continued)

##### Measurement - Premium Allocation Approach (continued)

###### *Insurance contracts – initial measurement (continued)*

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the year before a claim is incurred. Variability in the fulfilment cash flows increases with:

- The extent of future cash flows related to any derivatives embedded in the contracts.
- The length of the coverage year of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed, plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for insurance acquisition cash flows that the Group pays or receives before the group of insurance contracts is recognised. There is no allowance for time value of money as the premiums are mostly received within one year of the coverage year.

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

###### *Insurance contracts – subsequent measurement*

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting year as the liability for remaining coverage at the beginning of the year:

- Plus premiums received in the year;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting year for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage year; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Insurance acquisition cash flows are allocated on a straight-line basis to profit or loss.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.4 IFRS 17 Insurance Contracts (continued)

##### *Reinsurance contracts*

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

##### **Insurance contracts – modification and derecognition**

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);
- Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

##### *Presentation*

The Group has presented separately, in the consolidated statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts issued.

The Group disaggregates the total amount recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively. The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

##### *Insurance revenue*

The insurance revenue for the year is the amount of expected premium receipts (excluding any investment component) allocated to the year. The Group allocates the expected premium receipts to each year of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage year differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the years presented, all revenue has been recognised on the basis of the passage of time.

##### *Loss components*

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group reassesses this on a quarterly basis and if at quarter end, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage year of the group of contracts the loss component will be zero.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.4 IFRS 17 Insurance Contracts (continued)

##### *Insurance finance income and expense*

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

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

The Group does not disaggregate insurance finance income or expenses between profit or loss and OCI.

##### *Net income or expense from reinsurance contracts held*

The Group presents separately on the face of the consolidated statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of profit or loss and other comprehensive income.

##### *Classification of insurance contracts*

Insurance contracts issued by the Group are classified into two main categories, depending on the duration of risk being: short-term insurance contracts and long-term insurance contracts.

##### *Short-term insurance contracts*

These contracts are medical, motor, property, casualty, marine, engineering and short-duration life insurance contracts which have contract boundaries of 12 months or less. These contracts have been measured under Premium Allocation Approach (PAA).

Medical insurance contracts protect the Group's customers against the risk of incurring medical expenses. Medical selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as persistency, which consider past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport by which the property is transferred, acquired, or held between the points of origin and the final destination.

Engineering Insurance is an insurance policy that covers a wide range of engineering related risks. It is a comprehensive insurance that provides complete protection against risks associated with erection, testing and working of any machinery, plant or equipment.

Motor insurance comprises Comprehensive Insurance and Third-Party Insurance. Comprehensive Insurance covers the policy holder for any loss or damage to the policy holder's vehicle caused either by themselves or a third party. It also covers any third party for loss or damage caused by the policy holder. Third Party Insurance, on the other hand only covers the third party for any loss of damage caused by the policy holder.

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.4 IFRS 17 Insurance Contracts (continued)

##### *Short-term insurance contracts (continued)*

Short-duration life insurance contracts (credit life) protect the Group's customers from the consequences of events that would affect the ability of the customer or customer's dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There is no maturity or surrender benefits.

Products are reviewed by the business units on an annual basis to confirm, or otherwise, that pricing assumptions remain appropriate. Analysis is performed on earnings and liability movements to understand the source of any material variation in actual results from what was expected. This confirms the appropriateness of assumptions used in underwriting and pricing.

##### *Long-term insurance contracts*

These contracts are motor, engineering and credit-life contracts which have contract boundaries of more than 12 months. These contracts have also been measured under Premium Allocation Approach (PAA) based on a PAA Eligibility Testing. This involves an assessment to ensure that liability for remaining coverage under PAA does not materially differ from the liability for remaining coverage measured under GMM.

### 3.5 Investment and other income

#### 3.5.1 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

#### 3.5.2 Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

#### 3.5.3 Rental income

Rental income from investment properties which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

### 3.6 General and administrative expenses

Direct expenses are charged to the respective departmental revenue accounts. Indirect expenses are allocated to departmental revenue accounts on the basis of gross written premiums of each department. Other administration expenses are charged to consolidated statement of profit or loss as unallocated general and administrative expenses.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.7 Foreign currencies

The consolidated financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of a group entity are expressed in Arab Emirates Dirhams (“AED”), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of individual entities, transactions in currencies other than the entity’s functional currency (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 value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in consolidated statement of profit or loss in the year in which they arise.

#### 3.8 Employee benefits

##### 3.8.1 *Defined contribution plan*

U.A.E. national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the “contribution calculation salary” of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the “contribution calculation salary” respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to consolidated statement of profit or loss.

##### 3.8.2 *Annual leave and leave passage*

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

##### 3.8.3 *Provision for employees' end of service indemnity*

Provision is made for end-of-service indemnity for non-U.A.E. national employees in accordance with IAS 19, based on employees' remuneration and accumulated service at the reporting date, consistent with the standard's recognition and measurement principles. Accruals for annual leave and leave passage are presented as current liabilities, while the end-of-service indemnity obligation is classified as a non-current liability

#### 3.9 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method proportionately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Land is stated at cost less impairment if any.

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 the consolidated statement of profit or loss.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.9 Property and equipment (continued)

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipment	5
Computer equipment	5
Office fixture and fittings	10
Residential villa	15

#### 3.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the period of retirement or disposal.

Fair value is determined by open market values based on valuations performed by independent surveyors and consultants.

#### 3.11 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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 Group 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 for which the estimates of future cash flows have not been adjusted.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

#### 3.14 Financial instruments

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- (i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
  - (ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
  - (iii) all other debt instruments (e.g. debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL. However, the Group may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:
    - a. the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and
    - b. the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).
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# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.14 Financial instruments (continued)

##### Cash and bank and other receivables

Cash and bank and other receivables are measured 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.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

##### Equity instruments at FVTOCI

Investments in equity instruments/funds at FVTOCI 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 changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments in equity instruments/funds, but reclassified to retained earnings. The Group has designated all investments in equity instruments that are not held for trading as FVTOCI.

Dividends on these investments in equity instruments are recognised in consolidated statement of profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### Financial assets at FVTPL

Financial assets at FVTPL are:

- (i) assets with contractual cash flows that are not SPPI; or/and
- (ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- (iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Fair value option: A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing related gains and losses on a different basis (an "accounting mismatch").

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.14 Financial instruments (continued)

##### Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

##### Measurement of Credit Risk

The Group incorporates credit risk considerations within the measurement of insurance contract assets, through the estimation of expected future cash flows.

These estimates reflect a probability weighted assessment of the amounts expected to be collected, considering counterparty specific factors, historical collection patterns. Adjustments are made where necessary to reflect uncertainty in recoverability.

The estimation process is supported by internally developed statistical models and historical data, which are regularly updated to incorporate current economic conditions and forward-looking assumptions.

##### Presentation of financial assets and recoverability

In accordance with IFRS 17, insurance receivables are presented as part of insurance contract assets in the consolidated statement of financial position.

The carrying amount reflects expected amounts recoverable, incorporating adjustments for credit risk within the measurement of fulfilment cash flows. Accordingly, no separate impairment allowance is recognised for insurance receivables.

For other financial assets measured at amortised cost, including cash and bank balances, impairment is recognised in accordance with IFRS 9. Any loss allowance is presented as a deduction from the gross carrying amount of the asset.

##### Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired.

##### Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.15 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated.

##### 3.15.1 Lessee

For any new contracts entered into on or after January 1, 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys the right-to-use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right of use asset and a lease liability on the consolidated statement of financial position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of the fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in consolidated statement of profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities have been included as a separate line item as lease liabilities.

##### 3.15.2 Lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 3. Material accounting policies (continued)

#### 3.16 Fair value measurement

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 Group 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. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized with in fair value hierarchy, based on the lowest level of input that is significant to the fair value measurement as a whole.

In addition, for financial reporting purposes, fair value measurements are categorized 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 measurements in its entirety, which are described as follows:

- 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 assets or liability.

#### 3.17 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

##### **Current**

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

##### **Deferred taxation**

Deferred taxation is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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

In the application of the Group's accounting policies, which are described in Note 3 to these consolidated financial statements, management is required to make 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.

#### 4.1 Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (see 4.2 below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

##### 4.1.1 *Classification of investments*

Management designates at the time of acquisition of securities whether these should be classified as at FVTOCI or FVTPL. In judging whether investments in securities are as at FVTOCI or FVTPL, management has considered the detailed criteria for determination of such classification as set out IFRS 9 Financial Instruments. Management is satisfied that its investments in securities are appropriately classified.

#### 4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

###### *Liability for remaining coverage*

For insurance acquisition cash flows, the Group has taken an accounting policy choice to defer insurance acquisition cashflows. This policy choice is in line with the IFRS 17 requirements and supports the objectives of improving reliability, transparency and comparability of financial reporting across all group of contracts, whether these are below 12 months or otherwise.

###### *Liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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

#### 4.2 Key sources of estimation uncertainty (continued)

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

###### Liability for incurred claims (continued)

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

##### 4.2.2 Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

EIOPA USD risk free Volatility Adjusted (Spot) rates were used with country risk premium/ illiquidity premium of 0.64% is applied for discounting of future cash flows for 2025 and 0.72% for 2024 are listed below:

	1 year		3 years		5 years		10 years	
	2025	2024	2025	2024	2025	2024	2025	2024
Liability for Incurred Claims								
AED	4.44%	5.27%	4.35%	5.15%	4.48%	5.11%	4.85%	5.16%
USD	3.80%	4.55%	3.71%	4.43%	3.84%	4.39%	4.21%	4.44%
Liability for reinsurance contracts issued								
AED	4.44%	5.27%	4.35%	5.15%	4.48%	5.11%	4.85%	5.16%
USD	3.80%	4.55%	3.71%	4.43%	3.84%	4.39%	4.21%	4.44%

##### 4.2.3 Impairment and Credit Risk Assessment

The Group considers credit risk in the measurement of insurance receivables through the estimation of expected future cash flows, incorporating adjustments for recoverability based on historical experience, counterparty-specific factors, and forward-looking information. These considerations form part of the measurement of fulfilment cash flows in accordance with IFRS 17, and no separate impairment allowance is recognised.

For other financial assets measured at amortised cost, including cash and bank balances, the Group assesses credit risk in accordance with IFRS 9. Given the nature and credit quality of these balances, any resulting impairment is not material.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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

#### 4.2 Key sources of estimation uncertainty (*continued*)

##### 4.2.4 *Revaluation of investment properties*

The investment properties are carried at fair value, with changes in the fair value being recognised in the consolidated statement of profit or loss. The management engaged independent valuation specialists to assess fair value during the year. The fair value of plots of land was determined based on the acceptable approach that reflects recent transactions prices for similar properties. The fair value of buildings was determined using income approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

##### 4.2.5 *Risk adjustment for non-financial risk*

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

The Group has determined the risk adjustment for non-financial risk by estimating the claim distribution for each portfolio and subsequently allowed for portfolio diversification benefit through correlation matrices. This method effectively allows the Group to measure the uncertainty about the amount and timing of the cashflows that arises from non-financial risk across its business lines.

The Group has determined the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 5. Property and equipment

	Land AED	Furniture and equipment AED	Computer equipment AED	Office fixture and fittings AED	Residential villa AED	Right of use assets AED	Total AED
<b>Cost</b>							
As at 1 January 2025	649,000	7,148,134	13,910,005	7,634,967	1,057,827	22,045,450	52,445,383
Additions	-	544,163	1,100,716	151,938	-	5,082,447	6,879,264
Disposal	-	(538,095)	(3,643,924)	-	-	(5,082,447)	(9,264,466)
<b>As at 31 December 2025</b>	<b>649,000</b>	<b>7,154,202</b>	<b>11,366,797</b>	<b>7,786,905</b>	<b>1,057,827</b>	<b>22,045,450</b>	<b>50,060,181</b>
<b>Accumulated depreciation</b>							
As at 1 January 2025	-	6,609,022	8,543,319	6,066,232	1,057,827	18,987,735	41,264,135
Charge for the year	-	184,363	340,187	248,666	-	3,662,100	4,435,316
Relating to disposals	-	(371,865)	(1,714,138)	-	-	(1,695,612)	(3,781,615)
<b>As at 31 December 2025</b>	<b>-</b>	<b>6,421,520</b>	<b>7,169,368</b>	<b>6,314,898</b>	<b>1,057,827</b>	<b>20,954,223</b>	<b>41,917,836</b>
<b>Carrying amount</b>							
<b>As at 31 December 2025</b>	<b>649,000</b>	<b>732,682</b>	<b>4,197,429</b>	<b>1,472,007</b>	<b>-</b>	<b>1,091,227</b>	<b>8,142,345</b>

At 31 December 2025, the cost of fully depreciated property and equipment that was still in use amounted to AED 18.12 million (2024: AED 19.52 million).

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 5. Property and equipment (continued)

	Land AED	Furniture and equipment AED	Computer equipment AED	Office fixture and fittings AED	Residential Villa AED	Right of use AED	Total AED
<i>Cost</i>							
As at 1 January 2024	649,000	7,041,605	13,127,218	7,154,404	1,057,827	22,912,514	51,942,568
Additions	-	106,529	782,787	480,563	-	1,489,802	2,859,681
Disposal	-	-	-	-	-	(2,356,866)	(2,356,866)
As at 31 December 2024	<b>649,000</b>	<b>7,148,134</b>	<b>13,910,005</b>	<b>7,634,967</b>	<b>1,057,827</b>	<b>22,045,450</b>	<b>52,445,383</b>
<i>Accumulated depreciation</i>							
As at 1 January 2024	-	6,389,375	8,353,995	5,876,794	1,057,827	16,392,386	38,070,377
Charge for the year	-	219,647	189,324	189,438	-	4,065,313	4,663,722
Relating to disposals	-	-	-	-	-	(1,469,964)	(1,469,965)
As at 31 December 2024	-	<b>6,609,022</b>	<b>8,543,319</b>	<b>6,066,232</b>	<b>1,057,827</b>	<b>18,987,735</b>	<b>41,264,135</b>
<i>Carrying amount</i>							
As at 31 December 2024	<b>649,000</b>	<b>539,112</b>	<b>5,366,686</b>	<b>1,568,735</b>	<b>-</b>	<b>3,057,715</b>	<b>11,181,248</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 6. Investment properties

Investment properties comprise the following at fair value:

	2025 AED	2024 AED
Plots of land	66,260,000	60,000,000
Buildings	728,280,000	789,055,989
	<u>794,540,000</u>	<u>849,055,989</u>

Movement during the year was as follows:

	2025 AED	2024 AED
Fair value at the beginning of the year	849,055,989	847,850,000
Additions	4,786	4,205,989
Change in fair value during the year (Note 18)	<u>(54,520,775)</u>	<u>(3,000,000)</u>
<b>Fair value at the end of the year</b>	<u>794,540,000</u>	<u>849,055,989</u>

The fair value of the Group's investment properties as at 31 December 2025 has been arrived at on the basis of valuations carried on the respective dates by independent valuers who have recent market experience in the valuation of properties in the United Arab Emirates.

The fair value was determined using the income capitalization method of income approach and comparison method of market Approach. The main assumptions in the valuation model is the capitalisation rate ranging from 7.5% to 8.75% and the rental rates. Rental rates have been obtained based on direct comparison of market approach and tenancy information. In estimating the fair value of the properties, the highest and best use of the properties is considered as their current use. There has been no change in the valuation techniques used during the year. The inputs used in the valuation are not based on observable market data and thus the valuation techniques are considered as Level 3 fair value measurement .

The fair value of plots of land and buildings was determined using market approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 31 December 2025 (2024: Level 3).

Investment property amounting to AED 590 million (2024: AED 849 million) is mortgaged to a bank towards credit facilities granted to the Group (Note 15).

The rental proceeds from Al Khan, Al Nahda and Al Buhairah Corniche Towers are assigned to a bank against credit facilities granted to the Group (Note 15).

The property rental income earned by the Group from its investment properties, which are leased out under operating leases, and direct operating expenses arising on the investment property are as follows:

	2025 AED	2024 AED
Rental income	55,517,637	48,155,728
Direct operating expenses	<u>(26,831,847)</u>	<u>(18,091,206)</u>
Income from investment properties (Note 18)	<u>28,685,790</u>	<u>30,064,522</u>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 7. Investments in securities at fair value through Other Comprehensive Income (FVTOCI)

	2025 AED	2024 AED
<b>Equity investments at FVTOCI</b>		
Quoted – at fair value	68,946,572	52,935,943
Unquoted – at fair value	1,178,098	3,478,098
	<u>70,124,670</u>	<u>56,414,041</u>

Movement during the year was as follows:

	2025 AED	2024 AED
Fair value at the beginning of the year	56,414,041	59,567,189
Purchases during the year	276,505	-
Disposals during the year	-	-
Change in fair value	13,434,124	(3,153,148)
Fair value at the end of the year	<u>70,124,670</u>	<u>56,414,041</u>

	<u>Within U.A.E.</u>		<u>Outside U.A.E.</u>		<u>Total</u>	
	2025 AED	2024 AED	2025 AED	2024 AED	2025 AED	2024 AED
Quoted	68,946,572	52,935,943	-	-	68,946,572	52,935,943
Unquoted	1,178,098	3,478,098	-	-	1,178,098	3,478,098
	<u>70,124,670</u>	<u>56,414,041</u>	<u>-</u>	<u>-</u>	<u>70,124,670</u>	<u>56,414,041</u>

### 8. Statutory deposit

In accordance with the requirements of UAE Federal Decree Law No. (6) of 2025, the Group maintains a bank deposit of AED 10 million (2024: AED 10 million) as a statutory deposit. This deposit cannot be withdrawn without prior approval of the CBUAE and yields interest rate per annum of 4.65% (2024: 5.40%).

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts

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

	Notes	2025			2024 (Restated)		
		Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
<b>Insurance contracts issued</b>							
Motor	9.1	-	103,206,102	103,206,102	-	48,146,920	48,146,920
Marine	9.2	-	39,815,160	39,815,160	-	50,998,342	50,998,342
FGA	9.3	-	134,015,592	134,015,592	-	70,100,525	70,100,525
Medical	9.4	-	516,868,953	516,868,953	-	506,272,794	506,272,794
Life	9.5	429,406	-	(429,406)	-	19,666,499	19,666,499
<b>Total insurance contracts issued</b>		<b>429,406</b>	<b>793,905,807</b>	<b>793,476,401</b>	<b>-</b>	<b>695,185,080</b>	<b>695,185,080</b>
<b>Reinsurance contracts held</b>							
Motor	9.6	30,125,688	-	30,125,688	50,302,884	-	50,302,884
Marine	9.7	10,563,047	-	10,563,047	29,134,249	-	29,134,249
FGA	9.8	90,845,473	-	90,845,473	65,964,002	-	65,964,002
Medical	9.9	-	63,081,130	(63,081,130)	17,787,141	-	17,787,141
Life	9.10	3,116,445	-	3,116,445	9,855,407	-	9,855,407
<b>Total reinsurance contracts held</b>		<b>134,650,653</b>	<b>63,081,130</b>	<b>71,569,523</b>	<b>173,043,683</b>	<b>-</b>	<b>173,043,683</b>

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

The Group disaggregates information to provide disclosures in respect of major product lines separately for Motor, Marine, FGA, Medical and Life. This disaggregation has been determined based on how the Group is managed.

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

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA

#### 9.1 Motor

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
<b>2025</b>					
Insurance contract liabilities as at 1 January	31,813,814	2,436,555	10,468,499	3,428,052	48,146,920
Insurance revenue	(217,130,018)	-	-	-	(217,130,018)
Insurance service expenses					
Incurred claims and other expenses	-	-	248,163,243	1,862,425	250,025,668
Amortisation of insurance acquisition cash flows	19,000,501	-	-	-	19,000,501
Losses on onerous contracts and reversals	-	(758,715)	-	-	(758,715)
Changes to liabilities for incurred claims	-	-	3,747,903	(1,954,208)	1,793,695
<b>Insurance service result</b>	<b>(198,129,517)</b>	<b>(758,715)</b>	<b>251,911,146</b>	<b>(91,783)</b>	<b>52,931,131</b>
Insurance finance expenses	-	-	(1,276,662)	110,046	(1,166,615)
<b>Total changes in the statement of profit or loss</b>	<b>(198,129,517)</b>	<b>(758,715)</b>	<b>250,634,484</b>	<b>18,263</b>	<b>51,764,515</b>
<b>Cash flows</b>					
Premiums received	237,455,051	-	-	-	237,455,051
Claims and other expenses	-	-	(215,503,721)	-	(215,503,721)
Insurance acquisition cash flows	(18,656,663)	-	-	-	(18,656,663)
<b>Total cash flows</b>	<b>218,798,388</b>	<b>-</b>	<b>(215,503,721)</b>	<b>-</b>	<b>3,294,667</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>52,482,685</b>	<b>1,677,840</b>	<b>45,599,262</b>	<b>3,446,315</b>	<b>103,206,102</b>
<b>2024 (Restated)</b>					
Insurance contract liabilities as at 1 January	4,806,465	4,610,531	10,527,463	3,548,680	23,493,139
Insurance revenue	(239,298,875)	-	-	-	(239,298,875)
Insurance service expenses					
Incurred claims and other expenses	-	-	333,490,846	2,668,911	336,159,757
Amortisation of insurance acquisition cash flows	21,677,158	-	-	-	21,677,158
Losses on onerous contracts and reversals	-	(2,173,976)	-	-	(2,173,976)
Changes to liabilities for incurred claims	-	-	12,955,029	(2,911,614)	10,043,415
<b>Insurance service result</b>	<b>(217,621,717)</b>	<b>(2,173,976)</b>	<b>346,445,875</b>	<b>(242,703)</b>	<b>126,407,479</b>
Insurance finance expenses	-	-	(1,374,540)	119,075	(1,255,465)
<b>Total changes in the statement of profit or loss</b>	<b>(217,621,717)</b>	<b>(2,173,976)</b>	<b>345,071,335</b>	<b>(123,628)</b>	<b>125,152,014</b>
<b>Cash flows</b>					
Premiums received	263,596,236	-	-	-	263,596,236
Claims and other expenses	-	-	(345,130,299)	-	(345,130,299)
Insurance acquisition cash flows	(18,964,170)	-	-	-	(18,964,170)
<b>Total cash flows</b>	<b>244,632,066</b>	<b>-</b>	<b>(345,130,299)</b>	<b>-</b>	<b>(100,498,233)</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>31,813,814</b>	<b>2,436,555</b>	<b>10,468,499</b>	<b>3,425,052</b>	<b>48,146,920</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.2 Marine

2025	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
Insurance contract liabilities as at 1 January	8,302,486	184,885	40,773,342	1,737,630	50,998,342
Insurance revenue	(29,565,698)	-	-	-	(29,565,698)
Insurance service expenses					
Incurred claims and other expenses	-	-	16,082,203	271,050	16,353,253
Amortisation of insurance acquisition cash flows	2,241,395	-	-	-	2,241,395
Losses on onerous contracts and reversals	-	(184,885)	-	-	(184,885)
Changes to liabilities for incurred claims	-	-	(15,696,190)	(1,138,631)	(16,834,821)
<b>Insurance service result</b>	<b>(27,324,303)</b>	<b>(184,885)</b>	<b>386,013</b>	<b>(867,581)</b>	<b>(27,990,756)</b>
Insurance finance expenses	-	-	1,534,855	65,360	1,600,214
<b>Total changes in the statement of profit or loss</b>	<b>(27,324,303)</b>	<b>(184,885)</b>	<b>1,920,868</b>	<b>(802,221)</b>	<b>(26,390,541)</b>
<b>Cash flows</b>					
Premiums received	27,282,839	-	-	-	27,282,839
Claims and other expenses	-	-	(14,876,308)	-	(14,876,308)
Insurance acquisition cash flows	2,800,827	-	-	-	2,800,827
<b>Total cash flows</b>	<b>30,083,666</b>	<b>-</b>	<b>(14,876,308)</b>	<b>-</b>	<b>15,207,358</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>11,061,849</b>	<b>-</b>	<b>27,817,902</b>	<b>935,408</b>	<b>39,815,160</b>
2024 (Restated)					
Insurance contract liabilities as at 1 January	12,616,094	-	16,133,639	647,278	29,397,011
Insurance revenue	(31,565,269)	-	-	-	(31,565,269)
Insurance service expenses					
Incurred claims and other expenses	-	-	35,234,298	1,134,831	36,369,130
Amortisation of insurance acquisition cash flows	2,101,165	-	-	-	2,101,165
Losses on onerous contracts and reversals	-	184,885	-	-	184,885
Changes to liabilities for incurred claims	-	-	7,961,472	(69,201)	7,892,272
Insurance service result	(29,464,104)	184,885	43,195,770	1,065,630	14,982,183
Insurance finance expenses	-	-	628,708	24,721	653,429
<b>Total changes in the statement of profit or loss</b>	<b>(29,464,104)</b>	<b>184,885</b>	<b>43,824,479</b>	<b>1,090,352</b>	<b>15,635,612</b>
<b>Cash flows</b>					
Premiums received	28,699,042	-	-	-	28,699,042
Claims and other expenses	-	-	(19,184,776)	-	(19,184,776)
Insurance acquisition cash flows	(3,548,546)	-	-	-	(3,548,546)
<b>Total cash flows</b>	<b>25,150,496</b>	<b>-</b>	<b>(19,184,776)</b>	<b>-</b>	<b>5,965,720</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>8,302,486</b>	<b>184,885</b>	<b>40,773,342</b>	<b>1,737,630</b>	<b>50,998,342</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.3 FGA

2025	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
Insurance contract liabilities as at 1 January	(23,589,436)	-	89,659,182	4,030,779	70,100,525
Insurance revenue	(121,539,728)	-	-	-	(121,539,728)
Insurance service expenses					
Incurred claims and other expenses	-	-	78,234,247	3,324,758	81,559,005
Amortisation of insurance acquisition cash flows	4,317,976	-	-	-	4,317,976
Losses on onerous contracts and reversals	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(14,884,996)	(2,218,399)	(17,103,395)
<b>Insurance service result</b>	<b>(117,221,752)</b>	<b>-</b>	<b>63,349,251</b>	<b>1,106,359</b>	<b>(52,766,141)</b>
Insurance finance expenses	-	-	3,145,268	136,918	3,282,186
<b>Total changes in the statement of profit or loss</b>	<b>(117,221,752)</b>	<b>-</b>	<b>66,494,519</b>	<b>1,243,277</b>	<b>(49,483,955)</b>
<i>Cash flows</i>					
Premiums received	163,779,821	-	-	-	163,779,821
Claims and other expenses	-	-	(46,580,667)	-	(46,580,667)
Insurance acquisition cash flows	(3,800,131)	-	-	-	(3,800,131)
<b>Total cash flows</b>	<b>159,979,691</b>	<b>-</b>	<b>(46,580,667)</b>	<b>-</b>	<b>113,399,023</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>19,168,503</b>	<b>-</b>	<b>109,573,033</b>	<b>5,274,057</b>	<b>134,015,592</b>
2024 (Restated)					
Insurance contract (assets)/liabilities as at 1 January	(1,438,926)	-	36,915,399	1,821,445	37,297,918
Insurance revenue	(142,572,271)	-	-	-	(142,572,271)
Insurance service expenses					
Incurred claims and other expenses	-	-	100,418,887	3,067,057	103,485,944
Amortisation of insurance acquisition cash flows	3,648,989	-	-	-	3,648,989
Losses on onerous contracts and reversals	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(6,846,902)	(923,249)	(7,770,151)
Insurance service result	(138,923,282)	-	93,571,985	2,143,808	(43,207,489)
Insurance finance expenses	-	-	1,378,780	65,525	1,444,305
<b>Total changes in the statement of profit or loss</b>	<b>(138,923,282)</b>	<b>-</b>	<b>94,950,765</b>	<b>2,209,333</b>	<b>(41,763,184)</b>
<i>Cash flows</i>					
Premiums received	120,669,489	-	-	-	120,669,489
Claims and other expenses	-	-	(42,206,981)	-	(42,206,981)
Insurance acquisition cash flows	(3,896,717)	-	-	-	(3,896,717)
<b>Total cash flows</b>	<b>116,772,772</b>	<b>-</b>	<b>(42,206,981)</b>	<b>-</b>	<b>74,565,791</b>
<b>Net insurance contract assets as at 31 December</b>	<b>(23,589,436)</b>	<b>-</b>	<b>89,659,183</b>	<b>4,030,778</b>	<b>70,100,525</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.4 Medical

2025	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
Insurance contract (assets)/liabilities as at 1 January	(19,048,282)	-	515,899,074	9,422,002	506,272,794
Insurance revenue	(1,258,833,031)	-	-	-	(1,258,833,031)
Insurance service expenses					
Incurred claims and other expenses	-	-	1,026,308,652	7,841,508	1,034,150,160
Amortisation of insurance acquisition cash flows	48,894,627	-	-	-	48,894,627
Losses on onerous contracts and reversals	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(22,555,165)	(7,502,180)	(30,057,346)
<b>Insurance service result</b>		-	<b>1,003,753,487</b>	<b>339,328</b>	<b>(205,845,589)</b>
Insurance finance expenses	-	-	11,954,492	200,967	12,155,459
<b>Total changes in the statement of profit or loss</b>	<b>(1,209,938,404)</b>	-	<b>1,015,707,979</b>	<b>540,295</b>	<b>(193,690,130)</b>
<b>Cash flows</b>					
Premiums received	1,208,766,122	-	-	-	1,208,766,122
Claims and other expenses	-	-	(966,763,238)	-	(966,763,238)
Insurance acquisition cash flows	(37,716,595)	-	-	-	(37,716,595)
<b>Total cash flows</b>	<b>1,171,049,527</b>	-	<b>(966,763,238)</b>	-	<b>204,286,289</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>(57,937,159)</b>	-	<b>564,843,815</b>	<b>9,962,297</b>	<b>516,868,953</b>
2024 (Restated)					
Insurance contract (assets) / liabilities as at 1 January	(39,929,430)	307,650	445,446,934	8,918,217	414,743,372
Insurance revenue	(1,019,550,375)	-	-	-	(1,019,550,375)
Insurance service expenses					
Incurred claims and other expenses	-	-	900,679,354	7,444,873	908,124,227
Amortisation of insurance acquisition cash flows	27,714,839	-	-	-	27,714,839
Losses on onerous contracts and reversals	-	(307,650)	-	-	(307,650)
Changes to liabilities for incurred claims	-	-	1,547,907	(7,155,785)	(5,607,878)
Insurance service result	(991,835,536)	(307,650)	902,227,261	289,088	(89,626,837)
Insurance finance expenses	-	-	11,539,419	214,697	11,754,116
<b>Total changes in the statement of profit or loss</b>	<b>(991,835,536)</b>	<b>(307,650)</b>	<b>913,766,680</b>	<b>503,784</b>	<b>(77,872,721)</b>
<b>Cash flows</b>					
Premiums received	1,048,239,749	-	-	-	1,048,239,749
Claims and other expenses	-	-	(843,314,540)	-	(843,314,540)
Insurance acquisition cash flows	(35,523,065)	-	-	-	(35,523,065)
<b>Total cash flows</b>	<b>1,012,716,684</b>	-	<b>(843,314,540)</b>	-	<b>169,402,144</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>(19,048,282)</b>	-	<b>515,899,074</b>	<b>9,422,002</b>	<b>506,272,794</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.5 Life

2025	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
Insurance contract liabilities as at 1 January	4,774,355	-	14,833,284	58,859	19,666,498
Insurance revenue	(18,850,053)	-	-	-	(18,850,053)
Insurance service expenses					
Incurred claims and other expenses	-	-	9,798,799	21,548	9,820,347
Amortisation of insurance acquisition cash flows	1,073,311	-	-	-	1,073,311
Losses on onerous contracts and reversals	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(7,519,633)	(51,826)	(7,571,459)
<b>Insurance service result</b>	<b>(17,776,742)</b>	<b>-</b>	<b>2,279,166</b>	<b>(30,278)</b>	<b>(15,527,854)</b>
Insurance finance expenses	-	-	413,730	1,615	415,345
<b>Total changes in the statement of profit or loss</b>	<b>(17,776,742)</b>	<b>-</b>	<b>2,692,896</b>	<b>(28,664)</b>	<b>(15,112,511)</b>
<b>Cash flows</b>					
Premiums received	3,861,652	-	-	-	3,861,652
Claims and other expenses	-	-	(7,517,196)	-	(7,517,196)
Insurance acquisition cash flows	(1,327,849)	-	-	-	(1,327,849)
<b>Total cash flows</b>	<b>2,533,803</b>	<b>-</b>	<b>(7,517,196)</b>	<b>-</b>	<b>(4,983,394)</b>
<b>Net insurance contract (assets)/ liabilities as at 31 December</b>	<b>(10,468,584)</b>	<b>-</b>	<b>10,008,984</b>	<b>30,195</b>	<b>(429,406)</b>
2024 (Restated)					
Insurance contract liabilities as at 1 January	(21,248,461)	-	12,028,913	53,475	(9,166,072)
Insurance revenue	(14,890,925)	-	-	-	(14,890,925)
Insurance service expenses					
Incurred claims and other expenses	-	-	13,460,268	20,491	13,480,759
Amortisation of insurance acquisition cash flows	546,281	-	-	-	546,281
Losses on onerous contracts and reversals	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(473,196)	(16,681)	(489,877)
Insurance service result	(14,344,644)	-	12,987,072	3,810	(1,353,761)
Insurance finance expenses	-	-	356,250	1,574	357,824
<b>Total changes in the statement of profit or loss</b>	<b>(14,344,644)</b>	<b>-</b>	<b>13,343,323</b>	<b>5,384</b>	<b>(995,937)</b>
<b>Cash flows</b>					
Premiums received	40,850,856	-	-	-	40,850,856
Claims and other expenses	-	-	(10,538,952)	-	(10,538,952)
Insurance acquisition cash flows	(483,395)	-	-	-	(483,395)
<b>Total cash flows</b>	<b>40,367,461</b>	<b>-</b>	<b>(10,538,952)</b>	<b>-</b>	<b>29,828,509</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>4,774,356</b>	<b>-</b>	<b>14,833,284</b>	<b>58,859</b>	<b>19,666,499</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA

#### 9.6 Motor

2025	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
<b>Net reinsurance contract assets</b>	<b>(8,354,213)</b>	<b>(186,289)</b>	<b>(40,770,781)</b>	<b>(991,601)</b>	<b>(50,302,884)</b>
An allocation of reinsurance premiums	34,330,292	-	-	-	34,330,292
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(7,362,082)	(101,928)	(7,464,010)
Changes to amounts recoverable for incurred claims	-	-	(8,171,691)	520,696	(7,650,995)
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses – net	-	18,504	-	-	18,504
<b>Net income or expense from reinsurance contracts</b>	<b>34,330,292</b>	<b>18,504</b>	<b>(15,533,773)</b>	<b>418,768</b>	<b>19,233,791</b>
Reinsurance finance income	-	-	(1,068,382)	(29,930)	(1,098,312)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of profit or loss</b>	<b>34,330,292</b>	<b>18,504</b>	<b>(16,602,155)</b>	<b>388,838</b>	<b>18,135,479</b>
<b>Cash flows</b>					
Premiums paid	(29,336,400)	-	-	-	(29,336,400)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	31,378,117	-	31,378,117
<b>Total cash flows</b>	<b>(29,336,400)</b>	<b>-</b>	<b>31,378,117</b>	<b>-</b>	<b>2,041,717</b>
<b>Net reinsurance contract assets as at 31 December</b>	<b>(3,360,321)</b>	<b>(167,785)</b>	<b>(25,994,819)</b>	<b>(602,763)</b>	<b>(30,125,688)</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.6 Motor (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2024 (Restated)					
Net reinsurance contract assets	48,610,762	(674,542)	(31,144,084)	(1,592,369)	15,199,767
An allocation of reinsurance premiums	40,812,076	-	-	-	40,812,076
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(91,418,930)	(484,521)	(91,903,451)
Changes to amounts recoverable for incurred claims	-	-	(7,931,567)	1,140,994	(6,790,573)
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses - net	-	488,253	-	-	488,253
Net income or expense from reinsurance contracts held	40,812,076	488,253	(99,350,497)	656,473	(57,393,695)
Reinsurance finance income	-	-	(1,089,194)	(55,705)	(1,144,899)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	40,812,076	488,253	(100,439,691)	600,768	(58,538,594)
<i>Cash flows</i>					
Premiums paid	(97,777,051)	-	-	-	(97,777,051)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	90,812,994	-	90,812,994
Total cash flows	(97,777,051)	-	90,812,994	-	(6,964,057)
Net reinsurance contract assets as at 31 December	(8,354,213)	(186,289)	(40,770,781)	(991,601)	(50,302,884)

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.7 Marine

2025	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
<b>Net reinsurance contract assets</b>	<b>(2,752,294)</b>	<b>(102,490)</b>	<b>(25,319,148)</b>	<b>(960,317)</b>	<b>(29,134,249)</b>
An allocation of reinsurance premiums	13,519,481	-	-	-	13,519,481
Amounts recoverable from reinsurers for incurred					
Amounts recoverable for incurred claims and other expenses	-	-	261,720	(63,996)	197,724
Changes to amounts recoverable for incurred claims	-	-	11,823,871	660,990	12,484,861
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses – net	-	102,490	-	-	102,490
<b>Net income or expense from reinsurance contracts</b>	<b>13,519,481</b>	<b>102,490</b>	<b>12,085,591</b>	<b>596,994</b>	<b>26,304,556</b>
Reinsurance finance income	-	-	(1,207,961)	(35,101)	(1,243,062)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of profit or loss</b>	<b>13,519,481</b>	<b>102,490</b>	<b>10,877,630</b>	<b>561,893</b>	<b>25,061,494</b>
<b>Cash flows</b>					
Premiums paid	(12,706,672)	-	-	-	(12,706,672)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	6,216,380	-	6,216,380
<b>Total cash flows</b>	<b>(12,706,672)</b>	<b>-</b>	<b>6,216,380</b>	<b>-</b>	<b>(6,490,292)</b>
<b>Net reinsurance contract assets as at 31 December</b>	<b>(1,939,485)</b>	<b>-</b>	<b>(8,225,138)</b>	<b>(398,424)</b>	<b>(10,563,047)</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.7 Marine (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2024 (Restated)					
Net reinsurance contract assets	(3,862,347)	-	(12,411,587)	(310,414)	(16,584,348)
An allocation of reinsurance premiums	14,097,784	-	-	-	14,097,784
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(14,751,902)	(624,192)	(15,376,094)
Changes to amounts recoverable for incurred claims	-	-	(5,216,627)	(14,222)	(5,230,849)
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses - net	-	(102,490)	-	-	(102,490)
Net income or expense from reinsurance contracts held	14,097,784	(102,490)	(19,968,529)	(638,414)	(6,611,649)
Reinsurance finance income	-	-	(685,560)	(11,489)	(697,049)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	14,097,784	(102,490)	(20,654,089)	(649,903)	(7,308,698)
<i>Cash flows</i>					
Premiums paid	(12,987,731)	-	-	-	(12,987,731)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	7,746,528	-	7,746,528
Total cash flows	(12,987,731)	-	7,746,528	-	(5,241,203)
Net reinsurance contract assets as at 31 December	(2,752,294)	(102,490)	(25,319,148)	(960,317)	(29,134,249)

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.8 FGA

2025	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
<b>Net reinsurance contract assets</b>	6,025,540	-	(68,679,612)	(3,309,930)	(65,964,002)
An allocation of reinsurance premiums	90,972,460	-	-	-	90,972,460
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(57,431,701)	(2,769,240)	(60,200,941)
Changes to amounts recoverable for incurred claims	-	-	8,843,441	1,767,774	10,611,215
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses – net	-	-	-	-	-
<b>Net income or expense from reinsurance contracts</b>	90,972,460	-	(48,588,260)	(1,001,466)	41,382,734
Reinsurance finance income	-	-	(2,258,730)	(110,415)	(2,369,145)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of profit or loss</b>	90,972,460	-	(50,846,991)	(1,111,881)	39,013,589
<b>Cash flows</b>					
Premiums paid	(93,248,985)	-	-	-	(93,248,985)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	29,353,925	-	29,353,925
<b>Total cash flows</b>	(93,248,985)	-	29,353,925	-	(63,895,060)
<b>Net reinsurance contract assets as at 31 December</b>	3,749,015	-	(90,172,677)	(4,421,811)	(90,845,473)

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.8 FGA (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
2024 (Restated)					
Net reinsurance contract assets	(8,981,835)	-	(27,640,748)	(1,360,737)	(37,983,320)
An allocation of reinsurance premiums	115,962,771	-	-	-	115,962,771
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(67,437,116)	(2,615,107)	(70,052,223)
Changes to amounts recoverable for incurred claims	-	-	4,498,701	714,124	5,212,825
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses - net	-	-	-	-	-
Net income or expense from reinsurance contracts held	115,962,771	-	(62,938,415)	(1,900,983)	51,123,373
Reinsurance finance income	-	-	(902,880)	(48,210)	(951,090)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	115,962,771	-	(63,841,295)	(1,949,193)	50,172,283
<i>Cash flows</i>					
Premiums paid	(100,955,397)	-	-	-	(100,955,397)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	22,802,432	-	22,802,432
Total cash flows	(100,955,397)	-	22,802,432	-	(78,152,965)
Net reinsurance contract (liability) / assets as at 31 December	6,025,539	-	(68,679,611)	(3,309,930)	(65,964,002)

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.9 Medical

2025	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
<b>Net reinsurance contract liabilities / (assets)</b>	318,301,131	-	(329,395,423)	(6,692,849)	(17,787,141)
An allocation of reinsurance premiums	753,893,175	-	-	-	753,893,175
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(651,334,707)	(5,303,950)	(656,638,657)
Changes to amounts recoverable for incurred claims	-	-	17,075,746	5,389,983	22,465,729
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses – net	-	-	-	-	-
<b>Net income or expense from reinsurance contracts</b>	753,893,175	-	(634,258,961)	86,033	119,720,247
Reinsurance finance income	-	-	(7,021,681)	(142,654)	(7,164,335)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of profit or loss</b>	753,893,175	-	(641,280,642)	(56,621)	112,555,912
<b>Cash flows</b>					
Premiums paid	(661,881,708)	-	-	-	(661,881,708)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	630,194,067	-	630,194,067
<b>Total cash flows</b>	(661,881,708)	-	630,194,067	-	(31,687,641)
<b>Net reinsurance contract liabilities / (assets) as at 31 December</b>	410,312,598	-	(340,481,998)	(6,749,470)	63,081,130

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.9 Medical (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
2024 (Restated)					
Net reinsurance contract (assets) / liabilities	264,347,959	(156,992)	(301,357,404)	(6,990,971)	(44,157,408)
An allocation of reinsurance premiums	628,552,901	-	-	-	628,552,901
Amounts recoverable from reinsurers for incurred					
Amounts recoverable for incurred claims and other expenses	-	-	(601,573,075)	(5,207,351)	(606,780,427)
Changes to amounts recoverable for incurred	-	-	23,486,568	5,673,908	29,160,476
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses - net	-	156,992	-	-	156,992
Net income or expense from reinsurance contracts	628,552,901	156,992	(578,086,507)	466,556	51,089,942
Reinsurance finance income	-	-	(7,252,719)	(168,433)	(7,421,152)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	628,552,901	156,992	(585,339,226)	298,123	43,668,790
<i>Cash flows</i>					
Premiums paid	(574,599,729)	-	-	-	(574,599,729)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	557,301,206	-	557,301,206
Total cash flows	(574,599,729)	-	557,301,206	-	(17,298,523)
Net reinsurance contract (assets) / liabilities as at 31 December	318,301,131	-	(329,395,424)	(6,692,848)	(17,787,141)

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.10 Life

2025	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
<b>Net reinsurance contract liability / (assets)</b>	3,618,392	-	(13,426,251)	(47,548)	(9,855,407)
An allocation of reinsurance premiums	13,125,628	-	-	-	13,125,628
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(7,739,041)	(16,920)	(7,755,961)
Changes to amounts recoverable for incurred claims	-	-	5,731,091	42,078	5,773,169
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses – net	-	-	-	-	-
<b>Net income or expense from reinsurance contracts</b>	13,125,628	-	(2,007,950)	25,158	11,142,836
Reinsurance finance income	-	-	(356,946)	(1,308)	(358,254)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of profit or loss</b>	13,125,628	-	(2,364,896)	23,850	10,784,582
<b>Cash flows</b>					
Premiums paid	(13,720,125)	-	-	-	(13,720,125)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	9,674,505	-	9,674,505
<b>Total cash flows</b>	(13,720,125)	-	9,674,505	-	(4,045,620)
<b>Net reinsurance contract liability / (assets) as at 31 December</b>	3,023,895	-	(6,116,642)	(23,698)	(3,116,445)

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

#### 9.10 Life (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
2024 (Restated)					
Net reinsurance contract liability / (assets)	1,936,527	-	(9,168,332)	(43,247)	(7,275,052)
An allocation of reinsurance premiums	11,456,036	-	-	-	11,456,036
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	(10,578,874)	(17,524)	(10,596,398)
Changes to amounts recoverable for incurred claims	-	-	225,470	14,541	240,011
Amortisation of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses - net	-	-	-	-	-
Net income or expense from reinsurance contracts held	11,456,036	-	(10,353,404)	(2,983)	1,099,649
Reinsurance finance income	-	-	(279,278)	(1,318)	(280,596)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of profit or loss	11,456,036	-	(10,632,682)	(4,301)	819,053
<i>Cash flows</i>					
Premiums paid	(9,774,171)	-	-	-	(9,774,171)
Reinsurance acquisition cash flows	-	-	-	-	-
Amounts received	-	-	6,374,763	-	6,374,763
Total cash flows	(9,774,171)	-	6,374,763	-	(3,399,408)
Net reinsurance contract liability / (assets) as at 31 December	3,618,392	-	(13,426,251)	(47,548)	(9,855,407)

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

In addition to scenario testing, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Group's estimate of liability for incurred claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position. The following tables illustrate the Group's estimate of total liability for incurred claims for the years up to 2025.

#### Gross Insurance contract liabilities at 31 December 2025

	2019 and prior AED	2020 AED	2021 AED	2022 AED	2023 AED	2024 AED	2025 AED	Total AED
At the end of each reporting year	-	666,481,817	750,668,028	903,177,754	1,106,504,049	1,289,679,861	1,265,486,316	1,265,486,316
One year later	-	636,827,477	777,802,856	901,152,952	1,100,283,911	1,277,868,567	-	1,277,868,567
Two years later	-	679,508,367	769,465,014	909,596,162	1,104,034,547	-	-	1,104,034,547
Three years later	-	647,798,338	767,543,972	909,768,237	-	-	-	909,768,237
Four years later	-	649,578,115	769,346,867	-	-	-	-	769,346,867
Five years later	-	651,378,938	-	-	-	-	-	651,378,938
Estimate of cumulative claims	1,621,021,117	651,378,938	769,346,867	909,768,237	1,104,034,547	1,277,868,567	1,265,486,316	7,598,904,589
Cumulative payments to date	(1,624,528,978)	(646,968,245)	(759,668,127)	(900,649,464)	(1,057,253,010)	(1,140,417,795)	(737,267,517)	(6,866,753,136)
Unallocated loss adjustment expense reserve	45,475	88,731	167,637	177,433	752,007	1,069,584	5,986,587	8,287,453
Claims payable								43,691,924
<b>Total gross undiscounted liabilities for incurred claims</b>	<b>-3,462,386</b>	<b>4,499,424</b>	<b>9,846,377</b>	<b>9,296,206</b>	<b>47,533,543</b>	<b>138,520,356</b>	<b>534,205,386</b>	<b>784,130,829</b>
Attributable expenses								-
Effect of discounting								(26,287,831)
<b>Total discounted gross reserves included in the consolidated statement of financial position</b>								<b>757,842,998</b>
Risk adjustments								19,648,271
<b>Total gross liabilities for incurred claims</b>								<b>777,491,269</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 9. Insurance and reinsurance contracts (continued)

#### Net Insurance contract liabilities at 31 December 2025

	2019 and prior AED	2020 AED	2021 AED	2022 AED	2023 AED	2024 AED	2025 AED	Total AED
At the end of each reporting year	-	641,572,827	347,106,140	392,699,626	331,582,624	368,957,199	523,813,224	523,813,224
One year later	-	294,466,687	262,593,101	270,045,700	314,773,986	476,452,151	-	476,452,151
Two years later	-	229,408,015	230,583,185	260,221,209	436,145,994	-	-	436,145,994
Three years later	-	194,123,711	219,582,303	281,801,637	-	-	-	281,801,637
Four years later	-	185,834,120	222,388,246	-	-	-	-	222,388,246
Five years later	-	477,645,951	-	-	-	-	-	477,645,951
Estimate of cumulative claims	515,867,746	477,645,951	222,388,246	281,801,637	436,145,994	476,452,151	523,813,224	2,934,114,950
Cumulative payments to date	(518,319,126)	(475,328,675)	(219,224,815)	(278,699,473)	(416,610,304)	(429,641,952)	(333,374,669)	(2,671,199,013)
Unallocated loss adjustment expense reserve	45,475	88,731	167,637	177,433	752,007	1,069,584	5,986,587	8,287,453
Claims payable								25,089,334
<b>Total net undiscounted liabilities for incurred claims</b>	<b>(2,405,905)</b>	<b>2,406,006</b>	<b>3,331,068</b>	<b>3,279,597</b>	<b>20,287,698</b>	<b>47,879,783</b>	<b>196,425,142</b>	<b>296,292,723</b>
Attributable expenses								-
Effect of discounting								(9,441,000)
<b>Total discounted net reserves included in the consolidated statement of financial position</b>								<b>286,851,724</b>
Risk adjustments								7,452,104
<b>Total net liabilities for incurred claims</b>								<b>294,303,828</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 10. Other receivables

	2025 AED	2024 AED
Staff receivables	2,440,735	3,393,984
Rent receivables	28,269,995	23,697,192
Prepayments and others	12,266,852	15,541,226
	<u>42,977,582</u>	<u>42,632,402</u>

### 11. Cash and cash equivalents

	2025 AED	2024 AED
Cash on hand	116,100	221,284
Bank balances:		
Current accounts	105,862,309	105,497,314
Call accounts	1,591,527	1,031,821
Margin deposits	1,087,390	1,087,390
Fixed deposits	389,917,938	316,447,330
<b>Bank balances and cash</b>	<u>498,575,264</u>	<u>424,285,139</u>
Less: Deposits under lien (Note 15)	(255,026,109)	(276,447,330)
Less: Deposits with original maturity of more than three months	(134,891,829)	(40,000,000)
Less: Margin deposits	(1,087,390)	(1,087,390)
<b>Cash and cash equivalents</b>	<u>107,569,936</u>	<u>106,750,419</u>

The interest rate on fixed deposits with banks ranges from 4.00% to 4.65% (2024: 3.89% to 5.75%) per annum. All fixed deposits are held in local banks in the United Arab Emirates.

#### 11.1 Deposits

	2025 AED	2024 AED
Margin deposits	1,087,390	1,087,390
Fixed deposits	389,917,938	316,447,330
<b>Total</b>	<u>391,005,328</u>	<u>317,534,720</u>

### 12. Share capital

	2025 AED	2024 AED
Authorised, issued and fully paid: 250 million ordinary shares of AED 1 each (2024: 250 million ordinary shares of AED 1 each)	<u>250,000,000</u>	<u>250,000,000</u>

### 13. Reserves

#### 13.1 Statutory reserve

In accordance with UAE Federal Decree Law No. (32) of 2021, the Parent Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer was made during the year 2025 (2024: AED nil).

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 13. Reserves (continued)

#### 13.2 Reinsurance reserve

In accordance with Insurance Companies register of the Central Bank of the U.A.E. (“CBUAE”) Board of Directors’ Decision No. 23 Article 34, an amount of AED 4,793,988 (2024: AED 4,607,833) was transferred from retained earnings to reinsurance reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of the U.A.E. (“CBUAE”).

### 14. Provision for employees’ end of service indemnity

Movements in the net liability were as follows:

	2025 AED	2024 AED
Balance at the beginning of the year	46,784,750	43,118,479
Amounts charged during the year	7,204,507	5,142,269
Amounts paid during the year	(7,206,906)	(1,475,998)
	<u>46,782,351</u>	<u>46,784,750</u>

### 15. Bank borrowings

	2025 AED	2024 AED
Bank overdrafts	65,294,207	125,475,926
Term loans	50,000,000	174,599,267
	<u>115,294,207</u>	<u>300,075,193</u>

The bank borrowings are repayable as follows:

On demand or within one year	115,294,207	213,409,193
In the second year	-	61,718,000
In the third and subsequent years	-	24,948,000
	<u>115,294,207</u>	<u>300,075,193</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(115,294,207)</u>	<u>(213,409,193)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u>-</u>	<u>86,666,000</u>

Bank overdrafts are repayable on demand and carry out interest rates ranging from Cash Security Against Facility (CSAF) plus 0.5% to 2.8% plus 1-month EIBOR (2024: 0.5% to 2.5% plus 3 months EIBOR) per annum. There is no covenant breach in the year 2025 (31 December 2024: there was one breach with a loan obtained from United Arab Bank).

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 15. Bank borrowings (continued)

The term loans description, maturity dates, and classification are set in the table below:

	Notes	Maturity	2025 AED	2024 AED
Loan 1	(i)	31 October 2025	-	8,333,333
Loan 2	(ii)	2 February 2028	-	15,832,600
Loan 3	(iii)	30 June 2028	-	47,880,000
Loan 4	(vi)	31 December 2026	50,000,000	50,000,000
Loan 5	(v)	28 February 2025	-	1,333,333
Loan 6	(vi)	31 May 2025	-	7,766,667
Loan 7	(vii)	31 July 2025	-	29,353,334
Loan 8	(viii)	30 September 2025	-	5,100,000
Loan 9	(ix)	31 October 2025	-	9,000,000
			<b>50,000,000</b>	<b>174,599,267</b>

Main features of bank borrowings:

- Bank loans are obtained to finance the construction of investment properties and to meet its operating capital requirements.
  - Bank overdraft is payable on demand.
- (i) Bank loan for the amount of AED 75,000,000 was obtained in November 2017 to be repaid on monthly instalments of AED 833,333 commencing from May 2018 till October 2025 with interest rate 2.75% plus 1-month EIBOR, last instalment was paid in October 2025 as scheduled.
- (ii) Bank loan for the amount of AED 50,000,000 was obtained in May 2017, AED 25,000,000 is to be repaid on monthly instalments of AED 694,444 commencing from January 2020 till December 2021, whereas remaining balance is to be repaid in two installments of AED 12,500,000 each on May 2023 & May 2024. On February 2023 the loan was restructured amounting to AED 25,000,000 and is to be repaid in 59 monthly installments of AED 416,700 and the remaining balance of AED 414,700 is to be repaid on February 2028 which bears interest rate of 2.5% plus 3-month EIBOR; however, loan balance had been settled earlier in view of surplus funds.
- (iii) Bank loan for the amount of AED 63,000,000 was obtained in July 2023. An amount of AED 15,120,000 is to be repaid on eighteen monthly instalments of AED 840,000 commencing from July 2023, AED 11,214,000 is to be repaid on twelve monthly instalments of AED 934,500 commencing from January 2025, AED 11,718,000 is to be repaid on twelve monthly instalments of AED 976,500 commencing from January 2026, AED 12,726,000 is to be repaid on twelve monthly instalments of AED 1,060,500 commencing from January 2027, AED 6,300,000 is to be repaid on three monthly instalments of AED 2,100,000 commencing from January 2028, whereas the remaining balance of AED 5,922,000 is to be repaid on three monthly instalments of AED 1,974,000 commencing from April 2028 and bears interest rate of 2.35% plus 3 month EIBOR. However, the loan had been fully settled in May 2025 in view of surplus funds.
- (iv) Bank loan for the amount of AED 50,000,000 was obtained in December 2023 to be repaid in one bullet payment in December 2026 and bears interest rate of 0.50% plus fixed deposit rate (4.35%).
- (v) Bank loan for the amount of AED 10,000,000 was obtained in November 2023 to be repaid on monthly instalments of AED 666,667 commencing from December 2023 till February 2025 with interest rate 2.75% plus 1-month EIBOR. It was fully settled on due date.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 15. Bank borrowings (continued)

- (vi) Bank loan for the amount of AED 23,300,000 was obtained in February 2024 to be repaid on monthly instalments of AED 1,553,333 commencing from March 2024 till May 2025 with interest rate 2.75% plus 1-month EIBOR. It was fully settled on due date.
- (vii) Bank loan for the amount of AED 62,900,000 was obtained in April 2024 to be repaid on monthly instalments of AED 4,193,333 commencing from May 2024 till July 2025 with interest rate 2.75% plus 1-month EIBOR. It was fully settled on due date.
- (viii) Bank loan for the amount of AED 8,500,000 was obtained in June 2024 to be repaid on monthly instalments of AED 566,667 commencing from July 2024 till September 2025 with interest rate 2.75% plus 1-month EIBOR. It was fully settled on due date.
- (ix) Bank loan for the amount of AED 13,500,000 was obtained in July 2024 to be repaid on monthly instalments of AED 900,000 commencing from August 2024 till October 2025 with interest rate 2.75% plus 1-month EIBOR. It was fully settled on due date.

At 31 December 2025, bank borrowings were secured by lien on fixed deposits amounting to AED 255 million (2024: AED 276.4 million) (Note 11), mortgage of investment properties with fair value of AED 590 million (2024: AED 849 million) and assignment of rental proceeds from certain investment properties (Note 6).

Classification of bank borrowings between current and non current is as follows:

	2025 AED	2024 AED
Current portion	115,294,207	213,409,193
Non-current portion	-	86,666,000
	<u>115,294,207</u>	<u>300,075,193</u>

### 16. Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2025 AED	2024 AED
Current	762,655	2,072,832
Non-current	396,205	1,158,861
	<u>1,158,860</u>	<u>3,231,693</u>

The Group has leases for the offices all in UAE. Each lease is reflected on the consolidated statement of balance position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property and equipment (Note 5).

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 16. Lease Liabilities (continued)

Right-of-use assets	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
Offices	19	2 to 3 years	2 years	19	19

The movement in lease liabilities during the year was as follows:

	2025 AED	2024 AED
Balance at January 1,	3,231,693	6,880,398
Additions	5,082,447	1,489,801
Termination	(3,455,483)	(923,025)
Interest charge during the year	264,351	206,412
Payment of lease liabilities during the year	(3,964,148)	(4,421,893)
Balance at December 31,	<u>1,158,860</u>	<u>3,231,693</u>

The incremental borrowing rate used for lease liabilities is 4% (2024: 4%). Future minimum lease payments at December 31, 2025 were as follows:

	Minimum lease payments due		Total AED
	Within 1 year AED	1-5 year AED	
<b>December 31, 2025</b>			
Lease payments	794,874	402,146	1,197,020
Finance charges	(32,219)	(5,941)	(38,160)
<b>Net present value</b>	<u>762,655</u>	<u>396,205</u>	<u>1,158,860</u>
<b>December 31, 2024</b>			
Lease payments	2,163,498	1,197,020	3,360,518
Finance charges	(90,666)	(38,159)	(128,825)
<b>Net present value</b>	<u>2,072,832</u>	<u>1,158,861</u>	<u>3,231,693</u>

### 17. Other payables

	2025 AED	2024 AED
Rent received in advance	24,279,777	19,295,394
Accrued expenses and other payables	19,094,415	18,983,665
Due to employees	15,016,149	18,257,428
	<u>58,390,341</u>	<u>56,536,487</u>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 18. Investment and other (loss) / income

	2025 AED	2024 AED
Interest income on deposits	16,300,710	15,786,662
Dividend from investments	3,425,026	2,989,308
Change in fair value of investment properties (Note 6)	(54,520,775)	(3,000,000)
Income from investment properties (Note 6)	28,685,790	30,064,522
Sale of assets	34,587	-
Gain on cancellation of lease	68,647	36,123
Other income	68,104	36,276
	<u>(5,937,911)</u>	<u>45,912,891</u>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 19. Insurance revenue

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
<b>2025</b>						
<b>Contract measured under PAA</b>						
Insurance contract issued	217,130,018	29,565,698	121,539,728	1,258,833,031	18,850,053	1,645,918,528
<b>2024 (Restated)</b>						
<b>Contract measured under PAA</b>						
Insurance contract issued	239,298,875	31,565,269	142,572,271	1,019,550,375	14,890,925	1,447,877,715

### 20. Insurance service expense

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
<b>2025</b>						
<b>Contract measured under PAA</b>						
Incurring claims and other expenses	250,025,668	16,353,253	81,559,006	1,034,150,160	9,820,347	1,391,908,435
Changes to liabilities for incurred claims	1,793,695	(16,834,821)	(17,103,395)	(30,057,346)	(7,571,459)	(69,773,327)
Amortisation of insurance acquisition cash flows	19,000,501	2,241,395	4,317,976	48,894,627	1,073,311	75,527,810
Losses on onerous contracts and reversals of those losses – net	(758,715)	(184,885)	-	-	-	(943,600)
	270,061,149	1,574,942	68,773,586	1,052,987,441	3,322,199	1,396,719,318
<b>2024 (Restated)</b>						
<b>Contract measured under PAA</b>						
Incurring claims and other expenses	336,159,757	36,369,130	103,485,944	908,124,227	13,480,759	1,397,619,817
Changes to liabilities for incurred claims	10,043,416	7,892,272	(7,770,151)	(5,607,878)	(489,877)	4,067,782
Amortisation of insurance acquisition cash flows	21,677,158	2,101,165	3,648,989	27,714,838	546,281	55,688,432
Losses on onerous contracts and reversals of those losses – net	(2,173,976)	184,885	-	(307,650)	-	(2,296,742)
	365,706,355	46,547,452	99,364,782	929,923,537	13,537,163	1,455,079,289

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 21. Net (expense)/ income from reinsurance contracts held

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
<b>2025</b>						
Allocation of reinsurance premiums	34,330,292	13,519,481	90,972,460	753,893,175	13,125,628	905,841,036
<b>Amounts recoverable from reinsurance for incurred claims</b>						
Amounts recoverable for incurred claims	(7,464,010)	197,724	(60,200,941)	(656,638,657)	(7,755,961)	(831,861,845)
Changes to amounts recoverable for incurred claims	(7,650,995)	12,484,861	10,611,215	22,465,729	5,773,169	43,683,979
Amortisation of insurance acquisition cash flows	-	-	-	-	-	-
Losses on onerous contracts and reversals of those losses – net	18,504	102,490	-	-	-	120,994
	<b>(15,096,501)</b>	<b>12,785,075</b>	<b>(49,589,726)</b>	<b>(634,172,928)</b>	<b>(1,982,792)</b>	<b>(688,056,872)</b>
<b>Net expense from reinsurance contracts held</b>	<b>19,233,791</b>	<b>26,304,556</b>	<b>41,382,734</b>	<b>119,720,247</b>	<b>11,142,836</b>	<b>217,784,164</b>
<b>2024 (Restated)</b>						
Allocation of reinsurance premiums	40,812,076	14,097,784	115,962,771	628,552,901	11,456,036	810,881,568
<b>Amounts recoverable from reinsurance for incurred claims</b>						
Amounts recoverable for incurred claims	(91,903,451)	(15,376,094)	(70,052,223)	(606,780,427)	(10,596,398)	(794,708,593)
Changes to amounts recoverable for incurred claims	(6,790,573)	(5,230,849)	5,212,825	29,160,476	240,011	22,591,891
Amortisation of insurance acquisition cash flows	-	-	-	-	-	-
Losses on onerous contracts and reversals of those losses – net	488,253	(102,490)	-	156,992	-	542,754
	<b>(98,205,771)</b>	<b>(20,709,433)</b>	<b>(64,839,398)</b>	<b>(577,462,959)</b>	<b>(10,356,387)</b>	<b>(771,573,948)</b>
<b>Net expense/(income) from reinsurance contracts held</b>	<b>(57,393,695)</b>	<b>(6,611,649)</b>	<b>51,123,373</b>	<b>51,089,942</b>	<b>1,099,649</b>	<b>39,307,620</b>

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 22. Net insurance financial result

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
<b>2025</b>						
Insurance finance expenses from insurance contracts issued	1,166,615	(1,600,214)	(3,282,186)	(12,155,459)	(415,344)	(16,286,588)
Reinsurance finance income from reinsurance contracts held	1,098,312	1,243,062	2,369,145	7,164,335	358,254	12,233,108
<b>2024 (Restated)</b>						
Insurance finance expense from insurance contracts issued	1,255,465	(653,429)	(1,444,305)	(11,754,116)	(357,824)	(12,954,209)
Reinsurance finance income from reinsurance contracts held	1,144,899	697,049	951,089	7,421,153	280,596	10,494,786

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 23. General and administrative expenses

Loss for the year has been arrived at after charging the following expenses:

	2025 AED	2024 AED (Restated)
Staff costs	55,067,925	44,589,074
Government and regulatory fees	9,280,895	8,958,377
Audit fees*	925,000	570,000
Professional fees	26,237,499	8,696,005
Depreciation of property and equipment (note 5)	4,435,316	4,663,722
Insurance	5,840,722	5,931,030
Communication, transportation and utilities	2,352,908	2,523,512
Bank charges	3,945,206	3,920,781
Director's Remuneration	1,800,000	3,600,000
Repairs and maintenance	748,433	363,228
Other expenses	7,160,640	7,950,275
	<u>117,794,544</u>	<u>91,766,004</u>

General and administrative expenses amounting to AED 112,253,494 (2024: AED 85,604,728) is allocated to the underwriting activities, excluding the director's remuneration and management expenses, which is fully unallocated. Unallocated portion is amounting to AED 5,541,050 (2024: AED 6,161,276).

\* This includes audit fees charged during the year amounting to AED 450 thousand. The audit related fees charged during the year amount to AED 475 thousand.

### 24. Basic and diluted earnings / (loss) per share

	2025	2024
Profit / (loss) for the year after tax (in AED)	<u>5,672,211</u>	<u>(34,358,490)</u>
Number of outstanding shares	<u>250,000,000</u>	<u>250,000,000</u>
Basic and diluted earnings / (loss) per share after tax (in Fils)	<u>2.27</u>	<u>(13.74)</u>

Basic earnings / (loss) per share after tax has been calculated by dividing the earnings / (loss) for the year after tax by the number of shares outstanding at the end of the reporting period. Diluted earnings / (loss) per share after tax as of 31 December 2025 and 31 December 2024 are equivalent to basic earnings / (loss) per share after tax as the Group did not issue any new instrument that would impact earnings per share after tax when executed.

### 25. Related party balances and transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

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

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

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 25. Related party balances and transactions (continued)

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

At the end of the reporting period, amounts due from/to related parties included under due from policyholders and gross outstanding claims were as follows:

	2025 AED	2024 AED
<b>Board members and their affiliates</b>		
Due from policyholders <i>(included in insurance contract liabilities as part of presentation requirement of IFRS 17)</i>	6,254,820	5,892,532
Gross outstanding claims <i>(included in insurance contract liabilities as part of presentation requirement of IFRS 17)</i>	<u>2,112,324</u>	<u>764,949</u>

The outstanding amounts are unsecured and will be settled in cash. No guarantees have been given or received, and no expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.

#### Transactions:

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

	2025 AED	2024 AED
<b>Board members and their affiliates</b>		
Premium received	5,977,887	5,913,032
Claims paid	<u>2,828,146</u>	<u>7,861,488</u>

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

#### Compensation of board of directors/key management personnel

	2025 AED	2024 AED
Key management staff:		
Short-term benefits	4,983,557	5,169,984
Long-term benefits	351,815	360,330
Board of directors' remuneration	<u>1,800,000</u>	<u>1,800,000</u>

### 26. Contingencies and commitments

#### Contingencies

##### *Legal proceedings*

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's consolidated financial statements if settled unfavorably.

	2025 AED	2024 AED
<b>Commitments</b>		
Letters of guarantee	<u>322,439,750</u>	<u>111,663,190</u>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 27. Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the 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 Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying 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 Group 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 Group 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.

#### 27.1 *Frequency and severity of claims*

The Group has the right not to renew individual policies, re-price the risk, impose deductibles and reject the payment of a fraudulent claim. Insurance contracts also entitle the Group 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 territories in which the Group operates and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer net insurance losses of a set limit defined in each arrangement for each policy. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The following tables disclose the concentration of insurance liabilities by line of business. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from the insurance contracts:

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 27. Insurance risk (continued)

	2025		
	Gross AED	Reinsurance AED	Net AED
Motor	103,206,102	(30,125,688)	73,080,414
Marine	39,815,160	(10,563,047)	29,252,113
FGA	134,015,592	(90,845,473)	43,170,119
Medical	516,868,953	63,081,130	579,950,083
Life	(429,406)	(3,116,445)	(3,545,851)
	<b>793,476,401</b>	<b>(71,569,523)</b>	<b>721,906,878</b>
	2024 (Restated)		
	Gross AED	Reinsurance AED	Net AED
Motor	48,146,920	(50,302,884)	(2,155,964)
Marine	50,998,342	(29,134,250)	21,864,092
FGA	70,100,525	(65,964,002)	4,136,523
Medical	506,272,794	(17,787,141)	488,485,653
Life	19,666,499	(9,855,407)	9,811,091
	<b>695,185,080</b>	<b>(173,043,683)</b>	<b>522,141,397</b>

#### 27.2 Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group 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 element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, 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 Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Group has involved external actuarial values as well. 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 Group 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.

# **Al Buhaira National Insurance Company P.S.C. and its Subsidiary**

## **Notes to the consolidated financial statements For the year ended 31 December 2025**

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### **27. Insurance risk (continued)**

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 reporting date.

Where possible, the Group 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 Group's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulas where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 27. Insurance risk (continued)

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

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact insurance service result as follows:

	2025 AED	2024 AED
<b>Impact of change in loss ratio by +1 / -1 %</b>		
Motor	1,798,874	2,260,112
Marine	126,405	189,820
FGA	146,656	168,225
Medical	4,870,872	2,924,376
Life	54,389	12,186

#### 27.3 Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Group'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 Group 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. The Group has also involved an independent external actuary in the valuation of technical reserves of the Group.

#### 27.4 Concentration of insurance risk

Substantially all of the Group's underwriting activities are carried out in the United Arab Emirates.

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

However, the Group decided to waive the reinsurance quota share treaty in motor among others for the current year because very less margin remains after actual loss ratio which is evident in last couple of years.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group 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.

#### 27.5 Sensitivity of underwriting profit and losses

The contribution by the insurance operations is a profit of AED 31.4 million for the year ended 31 December 2025 (2024 restated: loss of AED 46.5 million). The Group expects to increase the contribution by insurance operations to the profitability due to the reasons mentioned below.

The Group has an overall retention level of 41% (2024: 40%) and the same is mainly contributed by motor and medical class of business. The Group tries to arrange appropriate excess of loss reinsurance cover to guard against major financial impact.

The Group earns a gross commission income of AED 32.5 million (2024: AED 47.0 million (restated)). These commissions arise primarily from the reinsurance placements and are a recurring source of income.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 27. Insurance risk (continued)

#### Sensitivity

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following sensitivity analysis shows the impact on gross and net liabilities, net profit and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

2025	Change in assumptions	Impact on net profit gross of reinsurance AED	Impact on net profit net of reinsurance AED	Impact on equity gross of reinsurance AED	Impact on equity net of reinsurance AED
Liability for Incurred claims	+10%	(75,784,300)	(28,685,172)	(75,784,300)	(28,685,172)
Risk adjustment	+10%	(1,964,859)	(744,796)	(1,964,859)	(744,796)
Discount rate	+1%	5,570,124	1,899,099	5,570,124	1,899,099
Liability for Incurred claims	-10%	75,784,300	28,685,172	75,784,300	28,685,172
Risk adjustment	-10%	1,964,859	744,796	1,964,859	744,796
Discount rate	-1%	(5,707,644)	(1,949,109)	(5,707,644)	(1,949,109)
2024					
Liability for Incurred claims	+10%	(69,771,552)	(26,009,902)	(69,771,552)	(26,009,902)
Risk adjustment	+10%	(1,867,764)	(667,253)	(1,867,764)	(667,253)
Discount rate	+1%	3,448,303	969,029	3,448,303	969,029
Liability for Incurred claims	-10%	69,771,552	26,009,902	69,771,552	26,009,902
Risk adjustment	-10%	1,867,764	667,253	1,867,764	667,253
Discount rate	-1%	(3,517,976)	(991,308)	(3,517,976)	(991,308)

### 28. Capital risk management

The Group's objectives when managing capital, which the Group considers to be the equity as shown in the consolidated statement of financial position, are:

- to comply with the insurance capital requirements required by UAE Federal Decree Law No. (6) of 2025, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations;
- to protect its policyholders' interests;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 28. Capital risk management (continued)

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

	2025 AED	2024 AED
Total capital held	<b>250,000,000</b>	250,000,000
Minimum regulatory capital	<b>100,000,000</b>	100,000,000

The Insurance Companies register of the Central Bank of the U.A.E. (“CBUAE”) has issued resolution No. 42 for 2009 setting the minimum subscribed or paid up capital of AED 100 million for establishing insurance firms and AED 250 million for reinsurance firms. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies.

The table below summarises the minimum required capital of the Group and the total capital held as at:

	31 December 2025 AED	31 December 2024 AED <i>(Restated)*</i>
Minimum Capital Requirement (MCR)	<b>100,000,000</b>	100,000,000
Solvency Capital Requirement (SCR)	<b>296,913,686</b>	306,677,859
Minimum Guarantee Fund (MGF)	<b>201,831,065</b>	151,345,709
Basic Own Funds**	<b>280,087,210</b>	120,468,561
Ancillary Own Funds	<b>303,200,000</b>	40,937,121
MCR Solvency Margin – Surplus	<b>28,487,210</b>	-
SCR Solvency Margin – (Deficit)	<b>(16,826,476)</b>	(186,209,299)
MGF Solvency Margin – Surplus / (deficit)	<b>78,256,145</b>	(30,877,149)

As of 31 December 2025, the Group has a deficit in the Solvency Margin Requirements as stipulated by the Central Bank of the U.A.E. by an amount of AED 16,826,476. The Group’s ability to comply with the solvency requirements depends on implementing an effective business plan.

The Company has received a no-objection letter from the Central Bank on the Solvency Recovery Plan submitted by the management. The Company has subsequently implemented the indicated actions to significantly improve the solvency position as of 31 December 2025. Furthermore, the Company intends to continue complying with the action plan mentioned in the Solvency Recovery Plan.

\*The amount of total basic own funds was incorrectly stated amounting to AED 100,000,000 in the audited Group’s consolidated financial statements for the year ended 31 December 2024; however, it has been restated with the correct amount of AED 120,468,561 as at 31 December 2024 in the above table.

\*\*This represents Based Own Funds eligible to meet SCR.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 28. Capital risk management (continued)

#### 28.1 Gearing ratio

The Group reviews the capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital, and the risks associated with capital.

The gearing ratio at the year-end was as follows:

	2025 AED	2024 AED
Debt (i)	115,294,207	300,075,193
Bank balances and cash (ii)	<u>(498,575,264)</u>	<u>(424,285,139)</u>
	<u>(383,281,057)</u>	<u>(124,209,946)</u>
Equity (iii)	546,232,856	464,799,299
Net debt to equity ratio	<u>(0.70)</u>	<u>(0.27)</u>
Gross debt to equity ratio	<u>0.21</u>	<u>0.65</u>

(i) Debt is defined as bank borrowings (note 15).

(ii) Bank balances and cash includes cash and cash equivalents and deposits (note 11).

(iii) Equity comprises of capital, reserves, cumulative changes in fair value and (accumulated losses)/ retained earnings.

### 29. Financial instruments

The Group 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 interest rate risk, equity price risk, foreign currency risk and credit risk.

#### 29.1 Material accounting policies

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 recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 29. Financial instruments (continued)

#### 29.2 Categories of financial instruments

31 December 2025

	Amortised cost AED	FVTOCI AED	Total AED
<b>Financial assets</b>			
Financial assets carried at FVTOCI	-	70,124,670	70,124,670
Statutory deposits	10,000,000	-	10,000,000
Other receivables (excluding prepayments)	30,710,730	-	30,710,730
Cash at banks	498,459,164	-	498,459,164
<b>Total financial assets</b>	<b>539,169,894</b>	<b>70,124,670</b>	<b>609,294,564</b>

At amortised  
cost  
AED

#### Financial liabilities

Bank borrowings		115,294,207
Other payables		34,110,564
<b>Total financial liabilities</b>		<b>149,404,771</b>

31 December 2024

	Amortised cost AED	FVTOCI AED	Total AED
<b>Financial assets</b>			
Financial assets carried at FVTOCI	-	56,414,041	56,414,041
Statutory deposits	10,000,000	-	10,000,000
Other receivables (excluding prepayments)	27,091,176	-	27,091,176
Cash at banks	424,063,855	-	424,063,855
<b>Total financial assets</b>	<b>461,155,031</b>	<b>56,414,041</b>	<b>517,569,072</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 29. Financial instruments (continued)

#### 29.2 Categories of financial instruments (continued)

	At amortised cost AED (Restated)
Financial liabilities	
Bank borrowings	300,075,193
Other payables	37,241,093
Total financial liabilities	<u>337,316,286</u>

#### 29.3 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

##### 29.3.1 Fair value of financial instruments carried at amortised cost

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

##### 29.3.2 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the annual consolidated financial statements for the year ended 31 December 2024.

##### 29.3.3 Fair value measurements recognised in the consolidated statement of financial position

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 December 2025 AED	31 December 2024 AED				
Quoted equity securities	68,946,572	52,935,943	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	1,178,098	3,478,098	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value.
	<u>70,124,670</u>	<u>56,414,041</u>				

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 29. Financial instruments (continued)

#### 29.3 Fair value measurements (continued)

##### 29.3.3 Fair value measurements recognised in the consolidated statement of financial position (continued)

The following table provides an analysis of financial assets and non-financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 31 December 2025

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets at FVTOCI</b>				
Quoted equities	68,946,572	-	-	68,946,572
Unquoted equities	-	-	1,178,098	1,178,098
Investment properties	-	-	794,540,000	794,540,000
	<u>68,946,572</u>	<u>-</u>	<u>795,718,098</u>	<u>864,664,670</u>

#### 31 December 2024

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets at FVTOCI</b>				
Quoted equities	52,935,943	-	-	52,935,943
Unquoted equities	-	-	3,478,098	3,478,098
Investment properties	-	-	849,055,989	849,055,989
	<u>52,935,943</u>	<u>-</u>	<u>852,534,087</u>	<u>905,470,030</u>

#### Reconciliation of FVTOCI investments, movements in level 3 for assets measured at fair value:

	Opening balance AED	Additions AED	Change in fair value AED	Closing balance AED
<b>31 December 2025</b>				
Investment properties	849,055,989	4,786	(54,520,775)	794,540,000
<i>Financial assets at FVTOCI</i>				
Unquoted equities	<u>3,478,098</u>	<u>-</u>	<u>(2,300,000)</u>	<u>1,178,098</u>
<b>31 December 2024</b>				
Investment properties	847,850,000	4,205,989	(3,000,000)	849,055,989
<i>Financial assets at FVTOCI</i>				
Unquoted equities	<u>3,478,098</u>	<u>-</u>	<u>-</u>	<u>3,478,098</u>

There were no transfers between the levels during the year.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 29. Financial instruments (continued)

#### 29.4 *Market risk*

The dealing in foreign currency is limited to reinsurance payments after settlements. Exposure to bank borrowings has been reduced significantly in 2025 resulting in high reduction in cost of bank borrowing. The investments in fixed deposits increased significantly improving company's market position for stronger negotiations with financial institutions and banks.

In terms of commission payouts, company has limited exposure to the sales agents & insurance brokers. Business performance of both these segments are monitored & controlled closely

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

#### 29.5 *Foreign currency risk*

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or US Dollars to which the Dirham is pegged.

#### 29.6 *Credit risk*

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

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

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

The Group 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 Group. Management information reported to the Group includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Group.

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

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

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

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 29. Financial instruments (continued)

#### 29.6 Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	2025 AED	2024 AED (Restated)
Statutory deposits	10,000,000	10,000,000
Reinsurance contract assets	134,650,653	173,043,683
Insurance contract assets	429,406	-
Other receivables	30,710,730	27,091,176
Cash at banks	498,459,164	424,063,855
<b>Total credit risk exposure</b>	<b>674,249,953</b>	<b>634,198,714</b>

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

The table below presents an analysis of bank balances and fixed deposits by rating agency designation at the end of the reporting year based on Moody's rating or its equivalent for the main banking relationship:

	2025 AED	2024 AED
A	18,627,041	99,398,452
BBB	479,832,123	324,643,972
Unrated	-	21,431
	<b>498,459,164</b>	<b>424,063,855</b>

The table below shows the reinsurance contract assets by credit ratings based on S&P:

	31 December 2025 AED	31 December 2024 AED
AA	70,323,092	102,641,710
A	57,183,863	65,957,505
BBB	4,932,996	2,302,685
BB	(406,693)	(261,330)
B	(480,373)	(445,816)
Unrated	3,097,767	2,848,929
	<b>134,650,652</b>	<b>173,043,683</b>

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 29. Financial instruments (continued)

##### 29.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group 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 Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

	Within 1 year AED	1 year to 5 years AED	No Maturity AED	Total AED
<b>31 December 2025</b>				
<i>Financial assets</i>				
Financial assets carried at FVTOCI	13,710,629	56,414,041		70,124,670
Statutory deposits	-	-	10,000,000	10,000,000
Cash at banks	498,459,164	-	-	498,459,164
Other receivables	30,710,730	-	-	30,710,730
	<u>529,169,894</u>	<u>-</u>	<u>10,000,000</u>	<u>539,169,894</u>
Financial liabilities				
Bank borrowings	115,294,207	-	-	115,294,207
Other payables	34,110,564	-	-	34,110,564
	<u>149,404,771</u>	<u>-</u>	<u>-</u>	<u>149,404,771</u>
<b>31 December 2024</b>				
Financial assets				
Financial assets carried at FVTOCI	-	56,414,041	-	56,414,041
Statutory deposits	-	-	10,000,000	10,000,000
Cash at banks	424,063,855	-	-	424,063,855
Other receivables	27,091,176	-	-	27,091,176
	<u>451,155,031</u>	<u>56,414,041</u>	<u>10,000,000</u>	<u>517,569,072</u>
Financial liabilities				
Bank borrowings	213,409,193	86,666,000	-	300,075,193
Other payables	37,241,093	-	-	37,241,093
	<u>250,650,286</u>	<u>86,666,000</u>	<u>-</u>	<u>337,316,286</u>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 29. Financial instruments (continued)

The table below shows the maturity analyses for present value of future cashflows underlying the liability for incurred claims for portfolios of insurance contracts issued and portfolio of reinsurance contracts held that are liabilities as of the reporting date:

31 December 2025	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	Total
Liability for Incurred Claims	587,800,667	102,743,010	43,230,604	12,257,066	1,481,309	321,358	747,834,014
Reinsurance Asset for Incurred Claims	(268,319,666)	(43,367,507)	(22,854,567)	(5,829,327)	(110,930)	-	(340,481,997)
	319,481,001	59,375,503	20,376,037	6,427,739	1,370,379	321,358	407,352,017
31 December 2024	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	Total
Liability for Incurred Claims	604,060,256	49,636,883	11,919,439	4,645,943	1,313,704	57,156	671,633,381
Reinsurance Asset for Incurred Claims	-	-	-	-	-	-	-
	604,060,256	49,636,883	11,919,439	4,645,943	1,313,704	57,156	671,633,381

#### 29.8 Interest risk

The Group's exposure to interest rate risk relates to its bank deposits and bank borrowings. During the year, bank deposits carried interest at the range of 4.0% to 4.6% per annum (2024: 3.9% to 5.7% per annum). Bank loans carried an interest rate in the range from Cash Security Against Facility (CSAF) plus 0.5% to 2.8% plus 1 months EIBOR per annum (2024: 0.5% to 2.5% to plus three months EIBOR per annum).

If interest rates had been 50 basis points lower throughout the year and all other variables were held constant, the Group's loss for the year ended 31 December 2024 and equity as at 31 December 2025 would increase by AED 142,457 (2024: increase by AED 1,489,780).

The Group generally tries to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The Group is exposed to interest rate risk on:

- (i) Liability for incurred claims; and
- (ii) Asset for incurred claims.

#### 29.9 Equity price risk

##### 29.9.1 Sensitivity analysis

At the end of the reporting period, if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's other comprehensive income and equity would have increased/decreased by AED7.01 million (2024: AED 5.6 million).

##### 29.9.2 Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk at the reporting date.
- At the end of the reporting period, if equity prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on consolidated statement of profit or loss and equity has been shown above.
- A 10% change in equity prices has been used to give a realistic assessment as a plausible event.

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 30. Segment information

The Group is organized into three business segments: general insurance, life assurance and investments. The general insurance segment incorporates all classes of general insurance including motor, marine, fire and general accident, medical, and life. The life assurance segment includes group life insurance.

Investments segment includes investments in equity securities, bank deposits, investment properties and statutory deposit.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating decision maker. Insurance premium represents the total income arising from insurance contracts. There are no transactions between the business segments.

a) *Segment consolidated statement of financial position is as follows:*

	2025			2024 (Restated)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
<b>Segment assets</b>	138,080,059	1,288,276,087	1,426,356,146	173,043,683	1,245,614,553	1,418,658,236
<b>Unallocated assets</b>	-	-	140,990,644	-	-	147,954,266
<b>Insurance &amp; Reinsurance contracts issued</b>						
Motor	30,125,688	-	30,125,688	50,302,884	-	50,302,884
Marine	10,563,047	-	10,563,047	29,134,249	-	29,134,249
FGA	90,845,473	-	90,845,473	65,964,002	-	65,964,002
Medical	-	-	-	17,787,141	-	17,787,141
Life	3,545,851	-	3,116,445	9,855,407	-	9,855,407
<b>Total</b>	<b>135,080,059</b>	<b>1,288,276,087</b>	<b>1,564,346,790</b>	<b>173,043,683</b>	<b>1,245,614,553</b>	<b>1,566,612,502</b>
<b>Segment liabilities</b>	856,986,937	74,279,777	931,266,714	695,185,080	193,894,659	889,079,739
<b>Unallocated liabilities</b>	-	-	150,383,512	-	-	212,733,464
<b>Insurance &amp; Reinsurance contracts held</b>						
Motor	103,206,102	-	103,206,102	48,146,920	-	48,146,920
Marine	39,815,160	-	39,815,160	50,998,342	-	50,998,342
FGA	134,015,592	-	134,015,592	70,100,525	-	70,100,525
Medical	579,950,083	-	579,950,083	506,272,794	-	506,272,794
Life	-	-	-	19,666,499	-	19,666,499
<b>Total</b>	<b>856,986,937</b>	<b>74,279,777</b>	<b>1,081,650,226</b>	<b>695,185,080</b>	<b>193,894,659</b>	<b>1,101,813,203</b>

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 30. Segment information (continued)

b) Segment consolidated statement of profit or loss is as follows:

#### 2025

	Underwriting						Investments	Total
	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED	AED	AED
Insurance revenue	217,130,018	29,565,698	121,539,728	1,258,833,031	18,850,053	1,645,918,528		1,645,918,528
Insurance service expenses	(270,061,149)	(1,574,942)	(68,773,586)	(1,052,987,441)	(3,322,198)	(1,396,719,316)		(1,396,719,316)
Net income from reinsurance contracts held	(19,233,792)	(26,304,556)	(41,382,732)	(119,720,247)	(11,142,836)	(217,784,163)		(217,784,163)
Net insurance financial result	2,264,927	(357,152)	(913,041)	(4,991,124)	(57,090)	(4,053,480)		(4,053,480)
<b>Segment result</b>	<b>(69,899,996)</b>	<b>1,329,048</b>	<b>10,470,369</b>	<b>81,134,219</b>	<b>4,327,929</b>	<b>27,361,569</b>	<b>(5,937,911)</b>	<b>21,423,658</b>
Unallocated costs								(18,829,858)
<b>Profit / (loss) for the year before tax</b>								<b>2,593,800</b>

#### 2024 (Restated)

	Underwriting						Investments	Total
	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED	AED	AED
Insurance revenue	239,298,875	31,565,269	142,572,271	1,019,550,375	14,890,925	1,447,877,715		1,447,877,715
Insurance service expenses	(365,706,354)	(46,547,451)	(99,364,783)	(929,923,538)	(13,537,163)	(1,455,079,289)		(1,455,079,289)
Net income from reinsurance contracts held	57,393,695	6,611,649	(51,123,373)	(51,089,942)	(1,099,649)	(39,307,620)		(39,307,620)
Net insurance financial result	2,400,364	43,620	(493,216)	(4,332,963)	(77,228)	(2,459,423)		(2,459,423)
Segment result	(66,613,420)	(8,326,913)	(8,409,101)	34,203,932	176,885	(48,968,617)	45,912,891	(3,055,726)
Unallocated costs								(31,302,765)
<b>Profit / (loss) for the year</b>								<b>(34,358,491)</b>

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 31. Gross written premiums

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

31 December 2025	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct written premiums	19,540,347	-	1,215,495,389	382,529,896	1,617,565,632
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	6,645,913	6,645,913
Total assumed business	-	-	-	6,645,913	6,645,913
<b>Gross written premiums</b>	<b>19,540,347</b>	<b>-</b>	<b>1,215,495,389</b>	<b>389,75,809</b>	<b>1,624,211,545</b>

31 December 2024	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct written premiums	17,564,861	-	1,097,667,835	417,120,374	1,532,353,070
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	7,909,552	7,909,552
Total assumed business	-	-	-	7,909,552	7,909,552
<b>Gross written premiums</b>	<b>17,564,861</b>	<b>-</b>	<b>1,097,667,835</b>	<b>425,029,926</b>	<b>1,540,262,622</b>

#### 32. Dividend and Director's remuneration

The Board of Directors has not approved any dividend for the financial year 2025. The Board of Directors in its meeting held on 26 February 2025 had not proposed any dividend in respect of the year ended December 31, 2024 for approval of the members at the Annual General Meeting. 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 concerning Commercial Companies.

#### 33. Corporate tax

	2025 AED	2024 AED
<b>Consolidated statement of profit or loss</b>		
Current tax	(1,828,459)	
Deferred tax	4,906,870	-
	<b>3,078,410</b>	
<b>Consolidated statement of other comprehensive income</b>		
Current tax	-	-
Deferred tax	(1,209,071)	-

During the year ended 2024, no current tax expense is recognized due to taxable losses in the period.

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 33. Corporate tax (continued)

Relationship between tax expense and accounting profit:

	2025 AED	2024 AED
Profit / (loss) before taxation	2,593,800	(34,358,491)
Brought forward losses	<u>(34,010,734)</u>	<u>-</u>
	<b>(31,416,934)</b>	<b>-</b>
Basic exemption limit	(375,000)	-
Exempt income - Dividends received from UAE listed Companies	(3,322,726)	-
Exempt income – others	37,317	-
Unrealized loss on capital items	54,520,775	-
Non-deductible expenses	<u>872,785</u>	<u>-</u>
Tax applicable profit	20,316,217	-
Tax @ 9%	<u><u>1,828,459</u></u>	<u><u>-</u></u>

The Group have taxable losses during year ended 2024 and accordingly is eligible for deferred tax credit. However, management of the Group has decided not to record the same on a prudent basis.

#### 34. Change in accounting policies and correction of errors

During the year ended 31 December 2025, the Group has restated its consolidated financial statements to reflect changes in accounting policies and correction of errors related to the recognition of acquisition costs, commissions, and classification of insurance contract balances. These changes have been applied retrospectively in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

##### Nature and reason for the change

The principal changes and the reasons for them are described below.

Balances relating to premiums, claims, commissions, salvage, and subrogation have been reallocated to their correct categories to ensure accurate reporting of insurance and reinsurance contract liabilities and assets. This includes appropriate transfers between the liability for remaining coverage and the liability for incurred claims, as well as adjustments to insurance contract assets and liabilities. There were some certain group of contracts that were incorrectly included in insurance contract liabilities and now they have been reclassified to reinsurance contract assets. Reallocation ensures that balances are presented in the correct classification, providing a clearer view of the Group's contractual obligations and rights.

Certain acquisition costs and commission incomes, which were previously recognised immediately, are now deferred over the coverage period to better align with the IFRS 17 requirements for contracts with contract boundary more than 12 months. Further, to ensure reliable, consistent reporting and comparability across all lines of business and contracts the deferment option has been considered also for contracts with contract boundaries less than 12 months. In addition, certain expenses that were earlier classified as general and administrative expenses are now included in gross acquisition costs, while some reinsurance commission incomes that are contingent on the claims or benefit experience of the underlying contracts have been reclassified from allocation of reinsurance premiums to amounts recoverable from reinsurers for incurred claims. In addition to that there has been a reclassification of reinsurance commission income of AED 106 million from amount recoverable from reinsurance for incurred claims to the allocation of reinsurance premiums. Commission expenses are now recognised in line with the coverage period, ensuring that income and expenses are properly matched.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 34. Change in accounting policies and correction of errors (continued)

#### Nature and reason for the change (continued)

The application of risk adjustment on the claims payable component of the Liability for Incurred Claims has been foregone on the claims which were finalised but unpaid for the reporting years 2023 and 2024 as there is no Insurance Risk on the claim payables. This change aligns with management's current risk assessment approach and simplifies the measurement of incurred claim liabilities, while ensuring the financial statements continue to provide a faithful representation of the Group's insurance obligations.

In addition to the above, the Group identified a presentation misclassification relating to the reinsurance contract assets and reinsurance contract liabilities which were presented on gross basis in the consolidated financial statements for the year ended 31 December 2024 and 31 December 2023. In accordance with IFRS 17, these balances have been presented considering the carrying value at portfolio level in the consolidated financial statements for the year ended 31 December 2025 and the comparative figures have been restated accordingly. Further, the Group identified a presentation reclassification relating to bank balances and cash disclosed in the consolidated financial statements as of 31 December 2024 and 31 December 2023. In the consolidated financial statements as of 31 December 2025, these balances have been presented separately as cash and cash equivalents and deposits. As a result, the comparative figures have been restated accordingly. Further, Group previously included cash flows for net income from investment properties within investing activities in the consolidated statement of cash flows which now has been reclassified to operating activities.

#### Rationale for the changes

The changes were undertaken to improve the reliability, relevance and comparability of financial information about the Group's insurance contracts by ensuring that measurement and presentation reflect the economic substance of the contracts and the separate characteristics of remaining coverage and incurred claims.

The changes align the Group's accounting and presentation with IFRS 17 measurement and disclosure requirements and management's reporting used for evaluating contract profitability and performance.

The reclassifications and reallocations correct prior presentations where balances and cash flows were allocated or presented in manners that did not fully reflect the timing or nature of the underlying fulfilment cash flows.

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 34. Change in accounting policies and correction of errors (continued)

#### Application of the change and basis of transition

The change has been applied in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Company has applied the change retrospectively to all prior periods presented in accordance with IAS 8 requirements.

The change has been applied retrospectively. Comparative amounts for the year ended 31 December 2024 have been restated and opening balances of equity as at 1 January 2024 (the earliest period presented) have been adjusted.

#### Quantitative effect of the change

The effect of the change on the consolidated statement of financial position and on opening equity at the beginning of the earliest period presented is set out below.

The effect of the change on the consolidated statement of financial position as at 31 December 2023:

Line item	As Previously Reported	Reclassification impact	Reclassified
Insurance contract assets	12,462,413	3,891,700	16,354,113
Reinsurance contract assets	422,203,950	(298,668,313)	123,535,637
Insurance contract liabilities	(537,684,319)	12,323,599	(525,360,720)
Reinsurance contract liabilities	(308,782,606)	282,453,014	(26,329,592)
Bank balances and cash	315,730,998	(315,730,998)	-
Cash and cash equivalents	-	72,952,230	72,952,230
Deposits	-	242,778,768	242,778,768

The equity impact of restatements on the consolidated statement of financial position as at 31 December 2023:

Line item	Reclassified	Adjustments	Restated
Insurance contract assets	16,354,113	(7,188,041)	9,166,072
Reinsurance contract assets	123,535,637	(17,535,509)	106,000,128
Insurance contract liabilities	(525,360,720)	20,429,280	(504,931,440)
Reinsurance contract liabilities	(26,329,592)	11,129,825	(15,199,767)
Other payables	(47,895,107)	(1,076,237)	(48,971,344)
Accumulated losses	(74,178,917)	5,759,318	(68,419,599)

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 34. Change in Accounting policies and estimates (continued)

The key components for the effect of the change on the accumulated losses as at 31 December 2023:

Risk Adjustment	2,493,561
Loss Component	(4,086,648)
Discounting on LIC	(7,001,651)
Recognition of net deferred acquisition cost	15,291,740
Non-performance reserve on RI receivables	4,276
Other components	(941,960)
	<b>5,759,318</b>

The effect of the change on the consolidated statement of financial position as at 31 December 2024:

Line item	As Previously Reported	Reclassification impact	Reclassified
Reinsurance contract assets	522,194,793	(339,136,892)	183,057,901
Insurance contract liabilities	(730,991,127)	16,215,299	(714,775,828)
Reinsurance contract liabilities	(322,921,593)	322,921,593	-
Bank balances and cash	424,285,139	(424,285,139)	-
Cash and cash equivalents	-	106,750,419	106,750,419
Deposits	-	317,534,720	317,534,720

The equity impact of restatements on the consolidated statement of financial position as at 31 December 2024:

Line item	Reclassified	Adjustments	Restated
Reinsurance contract assets	183,057,901	(10,014,218)	173,043,683
Insurance contract liabilities	(714,775,828)	19,590,748	(695,185,080)
Other payables	(55,288,016)	(1,248,471)	(56,536,487)
Accumulated losses	(15,713,982)	8,328,059	(7,385,923)

The key components for the effect of the change on the accumulated losses as at 31 December 2024:

Risk Adjustment	2,087,085
Loss Component	(2,332,660)
Discounting on LIC	(7,565,872)
Recognition of net deferred acquisition cost	18,239,201
Non-performance reserve on RI receivables	7,667
Other components	(2,107,362)
	<b>8,328,059</b>

# Al Buhaira National Insurance Company P.S.C. and its Subsidiary

## Notes to the consolidated financial statements For the year ended 31 December 2025

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### 34. Change in Accounting policies and estimates (continued)

The effect of the restatements on the consolidated statement of cashflows for the year ended 31 December 2024:

#### Operating activities

<b>Change in working capital</b>	<b>As previously reported</b>
Change in net reinsurance contract assets	(85,851,856)
Change in net insurance contract liabilities	205,769,221
Change in other payables	6,642,909
Changes in other receivables	(836,364)

<b>Change in working capital</b>	<b>Restated</b>
Change in insurance contract assets	9,166,072
Change in insurance contract liabilities	190,253,640
Change in reinsurance contract assets	(67,043,555)
Change in reinsurance contract liabilities	(15,199,767)
Change in other payables	7,565,143
Changes in other receivables	(2,646,298)

#### Operating activities

<b>Adjustments for:</b>	<b>As previously reported</b>
Net income from investing properties	(30,064,522)

<b>Adjustments for:</b>	<b>Restated</b>
Net income from investment properties	-

#### Investing activities

	<b>As previously reported</b>
Income from investment properties	28,254,588

	<b>Restated</b>
Income from investment properties	-

## Al Buhaira National Insurance Company P.S.C. and its Subsidiary

### Notes to the consolidated financial statements For the year ended 31 December 2025

#### 34. Change in Accounting policies and estimates (continued)

The effect of the restatement on the consolidated statement of comprehensive income for the year ended 31 December 2024:

	As previously published	Adjustment	Restated
Insurance revenue	1,448,902,391	(1,024,676)	1,447,877,715
Insurance service expenses	(1,469,728,830)	14,649,541	(1,455,079,289)
<b>Insurance service result before reinsurance contracts held</b>	<b>(20,826,439)</b>	<b>13,624,865</b>	<b>(7,201,574)</b>
Allocation of reinsurance premiums	(920,601,503)	109,719,935	(810,881,568)
Amounts recoverable from reinsurance for incurred claims	899,203,030	(127,629,082)	771,573,948
<b>Net expenses from reinsurance contracts held</b>	<b>(21,398,473)</b>	<b>(17,909,147)</b>	<b>(39,307,620)</b>
<b>Insurance service result</b>	<b>(42,224,912)</b>	<b>(4,284,282)</b>	<b>(46,509,194)</b>
Investment and other income	45,912,891	-	45,912,891
Insurance finance expense for insurance contracts issued	(20,136,315)	7,182,106	(12,954,209)
Reinsurance finance income for reinsurance contracts held	10,532,939	(38,153)	10,494,786
<b>Net insurance financial result</b>	<b>(9,603,376)</b>	<b>7,143,953</b>	<b>(2,459,423)</b>
General and administrative expenses	(5,870,346)	(290,930)	(6,161,276)
Finance costs	(24,935,077)	-	(24,935,077)
Finance costs - lease	(206,412)	-	(206,412)
	(31,011,835)	(290,930)	(31,302,765)
<b>Loss for the year before tax</b>	<b>(36,927,232)</b>	<b>2,568,741</b>	<b>(34,358,491)</b>

The comparative earnings per share figures have been restated due to restatements and correction of errors with basic and diluted EPS restated from AED (14.77) fils to AED (13.74) fils.

#### 35. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 31 March 2026.

# **Al Buhaira National Insurance Company P.S.C. and its Subsidiary**

## **Notes to the consolidated financial statements For the year ended 31 December 2025**

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### **36. Subsequent events**

The recent regional military escalations have triggered a high-risk conflict environment across the Gulf. The situation is still very fluid, and scenarios can shift very quickly. The Group is closely monitoring the scenario and adjusting its operational strategies in line with developing scenario. All departments are working at par with their efficiencies and continue to prioritise services to the policy holders. With respect to consolidated financial statements for the year ended 31 December 2025, the potential financial reporting effects of the conflict are considered to be non-adjusting in nature.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. These contingency measures include established and tested ability to work from home/anywhere, providing Secured VPN, ensuring connectivity with Third Party Service providers (Medical centres, Service providers, Suppliers, etc), ensuring access through cloud based service providers, access for key and back up users to Company Network and Applications, providing mobile devices/laptop to key users, ensuring access to company policies and procedure manuals, ensuring effective communication through communication tree and defined channels, etc.

Marine Reinsurers have recently issued seven (7) days' notice of cancellation in respect of war risks cover in accordance with the war risks cancellation clause, with the possibility of reinstatement subject to revised terms, conditions, and additional premium. In line with the treaty leaders' instructions, Marine Department has also issued a corresponding notice of cancellation to all insured clients in respect of war risks cover. We are currently working closely with reinsurers and brokers to reinstate the war risks cover under revised terms, conditions, and additional premium, as may be agreed. Additionally, we are closely monitoring receivables and outstanding recoveries to identify any potential delays in repayments and take the appropriate actions to protect the Group's rights.