

Al Wathba National Insurance Company PJSC

Board of Directors' report and consolidated financial statements

For the year ended 31 December 2025

Principal business address:

Al Wathba National Insurance Company PJSC
P.O. Box: 45154
Abu Dhabi
UAE

Al Wathba National Insurance Company PJSC

Board of Directors' report and consolidated financial statements for the year ended 31 December 2025

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Board of Directors Report

For the Financial Year Ended 31/12/2025

The Board of Directors of Al Wathba National Insurance Company is pleased to present the Annual Report for the fiscal year 2025, encompassing an overview of the company's business operations and activities. This report is accompanied by the audited financial statements for the financial year ended on December 31, 2025, providing stakeholders with comprehensive insights into our performance, achievements, and strategic initiatives undertaken during the reporting period.

The Company delivered an exceptional performance during the year, achieving a significant increase in insurance revenue. Insurance revenue for the year reached AED 781 million, compared to AED 376 million in 2024, representing more than a twofold increase. This strong growth reflects the successful execution of the Company's strategic initiatives, strengthened underwriting capabilities, and the continued confidence of clients and partners in the Company's insurance solutions.

The year 2025 also marked a major turnaround in the Company's core insurance operations. The Company reported a net insurance service result of AED 24 million, compared to a loss of AED 24 million in the previous year. This improvement reflects enhanced underwriting discipline, improved risk selection, effective pricing strategies, and better portfolio management across key lines of business.

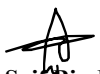
The Company's overall financial performance showed a substantial improvement. Net profit before tax reached AED 100.8 million, compared to AED 39.1 million in 2024. The strong financial results were driven by the combined effect of improved underwriting performance, continued premium growth, and positive investment performance, supported by prudent financial and risk management practices.

As the insurance market continues to evolve in an increasingly competitive environment, the Company remains committed to sustaining its growth momentum while maintaining disciplined underwriting and strong risk management. Strategic initiatives focused on digital transformation, operational efficiency, enhanced customer experience, and optimized reinsurance arrangements will continue to play a key role in strengthening the Company's market position and long-term profitability.

The Board of Directors also would like to extend its highest thanks and gratitude to His Highness Sheikh Mohamed bin Zayed Al Nahyan- President of the United Arab Emirates and Ruler of Abu Dhabi - and His Highness Sheikh Mohammed bin Rashid Al Maktoum - Vice President & Prime Minister of the United Arab Emirates , Ruler of Dubai and to the Crown Prince of Abu Dhabi, His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, and to all the rulers of the Emirates for their patronage and support for the prosperity of this country and all its economic institutions, including the Al Wathba National Insurance Company.

Lastly, we express our profound appreciation to all the employees of Al Wathba National Insurance Company. Your dedication, hard work, and unwavering commitment have been the cornerstone of our success. It is through your collective efforts and contributions that we have achieved significant milestones and overcome challenges. As we look towards the future, we remain confident in our collective ability to navigate complexities and seize opportunities, guided by our shared vision and values.

On behalf of the Board of Directors, we extend our best wishes for continued success and prosperity to all stakeholders, and we reaffirm our commitment to upholding the highest standards of integrity, transparency, and excellence in all our endeavours.


Sheikh Saif Bin Mohammed Bin Butti Al Hamed
 Chairman




AL WATHBA NATIONAL INSURANCE COMPANY P.J.S.C

Paid-up Capital: AED 207,000,000
 UAE Central Bank Reg No: 10
 Trade License No: CN-1001776

قيمة رأس المال المدفوع: 207,000,000 درهم إماراتي
 رقم القيد لدى المصرف المركزي: 10
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Independent auditor's report

To the Shareholders of Al Wathba National Insurance Company PJSC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Wathba National Insurance Company PJSC (the “Company”) and its subsidiaries (together 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.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Basis for opinion (continued)

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") as applicable to audits of financial statements of public interest entities and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

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- | | |
|-------------------|--|
| Key Audit Matters | • Valuation of the liability for incurred claims ("LIC") within insurance contract liabilities |
|-------------------|--|
-
- | | |
|--|--------------------------------------|
| | • Valuation of investment properties |
|--|--------------------------------------|
-

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims ("LIC") within insurance contract liabilities As at 31 December 2025, the liability for incurred claims amounted to AED'000 434,185 (31 December 2024: AED'000 410,858) which comprises of the estimate of present value of cashflows and the risk adjustment for non-financial risk, as disclosed in Note 22.1 of the consolidated financial statements. The present value of future cashflows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the directly attributable expenses. The risk adjustment for non-financial risk is applied to the present value of future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils its insurance contracts. The measurement process involves a number of actuarial estimation methods and assumptions which are subjective in nature. The estimation of the present value of future cash flows is derived from historical claims experience and is sensitive to external factors, such as claims costs and inflation, as well as to the actuarial techniques applied and the assumptions made regarding current and future claims development.	We performed the following procedures: - Understood, assessed the design and implementation and tested the operating effectiveness of key controls around claims handling and actuarial reserving processes; - Evaluated the competence, capabilities and objectivity of management's appointed actuary based on their professional qualifications and experience and assessed their independence; - Assessed the integrity of data used as inputs into the actuarial valuations by testing on sample basis, the accuracy of underlying claims data used by management's appointed actuary in estimating the present value of the future cash flows and risk adjustment for non-financial risk by tracing it to the supporting evidence and other accounting records; - Performed substantive procedures, on a sample basis, on the amounts recorded for claims notified and unpaid; including comparing the outstanding claims amount to loss adjustor reports and / or other supporting evidence to evaluate the valuation of the ultimate expected claims; - Compared on a sample basis, the outstanding claims reserves with the subsequent payments, if settled, or subsequent reserve amounts, if unsettled; - Obtained legal confirmations and checked on a sample basis the outstanding claims reserves as per the legal confirmation against the accounting records and other supporting evidence and inquired with management about the reason for long outstanding cases;



Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims ("LIC") within insurance contract liabilities (continued)	
Given the inherent estimation uncertainty and significant judgement involved in measuring the LIC, including assumptions relating to claims frequency, severity and settlement patterns, and considering the materiality of these balances, this area was determined to be a key audit matter. Refer to Notes 2.5 and 3.10 for the use of judgements and estimates and material accounting policies applied by the Group in measuring the LIC.	- Engaged our internal actuarial specialists, to evaluate the Group's actuarial practices and provisions established, including the actuarial report issued by management's appointed actuary, by performing the following: i) Evaluated whether the Group's actuarial methodologies were consistent with generally accepted actuarial practices; ii) Assessed the appropriateness of key judgements and actuarial assumptions including expected loss ratios and claims development. We tested these assumptions by comparing them with the Group's historical experience, and our own industry knowledge and investigated any unusual variances; iii) Performed independent reprojections of the present value of future cash flows and risk adjustment for non-financial risk for significant portfolios of insurance contracts based on the actuarial assumptions and methods and compared them with the amounts recorded by management; iv) Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements.



Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties As at 31 December 2025, the Group's investment properties constitute a significant proportion of the Group's total assets and are measured at fair value. As at 31 December 2025, the fair value of investment properties amounted to AED'000 661,848 (31 December 2024: AED'000 583,215) as disclosed in Note 10 of the consolidated financial statements. The Group engaged with independent real estate valuation experts to determine the fair value of the investment properties in accordance with RICS Valuation - Global Standards ("Red Book") and IFRS 13 - Fair Value Measurement, through the application of valuation techniques such as market approach, income approach and residual method. These valuations often involve the exercise of judgment, use of certain assumptions as it relates to future rental rates, capitalisation rates, discount rates and comparable sales prices. Due to the financial significance, subjectivity, estimation uncertainty and complexity involved for the level 3 valuation methodologies, we have considered the valuation of investment properties as a key audit matter. Refer to Notes 2.5, 3.3 and 26 for the use of judgements and estimates, material accounting policies and fair value hierarchy of the investment properties.	We performed the following procedures: • Understood, assessed the design and implementation and tested the operating effectiveness of key controls around the valuation of investment properties; • Evaluated the competence, capabilities and objectivity of management's appointed external real estate valuation experts based on their professional qualifications and experience and assessed their independence. We read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purpose and to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work; • Assessed the accuracy of the key inputs, on a sample basis, used for the valuation of investment properties by the Group's external real estate valuation experts by tracing it to the supporting evidence; • Obtained the external valuation reports for all the investment properties, checked their mathematical accuracy and assessed for properties above AED 30 million, whether management has taken an average of the two valuations for investment properties where two valuers were involved; • Engaged our internal real estate valuation experts to review the assumptions and methodology used by management's real estate valuation experts and to review the fair values of investment properties;



Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (continued)	• Performed substantive procedures, on a sample basis, on the additions and disposals of investment properties recorded during the year and checked those against the supporting evidence and other accounting records; • Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's 2025 Annual Report, which is expected to be made available to us 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.



Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Other information (continued)

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

When we read the Group's 2025 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors and those charged with governance for the consolidated financial statements

The Directors are 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 the Directors determine 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, the Directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the Directors.
- Conclude on the appropriateness of the Directors' 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 auditor's 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 auditor's 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 consolidated 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.



Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

- i) we have obtained all the information 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 Board of Directors' report is consistent with the books of account of the Group;
- v) as disclosed in notes 2.1, 6 and 7 to the consolidated financial statements the Group has purchased or invested in shares during the year ended 31 December 2025;
- vi) note 18 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;



Independent auditor's report (continued)

To the Shareholders of Al Wathba National Insurance Company PJSC

Report on other legal and regulatory requirements (continued)

- 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 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 financial position as at 31 December 2025; and
- viii) note 31 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2025.

Further, as required by the UAE Federal Decree-Law No. (6) of 2025 and the related Financial Regulations for Insurance Companies, we report that we have obtained all the required information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers Limited Partnership - Abu Dhabi
18 March 2026

Shireen Sakr
Registered Auditor Number 5591
Abu Dhabi, United Arab Emirates

Al Wathba National Insurance Company PJSC

Consolidated statement of financial position

		As at 31 December	
	Note	2025 AED'000	2024* AED'000
ASSETS			
Property and equipment	12	2,254	2,532
Investment in associates	11	135,320	142,569
Investment properties	10,29(e)	661,848	583,215
Financial assets at fair value through other comprehensive income	6	167,548	186,548
Financial assets at fair value through profit or loss	7, 29(d)	655,026	646,102
Statutory deposits	5	6,000	6,000
Reinsurance contract assets	22.2,29(c)	238,229	247,502
Prepayments and other receivables	9	10,361	7,603
Funds at Lloyds	30	49,155	-
Term deposits	5	28,870	3,902
Assets classified as held for sale	8	17,400	-
Cash and cash equivalents	5	74,391	78,161
Total assets		2,046,402	1,904,134
Equity and liabilities			
EQUITY			
Share capital	14	207,000	207,000
Legal reserve	13	103,500	103,500
Statutory reserve	13	51,750	51,750
General reserve	13	88,753	88,753
Capital reserve	13	9,474	9,474
Reinsurance risk reserve	13	5,308	3,237
Fair value reserve	13	1,510	14,495
Retained earnings		769,205	719,269
Total equity		1,236,500	1,197,478
LIABILITIES			
Deferred tax liabilities	28	7,503	2,687
Borrowings	15	127,962	105,695
Employees' end of service benefits	16	8,075	6,138
Insurance contract liabilities	22.1	629,560	540,357
Reinsurance contract liabilities	22.2,29(d)	-	1,259
Accrued expenses and other payables	17	36,802	50,520
Total liabilities		809,902	706,656
Total equity and liabilities		2,046,402	1,904,134

*Refer to Note 29 for the changes in the comparative information.

The consolidated financial statements were approved for issue by the Board of Directors on 13 March 2026 and sign on their behalf by:

		
Sheikh Saif Bin Mohamed Bin Butti Al Hamed Chairman of the Board of Directors	Shukri Salem Almheiri Chief Executive Officer	Muralikrishnan Raman Pillai Chief Financial Officer

The notes set out on pages 18 to 94 form an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on pages 2 to 11.

Al Wathba National Insurance Company PJSC

Consolidated statement of profit or loss

	Note	For the year ended 31 December	
		2025 AED'000	2024* AED'000
Insurance revenue	22.1, 23	781,141	376,325
Insurance service expenses	22.1, 23	(634,229)	(515,294)
Amounts recoverable from reinsurers for incurred claims	22.2, 23	204,877	253,288
Allocation of reinsurance premiums	22.2, 23	(327,769)	(138,431)
Insurance service results		24,020	(24,112)
Interest income from financial assets at amortised cost	29(a)	1,076	2,229
Changes in fair value of investment properties, net	10,29(a)	38,912	76,946
Income from investment properties (rental income), <i>net</i>		5,546	5,155
Gain on disposal of investment properties		5,250	-
Other income from investments, <i>net</i>	19,29(a)	91,217	18,854
Other investment expenses	29(a)	(3,767)	(5,253)
Net investment income	29(a)	138,234	97,931
Finance expenses from insurance contracts issued	22.1	(14,351)	(9,008)
Finance income from reinsurance contracts held	22.2	9,190	4,981
Net insurance finance expenses	23	(5,161)	(4,027)
Net insurance and investment results		157,093	69,792
Other income		132	993
Other operating expenses	20	(38,391)	(21,568)
Other finance costs		(6,726)	(8,147)
Share of profit of equity-accounted investees	11,29(b)	8,784	6,112
Impairment loss of equity-accounted investees	11,29(b)	(20,009)	(8,000)
Profit for the year before tax		100,883	39,182
Income tax credit	28	(6,604)	(2,383)
Profit for the year after tax		94,279	36,799
Earnings per share:			
Basic and diluted earnings per share (AED)	21	0.46	0.18

* Refer to Note 29 for the changes in the comparative information.

Al Wathba National Insurance Company PJSC

Consolidated statement of profit or loss and other comprehensive income

	Note	For the year ended 31 December	
		2025 AED'000	2024 AED'000
Profit for the year after tax		94,279	36,799
Other comprehensive (loss) / income			
<i>Items that will not be reclassified to the consolidated statement of profit or loss in subsequent periods</i>			
Share of other comprehensive gain / (loss) of associates	11	4,227	(317)
Remeasurement of defined benefit obligations	16	(872)	-
Loss on sale of financial assets at fair value through other comprehensive income, <i>net</i>		-	(21,693)
Change in fair value of financial assets at fair value through other comprehensive income, <i>net</i>	6	(19,000)	(35,574)
Related income tax impact	28	1,788	(304)
Other comprehensive loss for the year		(13,857)	(57,888)
Total comprehensive income / (loss) for the year		80,422	(21,089)

The notes set out on pages 18 to 94 form an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on pages 2 to 11.

Al Wathba National Insurance Company PJSC

Consolidated statement of changes in shareholders' equity

	Note	Share capital AED'000	Legal reserve AED'000	Statutory reserve AED'000	General reserve AED'000	Capital reserve AED'000	Reinsurance risk reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2024		207,000	103,500	51,750	88,753	9,474	1,991	101,887	705,962	1,270,317
<i>Total comprehensive income</i>										
Profit for the year		-	-	-	-	-	-	-	36,799	36,799
Other comprehensive loss for the year		-	-	-	-	-	-	(57,888)	-	(57,888)
Total comprehensive loss for the year		-	-	-	-	-	-	(57,888)	36,799	(21,089)
Transfer to retained earnings on disposal of financial assets at fair value through other comprehensive income										
Dividend paid	14	-	-	-	-	-	-	(29,504)	29,504	-
Transfer from retained earnings to reinsurance risk reserve	13	-	-	-	-	-	-	-	(51,750)	(51,750)
Balance at 31 December 2024		207,000	103,500	51,750	88,753	9,474	1,246 3,237	- 14,495	(1,246) 719,269	- 1,197,478
Balance at 1 January 2025		207,000	103,500	51,750	88,753	9,474	3,237	14,495	719,269	1,197,478
<i>Total comprehensive income</i>										
Profit for the year		-	-	-	-	-	-	-	94,279	94,279
Other comprehensive loss for the year		-	-	-	-	-	-	(12,985)	(872)	(13,857)
Total comprehensive income for the year		-	-	-	-	-	-	(12,985)	93,407	80,422
Dividend paid	14	-	-	-	-	-	-	-	(41,400)	(41,400)
Transfer from retained earnings to reinsurance risk reserve	13	-	-	-	-	-	-	-	(2,071)	-
Balance at 31 December 2025		207,000	103,500	51,750	88,753	9,474	5,308	1,510	769,205	1,236,500

The notes set out on pages 18 to 94 form an integral part of these consolidated financial statements.

The independent auditor's report on the consolidated financial statements is set out on pages 2 to page 11.

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Al Wathba National Insurance Company PJSC

Consolidated statement of cash flows

		For the year ended 31 December	
	Note	2025 AED'000	2024* AED'000
Cash flow from operating activities			
Profit for the year before tax		100,883	39,182
Adjustments for:			
Changes in fair value of financial assets at fair value through profit or loss, <i>net</i>	7	(38,280)	28,456
Gain on disposal of financial assets at fair value through profit or loss, <i>net</i>	19	(14,730)	(13,726)
Gain on disposal of property and equipment		-	(85)
Gain on disposal of investment property		(5,250)	-
Provision for employees' end of service benefits	16	1,419	774
Depreciation of property and equipment	12	1,403	1,565
Share of profit of associates	11	(8,784)	(6,112)
Impairment loss on investment in associates	11	20,009	8,000
Allowance of impairment of financial assets at amortised cost		-	1,265
Changes in fair value of investment properties	10	(38,912)	(76,946)
Finance costs		6,726	8,147
Dividend income	19	(38,207)	(33,584)
Interest income	29(a)	(1,076)	(2,229)
Net cash used in operations before changes in operating assets and liabilities		(14,799)	(45,293)
<i>Changes in:</i>			
Reinsurance contract assets	23	9,273	(147,059)
Prepayments and other receivables	9	(2,738)	(1,691)
Insurance contract liabilities	23	89,203	219,726
Reinsurance contract liabilities	23	(1,259)	1,259
Accrued expenses and other payables	17	(13,718)	10,972
Cash generated from operations		65,962	37,914
Employees' end of service benefits paid	16	(354)	(107)
Net cash generated from operating activities		65,608	37,807

The notes set out on pages 18 to 94 form an integral part of these consolidated financial statements.
The independent auditor's report on the consolidated financial statements is set out on pages 2 to 11.

Al Wathba National Insurance Company PJSC

Consolidated statement of cash flows (continued)

	Note	For the year ended 31 December	
		2025 AED'000	2024* AED'000
Cash flow from investing activities			
Purchase of property and equipment	12	(1,125)	(765)
Additions to investment properties	10	(72,871)	(85,080)
Purchase of financial assets at fair value through profit or loss	7	(6,534)	(212,405)
Purchase of financial assets at fair value through other comprehensive income	6	-	(1,818)
Proceeds from sale of property and equipment	12	-	147
Proceeds from disposal of financial assets at fair value through other comprehensive income	6	-	120,185
Proceeds from disposal of financial assets at fair value through profit or loss	7	50,620	113,347
Proceeds from disposal of investment property	10	21,000	-
Placement of term deposits	5	(24,968)	-
Maturity of term deposits	5	-	29,811
Placement of funds at Lloyds	30	(49,155)	-
Interest received		1,056	1,996
Dividends received from associates	11	251	231
Dividends received from other investments	19	38,207	33,584
Net cash used in investing activities		(43,519)	(767)
Cash flow from financing activities			
Finance cost paid		(6,726)	(8,147)
Repayment of borrowings	15	(47,733)	(167,846)
Term loan received	15	70,000	185,000
Dividends paid	14	(41,400)	(51,750)
Net cash used in financing activities		(25,859)	(42,743)
Net decrease in cash and cash equivalents		(3,770)	(5,703)
Cash and cash equivalents at 1 January		78,161	83,864
Cash and cash equivalents at 31 December	5	74,391	78,161

*Refer to Note 29 for the changes in the comparative information.

There are no non-cash transactions for the years ended 31 December 2025 and 2024.

Al Wathba National Insurance Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2025

1 Legal status and principal activities

Al Wathba National Insurance Company PJSC (the “Company”), incorporated in Abu Dhabi is registered as a public shareholding Company in accordance with the UAE Federal Law No. (8) of 1984 (as amended) and is governed by the provisions of Federal Decree Law No. (6) of 2025 regarding the Central Bank Regulation of Financial Institutions and Activities, and Insurance Business which was issued and became effective on 15 September 2025 which repealed the UAE Federal Law No. (48) of 2023 on the Organisation of Insurance Operations (insurance companies are given one year from the date of the enforcement of its provisions from 15 September 2025 ("the transitional period") to comply with the provisions of Federal Decree Law No. (6) of 2025), Federal Decree Law No. (32) of 2021, as amended concerning the Commercial Companies, Central Bank of UAE Board of Directors’ Decision No. (25) of 2014 pertinent to Financial Regulations for insurance companies and Central Bank of UAE Board of Directors’ Decision No. (23) of 2019 concerning Instructions Organising Reinsurance Operations.

The Company’s principal activity is the writing of general insurance business of all classes. The Company operates through its registered head office in Abu Dhabi and branch offices in Dubai, Al Ain, and Sharjah. The Company is domiciled in the United Arab Emirates, P.O. Box 45154, Abu Dhabi, United Arab Emirates. The Company’s shares are listed on Abu Dhabi Securities Exchange (ADX).

2 Basis of preparation

2.1 Basis of consolidation

The consolidated financial statements comprise the financial results of the Company and its following subsidiaries (together “the Group”):

Subsidiary	Principal activity	Country of incorporation	Ownership
AWNIC Investment Limited	Investment Management	Cayman Islands	100%
Al Wathba Real Estate Development LLC*	Real Estate	United Arab Emirates	100%
Wathba Integrated Business Solutions Limited**	Office administrative service activities	United Arab Emirates	100%
Centurion 11D LLC	Real Estate	United States	100%
Centurion 14B LLC	Real Estate	United States	100%
56 th Street Concepts LLC	Real Estate	United States	100%
Protected Cell 27***	Reinsurance	England and Wales	100%

* During the year 2022, the Group has formed a Limited Liability Company as its subsidiary named as “Al Wathba Real Estate Development L.L.C.”, registered on 28 October 2022 in accordance with the provisions of the Federal Decree Law No. 32 of 2021, as amended concerning the Commercial Companies with its registered office established in Dubai. Al Wathba Real Estate Development L.L.C. was not operational as at and for the year ended 31 December 2025.

** During the year 2025, the Group formed a Private Company as its subsidiary named as “Wathba Integrated Business Solutions Limited”, registered on 27 August 2025 in Abu Dhabi Global Market (ADGM) as an unregulated company.

*** During the year 2025, the Group created a protected cell company “Protected Cell 27” within L2B PCC Ltd, which is a Protected Cell Company domiciled in the UK providing the legal framework for such arrangements. Protected Cell 27 will fund participation in Lloyd’s through a corporate member and will enable the Group to gain access to the Lloyd’s Market in order to achieve the Group’s revenue diversification strategy for the year ending 31 December 2026.

Al Wathba National Insurance Company PJSC

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

2 Basis of preparation (continued)

2.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply with applicable requirements of the Federal Decree Law No. (6) of 2025 regarding the Central Bank Regulation of Financial Institutions and Activities, and Insurance Business, the Federal Law Decree No. (32) of 2021, as amended concerning the Commercial Companies and Central Bank of UAE Board of Directors' Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Central Bank of UAE Board of Directors Decision No. (23) of 2019 concerning Instructions Organising Reinsurance Operations.

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, term deposits, prepayments and other receivables, accrued expenses and other payables and. The following balances would generally be classified as non-current: property and equipment, financial assets at amortised cost, investment in associates, investment properties and deferred tax asset / liability. The following balances include both current and non-current portions: statutory deposits, employees' end of service benefits, reinsurance contract assets, insurance contract liabilities, financial assets at fair value through other comprehensive income, financial assets at fair value through profit of loss, and borrowings.

2.3 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following.

- Investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair value and employees' end of service benefits which are measured using the projected unit credit method under IAS19.
- Groups of insurance and reinsurance contracts, which are measured under the premium allocation approach. The details of the Group's Material accounting policy information and measurement approach are included in note 3 of the consolidated financial statements.

2.4 Functional and reporting currency

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

2.5 Use of judgements and estimates

While applying the accounting policies as stated below, management has made certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected. Estimates and judgements in relation to recognition and measurement of IFRS 17 insurance and reinsurance contracts are described below.

Al Wathba National Insurance Company PJSC

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

2 Basis of preparation (continued)

2.5 Use of judgements and estimates (continued)

(a) Significant estimates

The significant judgments and estimates made by management that have the most significant effects on the amounts recognised in the consolidated financial statements are set out below.

Measurement of the expected credit losses

When measuring Expected Credit Losses (“ECL”) on financial assets, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation consultants using either of the following approaches: Income Capitalisation Approach, Sales Comparable Approach or Residual method of valuation. The income method / capitalisation approach analyses potential rental income from the property taking into account expected rental growth and deducts the expenses incurred in the operation of the asset. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual values realised. Refer to Note 26.

(b) Areas of significant judgements

The following are key judgements and estimates which the Group applied as a result of IFRS 17. Significant judgement in relation to onerous contracts is included under note 3.12 (d) above. The Group has elected to determine cumulative results for each interim reporting period, and estimates made by the Group in previous condensed consolidated interim financial information will not be considered when applying IFRS 17 in subsequent interim periods or in the annual consolidated financial statements

Best Estimate of Liabilities

The best estimate liability (BEL) represents the explicit, unbiased and probability weighted best estimate (expected value) of the future cash outflows minus the future cash inflows that arise when the Group fulfils its obligations with respect to the insurance contracts. The BEL thus includes the effects of discounting, allowing for financial risks (to the extent not included in the estimate of the cash flows).

The Group will make use of the following assumptions to project the cash flows for the non-life business where required:

- Expected premium receipts pattern;
- Expected claims ratio;
- Expected attributable expense ratio;
- Expected bad debt;
- Expected incidence of risk; and
- Expected claims payment pattern.

Al Wathba National Insurance Company PJSC

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

2 Basis of preparation (continued)

2.5 Use of judgements and estimates (continued)

(b) Areas of significant judgements (continued)

Best Estimate of Liabilities (continued)

For the measurement of the liability for incurred claims (LIC), the Group selects the IBNR estimation methodology based on the nature, variability and credibility of the underlying portfolio. Depending on portfolio characteristics and the availability of historical claims data, the estimation approach may include the chain-ladder, Bornhuetter-Ferguson or expected loss ratio techniques, or a blended application of these methods, with different cohorts within the same line of business potentially measured using different approaches. In general, commercial lines are predominantly estimated using the expected loss ratio method, reflecting higher variability arising from lower claim frequency and higher claim severity, as well as lower volumes in certain portfolios, whereas retail lines typically apply a blended approach supported by higher claim frequency and more credible and granular claims experience.

The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed, to produce an estimated ultimate claims cost for each accident year. The chain-ladder technique is the most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. The chain-ladder technique is less suitable in cases in which the Group does not have a developed claims history for a particular type of claim.

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

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

Discount rate

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

Al Wathba National Insurance Company PJSC

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

2 Basis of preparation (continued)

2.5 Use of judgements and estimates (continued)

(b) Areas of significant judgements (continued)

Discount rate (continued)

The discount rates applied to the estimates of the future cash flows in discounting shall:

- (i) Reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- (ii) Be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
- (iii) Exclude the effect of factors that influence observable market prices but do not affect the future cash flows of the insurance contracts.

The bottom-up approach was used to derive the discount rate for all insurance and reinsurance contracts. Under this approach, risk-free yield curves published by the European Insurance and Occupational Pensions Authority (EIOPA) are used as the base risk-free rates. These yield curves are applied without a volatility adjustment, as they represent an appropriate risk-free benchmark that is consistent with IFRS 17 principles.

To reflect country-specific market conditions, a UAE country risk premium is added to the EIOPA risk-free yield curves to derive UAE-specific discount rates. The country risk premium incorporates a volatility component, which implicitly reflects market uncertainty and any residual illiquidity considerations. As a result, no separate explicit illiquidity premium is applied. The Group's non-life insurance and reinsurance contracts are predominantly short-tailed in nature and do not generally exhibit significant illiquid characteristics, and therefore this approach is considered appropriate and consistent with IFRS 17.

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

Financial Year	1 Year	3 Years	5 Years	10 Years	20 Years
31 December 2025	4.07%	3.98%	4.11%	4.48%	4.92%
31 December 2024	4.84%	4.72%	4.68%	4.73%	4.76%

Risk Adjustment

The Risk Adjustment (RA) for non-financial risk represents the compensation the Group requires for bearing the uncertainty in the amount and timing of future cash flows arising from non-financial risks as the Group fulfils its insurance contracts. For the liability for incurred claims, the Group determines the Risk Adjustment using regulatory reserve risk factors. The estimation is based on reserve risk factors prescribed by the Central Bank of the UAE (CBUAE) for regulatory capital modelling, calibrated to a 75% confidence level. Accordingly, the Risk Adjustment represents the difference between the value at risk at the 75th percentile and the expected present value of the future cash flows. The Group has assessed the implied confidence level of the combined liability for incurred claims and the Risk Adjustment for its portfolio, which broadly falls within the range of 65% to 75%, thereby supporting the appropriateness of the selected calibration for disclosure purposes. The Group applies the IFRS 17 Premium Allocation Approach (PAA) following an eligibility assessment. Under this approach, a Risk Adjustment for the Liability for Remaining Coverage (LRC) is recognized only where a group of contracts is identified as onerous.

Al Wathba National Insurance Company PJSC

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

2 Basis of preparation (continued)

2.5 Use of judgements and estimates (continued)

Onerous Contract – loss component

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

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

- The carrying amount of the liability for remaining coverage; and
- The fulfillment cash flow that is related to the remaining coverage of the group.

Measurement of expenses

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

Insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

Under IFRS 17, attributable costs refer to costs that are either fully or partially related to insurance operations. These costs are allocated to the group of insurance contracts level, while non-allocable expenses are recognised directly in the consolidated statement of profit and loss.

The allocation of expenses must be made in a systematic and rational manner that reflects the transfer of services provided by the insurer over the coverage period. All general and management expenses incurred by the Group in a particular year will be allocated to groups of contract cohorts for the same year, based on a systematic and rational basis.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

3 Material accounting policy information

The Material accounting policy information applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

3.1 Leases

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

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.1 Leases (continued)

(a) As a lessee (continued)

However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Group has applied a judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Short-term leases and leases of low-value assets

(b) As a lessor

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

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

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.1 Leases (continued)

(b) As a lessor (continued)

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

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

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

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

3.2 Property and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in the period they are incurred.

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

Assets	Useful lives in years
Building	20
Furniture and fixtures	2 - 4
Motor vehicles	4
Computer equipment	4

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

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.2 Property and equipment (continued)

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.

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

3.3 Investment properties

Investment properties which are properties held to earn rentals and / or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in operating income in the consolidated statement of profit or loss. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. The Company holds investment properties which are disclosed in Note 10.

3.4 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the 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. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.4 Impairment of non-financial assets (continued)

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

3.5 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.

3.6 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the consolidated statement of financial position in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (if any, excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense and other expenses related to defined benefit plans are recognised in “staff cost” in consolidated statement of profit or loss.

3.7 Defined contribution plan

The Group pays its obligations for UAE citizens into a Social Security and UAE Pension Fund in accordance with the Federal Law No. (57) of 2023 for Pension and Social Security. The Group also has a separate pension scheme for the expatriate employees. The Group’s obligations are limited to these contributions, which are expensed when due.

3.8 Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL, which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a debt instrument to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing debt instruments refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:.

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(c) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(d) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

(e) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group has elected to classify irrevocably its equity investments as equity instruments designated at fair value through OCI. The classification is determined on an instrument-by-instrument basis in accordance with IFRS 9.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income / (loss) from investments, net in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its listed equity investments under this category.

(f) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

(g) Other financial assets

Other non-derivative financial assets, such as cash and cash equivalents, statutory deposits, and other receivables are measured at amortised cost using the effective interest method, less any expected credit losses.

(h) Cash and cash equivalents

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

(i) Term deposits

Term deposits held with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost. Deposits held with banks are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

(j) *Impairment of financial assets at amortised cost*

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

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

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

(k) *Definition of default*

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

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

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

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

(l) *Write-off policy*

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

(m) *Measurement and recognition of expected credit losses:*

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

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

(n) *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.

(o) *Dividend distribution*

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

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

(p) Dividend income

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

(q) Interest income

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

3.9 Foreign currencies

For the purpose of these consolidated financial statements, UAE Dirhams (AED) is the functional and the presentation currency of the Group. Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair 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 the consolidated statement of profit or loss in the period in which they arise.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.10 Insurance and reinsurance contracts

(a) *Definition and classification*

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

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

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in the consolidated financial statements apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

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

(b) *Unit of account*

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment. The Group does not hold any participating product lines.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.10 Insurance and reinsurance contracts (continued)

(b) Unit of account (continued)

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently. The Group does not hold any reinsurance contracts with embedded derivatives or those with investment components.

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation or combination of insurance contracts.

(c) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
 - i. the beginning of the coverage period of the group; and
 - ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

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

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.10 Insurance and reinsurance contracts (continued)

(c) Recognition and derecognition (continued)

Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
 - i. is not within the scope of IFRS 17;
 - ii. results in different separable components;
 - iii. results in a different contract boundary; or
 - iv. belongs to a different group of contracts;
- b) the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, component separation requirements and contract aggregation requirements.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- b) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- c) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(d) Measurement

Fulfilment cash flows (“FCF”) within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.10 Insurance and reinsurance contracts (continued)

(d) Measurement (continued)

Fulfilment cash flows (“FCF”) within contract boundary (continued)

The estimates of future cash flows:

- a) are based on a probability-weighted mean of the full range of possible outcomes;
- b) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- c) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation which are disclosed under Note 2.5.

Risk of the Group’s non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b) both of the following criteria are satisfied:
 - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.10 Insurance and reinsurance contracts (continued)

(d) Measurement (continued)

Contract boundary (continued)

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

The contract boundary is reassessed at each reporting date and, therefore, may change over time. Judgement might be required to assess the Group's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition cost

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- a) to that group; and
- b) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 2.5.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.10 Insurance and reinsurance contracts (continued)

(e) Net income (expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- a) reinsurance expenses;
- b) for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;
- c) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations (if any);
- d) other incurred directly attributable expenses;
- e) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- f) effect of changes in the risk of reinsurers' non-performance; and
- g) income on initial recognition of onerous underlying contracts;

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

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

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

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

- a) interest accreted on the LIC; and
- b) the effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.10 Insurance and reinsurance contracts (continued)

(f) Measurement approach

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

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

In addition to the contracts with coverage of less than one year, the PAA can be used for measurement of groups of contracts where the entity reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the GMM or VFA.

Insurance revenue and insurance service expenses are recognised in the consolidated statement of profit or loss based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise.

(g) Onerous Contract – loss component

A contract measured using the PAA is onerous if the fulfillment cash flow exceeds the PAA liability for remaining coverage. The Group will therefore use a combined ratio as a proxy for fulfillment cash flows, determined on the following basis (to ensure consistency with fulfillment cash flows):

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

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

3.11 Insurance revenue and insurance service expenses

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

Al Wathba National Insurance Company PJSC

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

3 Material accounting policy information (continued)

3.11 Insurance revenue and insurance service expenses (continued)

Expected premium receipts are allocated to insurance revenue based on the passage of time over the coverage period of a group of contracts with the exception of Engineering (all risk) and Construction (all risk) contracts where revenue is recognised using an increasing risk pattern and Marine Cargo where it is assumed that 25% of premium is unearned at the valuation date. IFRS 17 requires losses to be recognised immediately on contracts that are expected to be onerous.

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

Amortisation of insurance acquisition cash flows is based on the systematic approach based on the earning patterns of the underlying contracts and follows the same pattern as insurance revenue. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

3.12 Asset classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and groups of contracts within the scope of IFRS 17 Insurance Contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

4 New and revised IFRS Accounting Standards and interpretations

(a) *New and revised IFRS Accounting Standards and interpretations applied in these consolidated financial statements*

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

New standards or amendments	Effective date
Amendments to IAS 21 – Lack of exchangeability sale or contribution of asset between an investor and its Associates or joint venture	1 January 2025

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

4 New and revised IFRS Accounting Standards and interpretations (continued)

(b) *New and revised IFRS Accounting Standards and interpretations issued but not yet effective and not early adopted*

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

New standards or amendments

- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026 (early adoption is available));
- Annual improvements to IFRS – Volume 11 (effective for annual periods beginning on or after 1 January 2026 (early adoption is available));
- IFRS 18 - Presentation and Disclosures in Financial Statements (effective for annual periods beginning on or after 1 January 2027 (early adoption is available)); and
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027 (early adoption is available)).

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (effective for annual periods beginning on or after 1 January 2026 (early adoption is available))

These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.

The Group's management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable, and the Group is in the process of assessing the impact on adoption of these new standards, interpretations and amendments on the consolidated financial statements of the Group in the period of initial application.

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on or after 1 January 2025 that would be expected to have a material impact on these consolidated financial statements.

5 Cash and cash equivalents

	As at 31 December	
	2025	2024
	AED'000	AED'000
Bank balances and cash	64,265	73,229
Statutory deposit	6,000	6,000
Term deposits	39,035	8,895
Less: allowances for expected credit losses	(39)	(61)
Total bank balances, deposits and cash	109,261	88,063
Less: deposits with original maturity of three months or more	(28,870)	(3,902)
Less: statutory deposits	(6,000)	(6,000)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	74,391	78,161

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

5 Cash and cash equivalents (continued)

Geographical concentration of cash and cash equivalents, statutory deposits and deposits with original maturities of three months or more is as follows:

	As at 31 December	
	2025	2024
	AED'000	AED'000
Within UAE	109,261	88,063

Deposits are held with financial institutions in UAE, with an original maturity period of one to twelve months from the date of placement. Interest is receivable at annual rates ranging from 0.15% to 3.45% per annum (31 December 2024: 3.75% to 3.95% per annum).

In accordance with the requirements of UAE Federal Decree Law No. (6) of 2025, the Group maintains a bank deposit of AED 6,000 thousand which is held against a bank guarantee issued in favor of the CBUAE (note 24) (31 December 2024: AED 6,000 thousand which is held against a bank guarantee issued in favor of the CBUAE) which cannot be utilised without the consent of the Central Bank of UAE.

6 Financial assets at fair value through other comprehensive income

	As at 31 December	
	2025	2024
	AED'000	AED'000
Quoted equity securities	167,204	186,110
Unquoted equity securities	344	438
	167,548	186,548

The movement in the financial assets at fair value through other comprehensive income (FVOCI) is as follows:

	As at 31 December	
	2025	2024
	AED'000	AED'000
At beginning of the year	186,548	362,182
Additions	-	1,818
Disposals	-	(141,878)
Change in fair value	(19,000)	(35,574)
Balance at end of the year	167,548	186,548

The geographical distribution of financial assets at FVOCI is as follows:

	As at 31 December	
	2025	2024
	AED'000	AED'000
Within UAE	165,688	186,336
Outside UAE	1,860	212
	167,548	186,548

Al Wathba National Insurance Company PJSC

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

7 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of quoted equity investments and Tier 1 capital certificates in local securities. The movement in financial assets at fair value through profit or loss is as follows:

	As at 31 December	
	2025	2024
	AED'000	AED'000
At beginning of the year (Note 29(d))	646,102	561,774
Additions	6,534	212,405
Disposals	(35,890)	(99,621)
Change in fair value (note 19)	38,280	(28,456)
Balance at end of the year	655,026	646,102

8 Asset classified as held for sale

	As at 31 December	
	2025	2024
	AED'000	AED'000
Non-current asset held for sale		
Investment property (Note 10)	17,400	-

During the year, one villa situated in Dubai was reclassified from investment properties to assets classified as held for sale following management's commitment to a plan to dispose of the property. The fair value of this property is estimated by an external RICS certified appraiser at AED 17,400 thousand (31 December 2024: AED 15,250 thousand). The sale is considered highly probable and was completed subsequent to 31 December 2025.

9 Prepayments and other receivables

	As at 31 December	
	2025	2024
	AED'000	AED'000
Prepayments	4,719	3,070
Accrued income	126	106
Other receivables (i)	5,516	4,427
	10,361	7,603

- (i) Based on the assessment performed by management under IFRS 9, the expected credit loss is considered immaterial for the years ended 31 December 2025 and 2024.

Al Wathba National Insurance Company PJSC

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

10 Investment properties

	Investment property under development AED'000	Buildings AED'000	Total AED'000
At 1 January 2025	283,900	299,315	583,215
Additions during the year	72,871	-	72,871
Assets classified as held for sale (Note 8)	-	(17,400)	(17,400)
Disposal	-	(15,750)	(15,750)
Changes in fair value	19,604	19,308	38,912
31 December 2025	376,375	285,473	661,848
At 1 January 2024	121,630	299,559	421,189
Additions during the year	85,080	-	85,080
Changes in fair value	77,190	(244)	76,946
31 December 2024	283,900	299,315	583,215

Investment property under development includes land and building under construction located in Barsha Heights, Dubai. The freehold land in Dubai was purchased in 2004. Additions during the year include the construction cost incurred for the building. As at 31 December 2025, the fair value of the property was estimated by an external RICS certified appraiser at AED 376,375 thousand (31 December 2024: AED 283,900 thousand).

Buildings include:

(a) Abu Dhabi Head Office building

This property is located in Abu Dhabi, and part of the building is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 146,950 thousand (31 December 2024: AED 137,765 thousand). The property has been pledged as collateral against a term loan with a bank.

(b) Al Jumeirah Island commercial villas

This property consists of three villas in Dubai available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 62,100 thousand (31 December 2024: with five villas AED 78,100 thousand). The property has been pledged as collateral against a term loan with a bank.

(c) Al Nakheel flat

This property is located at Al Nakheel building, The Greens Dubai, and is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 2,500 thousand (31 December 2024: AED 2,100 thousand).

(d) New York residential condominium units

Three condominium units, being unit numbers 11D, 14A and 14B located in New York, United States of America. The fair value of these properties are estimated by an external RICS certified appraiser at AED 35,623 thousand (31 December 2024: AED 45,888 thousand).

Al Wathba National Insurance Company PJSC

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

10 Investment properties (continued)

(e) *Marina Sunset Bay Villa*

The Group acquired a Villa Located in Marina Sunset Bay in Abu Dhabi which is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 17,300 thousand (31 December 2024: AED 16,500 thousand).

(f) *Two tower flats, Dubai*

The Group acquired 12 residential apartments situated within Tecom Two Towers, Barsha Heights (Tecom), Dubai during 2023 which is available for letting to third parties. The fair value of this property is estimated by an external RICS certified appraiser at AED 21,000 thousand (31 December 2024: AED 18,962 thousand).

11 Investment in associates

Details of the Group's associates as of 31 December are as follows:

Name of the associate	Principal activities	Place of incorporation	As at 31 December	
			2025 Ownership interest %	2024 Ownership interest %
UR International Insurance	Insurance business	Iraq	40.00%	40.00%
Hily Holding PJSC	Import and distribution of food stuff	United Arab Emirates	22.82%	22.82%

The movement in investment in associates during the year is as follows:

	As at 31 December	
	2025 AED'000	2024 AED'000
At 1 January	142,569	145,005
Share of profit for the year	8,784	6,112
Share of other comprehensive income / (loss) of associates	4,227	(317)
Less: impairment charged for the year	(20,009)	(8,000)
Less: cash dividend received	(251)	(231)
At 31 December	135,320	142,569

Al Wathba National Insurance Company PJSC

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

11 Investment in associates (continued)

Details of material associates	Hily Holding* PJSC AED'000	UR International Insurance AED'000	Total AED'000
As at 31 December 2025			
Statement of financial position			
<i>Current assets</i>			
- cash and cash equivalents	45,498	8,550	54,048
- others	256,565	20,649	277,214
Non-Current assets	833,974	10,450	844,424
<i>Current liabilities</i>	(256,983)	(22,674)	(279,657)
<i>Non-current liabilities</i>	(193,080)	-	(193,080)
Net assets of the associates	685,974	16,975	702,949
Proportion of the Group's ownership interest	22.82%	40%	-
Group's share of associates' net assets	156,539	6,790	163,329
Other impairment adjustment (i)	(28,009)	-	(28,009)
Carrying amount of associates	128,530	6,790	135,320
	Hily Holding* PJSC AED'000	UR International Insurance AED'000	Total AED'000
For the year ended 31 December 2025			
Statement of profit or loss			
Revenue	119,839	10,963	130,802
Expenses - net	(85,937)	(9,799)	(95,736)
Depreciation and amortisation	(4,400)	(297)	(4,697)
Net finance cost	(34,843)	(171)	(35,014)
Share of profit of associates	40,117	-	40,117
Income tax expenses	3,395	(324)	3,071
Profit for the year	38,171	372	38,543
Other comprehensive income	18,523	-	18,523
Total comprehensive income	56,694	372	57,066
Group's share of associates' total comprehensive income for the year	12,938	65	13,003

* The fair value of investment in associate was AED 68.46 million as of 31 December 2025. The market price per share of this associate was AED 2.50 as of 31 December 2025.

- (i) During the year, the Group has assessed its investment in associates for indicators of impairment. The determination of whether the investment in associate is impaired entails management's evaluation of the net asset value (including the application of relevant discounts) with the carrying value of the investment. The impairment charge from investment in associate is recognised in the consolidated statement of profit or loss. The Group has recognised impairment adjustment of AED'000 20,009 for the year ended 31 December 2025.

Al Wathba National Insurance Company PJSC

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

11 Investment in associates (continued)

Details of material associates	Hily Holding* PJSC AED'000	UR International Insurance AED'000	Total AED'000
As at 31 December 2024			
Statement of financial position			
<i>Current assets</i>			
- cash and cash equivalents	85,988	3,556	89,544
- others	244,283	17,558	261,841
<i>Non-Current assets</i>	883,428	10,618	894,046
<i>Current liabilities</i>	(326,931)	(14,291)	(341,222)
<i>Non-current liabilities</i>	(257,487)	-	(257,487)
Net assets of the associates	629,281	17,441	646,722
Proportion of the Group's ownership interest	22.82%	40%	-
Group's share of associates' net assets	143,602	6,976	150,578
Other impairment adjustment (i)	(8,009)	-	(8,009)
Carrying amount of associates	135,593	6,976	142,569
	Hily Holding* t PJSC AED'000	UR International Insurance AED'000	Total AED'000
For the year ended 31 December 2024			
Statement of profit or loss			
Revenue	110,990	9,125	120,115
Expenses - net	(53,139)	(7,143)	(60,282)
Depreciation and amortisation	(3,449)	(272)	(3,721)
Interest expenses	(31,327)	(209)	(31,536)
Income tax expenses	1,903	(251)	1,652
Profit for the year	24,978	1,250	26,228
Other comprehensive loss	(337)	-	(337)
Total comprehensive income	24,641	1,250	25,891
Group's share of associates' total comprehensive income for the year	5,618	177	5,795

* The fair value of investment in associate was AED 64.62 million as of 31 December 2024. The market price per share of this associate was AED 2.36 per share as of 31 December 2024.

- (i) During the year, the Group had assessed its investment in associates for indicators of impairment. The determination of whether the investment in associate is impaired entails management's evaluation of the net asset value (including the application of relevant discounts) with the carrying value of the investment. The impairment charge from investment in associate is recognised in the consolidated statement of profit or loss. The Group has recognised an impairment adjustment of AED'000 8,000 for the year ended 31 December 2024.

Al Wathba National Insurance Company PJSC

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

12 Property and equipment

	Building AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
Cost					
1 January 2024	4,741	3,647	1,927	4,677	14,992
Additions	-	88	22	655	765
Disposals	-	-	(369)	-	(369)
At 31 December 2024	4,741	3,735	1,580	5,332	15,388
Additions	-	17	250	858	1,125
Disposals	-	-	-	-	-
At 31 December 2025	4,741	3,752	1,830	6,190	16,513
Accumulated depreciation					
1 January 2024	4,108	3,310	726	3,454	11,598
Charge for the year (Note 20)	316	170	308	771	1,565
Disposals	-	-	(307)	-	(307)
At 31 December 2024	4,424	3,480	727	4,225	12,856
Charge for the year (Note 20)	316	160	328	599	1,403
Disposals	-	-	-	-	-
At 31 December 2025	4,740	3,640	1,055	4,824	14,259
Net carrying amount					
At 31 December 2025	1	112	775	1,366	2,254
At 31 December 2024	317	255	853	1,107	2,532

13 Reserves

(a) Legal reserve

In accordance with the Federal Decree Law No. (32) of 2021, as amended Concerning the Commercial Companies and the Group's Articles of Association, 10% of net profit were to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Group's paid up share capital. Since the legal reserve of the Group is equal to 50% of the paid-up share capital, therefore, there are no further transfers during the years ended 31 December 2025 and 2024. This reserve is not available for any distribution to the shareholders.

(b) Statutory reserve

As required by the Group's Articles of Association, 10% of the profit for the year is required to be transferred to the statutory reserve until the balance of the statutory reserve equals 25% of the Group's paid-up share capital. This reserve is not available for distribution. The Group has resolved to discontinue such annual transfers since the reserve has reached 25% of the paid-up share capital.

Al Wathba National Insurance Company PJSC

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

13 Reserves (continued)

(c) General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors as per the authority granted to them in the Group's Articles of Association. This reserve may be used for such purposes as they deem fit. There is no transfer during the year from retained earnings to general reserve (31 December 2024: AED Nil).

(d) Capital reserve

In accordance with the Board of Directors' resolution which was adopted by the Shareholders in their Annual General Meeting held on 19 May 1999, this reserve is earmarked for the settlement of any claims with respect to compensating the previous non-national shareholders of the Group. No payment was made to these shareholders during the year ended 31 December 2025 (31 December 2024: AED Nil).

(e) Fair value reserve

The fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI.

(f) Reinsurance risk reserve

In accordance with Article (34) to Central Bank of UAE's Board of Directors Decision No. (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of UAE shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Central Bank of UAE. The decision is effective from 1 December 2020. Accordingly, an amount of AED 5,308 thousand (31 December 2024: AED 3,237 thousand) has been recorded in equity as a reinsurance risk reserve as at 31 December 2025.

Movements in the reinsurance risk reserve:

	As at 31 December	
	2025	2024
	AED'000	AED'000
Balance as at the beginning of the year	3,237	1,991
Transfer to the reinsurance risk reserve	2,071	1,246
Balance at the end of the year	5,308	3,237

Al Wathba National Insurance Company PJSC

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

14 Share capital

	As at 31 December	
	2025	2024
	AED'000	AED'000
<i>Authorised, issued and fully paid</i>		
207,000,000 (31 December 2024: 207,000,000)		
ordinary shares of AED 1 each	207,000	207,000

At the Annual General Meeting held on 23 April 2025 the shareholders approved the distribution of cash dividend of AED 0.20 per share amounting to AED 41,400 thousand (31 December 2024: Annual General Meeting held on 23 April 2024, the shareholders approved the distribution of cash dividend of AED 0.25 per share amounting to AED 51,750 thousand). In respect of the current year, the Board of Directors in their meeting held on 13 March 2026 proposed a cash dividend of AED 0.25 per share amounting to AED 51,750 thousand. The cash dividend is subject to the approval of the Shareholders at the forthcoming Annual General Meeting.

15 Borrowings

	As at 31 December	
	2025	2024
	AED'000	AED'000
Term loan 1	52,962	70,689
Term loan 2	75,000	35,006
	127,962	105,695

The movement in the borrowing facilities of the Group is as follows:

	As at 31 December	
	2025	2024
	AED'000	AED'000
<i>Term loan facilities</i>		
Opening balance	105,695	88,541
Add: received during the year	70,000	185,000
Add: finance cost incurred during the year	6,726	8,147
Repayments made during the year	(54,459)	(175,993)
Ending Balance	127,962	105,695

Term loan 1

During 2022, the Group obtained a bank loan of AED 100,000 thousand for investment activities. The loan bears interest at three-month EIBOR plus a margin, charged quarterly, and is repayable in twenty-four quarterly instalments from 12 April 2023 to 12 October 2028. The loan is secured by the Group's investment properties, comprising the head office building and three villas. As at 31 December 2025, the outstanding loan balance was AED 52,962 thousand (31 December 2024: AED 70,689 thousand). The Group has complied with the financial covenants of its term loan 1 for the years ended 31 December 2024 and 2025.

Term loan 2

During 2023, the Group obtained a revolving credit facility of AED 75,000 thousand to meet short-term funding requirements, bearing interest at three-month EIBOR plus a margin, charged quarterly, and structured as a single bullet repayment at the end of each one-year term. During 2025, AED 70,000 thousand was utilised and AED 30,000 thousand repaid, with the bullet repayment originally due in December 2025 extended to March 2026. The facility is secured against the same investment properties as Term Loan 1, serving as collateral for the Group's combined banking facilities. As at 31 December 2025, the carrying amount, including accrued finance costs, was AED 75,000 thousand (31 December 2024: AED 35,006 thousand). The Group has complied with the financial covenants of its term loan 2 for the years ended 31 December 2024 and 2025.

Al Wathba National Insurance Company PJSC

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

15 Borrowings (continued)

Loan covenants

Under the terms of the Group's term loans, the Group is required to comply with specific financial covenants at each quarterly reporting date. As at 31 December 2025, the carrying amounts were AED'000 52,962 (31 December 2024: AED'000 70,689) for Term Loan 1 and AED'000 75,000 (31 December 2024: AED'000 35,006) for Term Loan 2. The covenants applicable to each facility are as follows:

- Term Loan 1 (Total facility limit: AED 100 million): The Group must maintain a tangible net worth of not less than AED 700 million at all times, and the total external debt to equity ratio must not exceed 0.5:1.
- Term Loan 2 (Revolving facility with multiple drawdowns; total available facility limit: AED 75 million): The Group must maintain a tangible net worth of not less than AED 700 million and the total external debt to equity ratio must not exceed 0.5:1.

The Group complied with all financial covenants throughout the years ended 31 December 2025 and 2024. There are no indicators of noncompliance when these covenants will be next tested as at 31 March 2026 interim reporting date.

16 Employees' end of service benefits

The Group provides end-of-service benefits for its eligible employees. An actuarial valuation has been carried out as at 31 December 2025 to ascertain present value of the defined benefit obligation. A registered actuary in the UAE was appointed to evaluate the same. The present value of the defined benefit obligation, and the related current and past service cost, were measured using the Projected Unit Credit Method.

Defined benefit obligation

	As at 31 December	
	2025	2024
	AED'000	AED'000
Present value of defined benefit obligation - opening	6,138	5,471
Service cost and net interest cost	1,419	774
Benefits paid	(354)	(107)
Actuarial loss on the obligation	872	-
Balance at 31 December	8,075	6,138

The following key assumptions (weighted average rates) were used to value the liabilities

	As at 31 December	
	2025	2024
Discount rate	4.55%	4.95%
Salary increase rate (p.a.)	4.55%	4.95%

Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used.

Al Wathba National Insurance Company PJSC

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

16 Employees' end of service benefits (continued)

Amounts recognised in the consolidated statement of profit or loss:

	For the year ended 31 December	
	2025 AED'000	2024 AED'000
Service cost	1,133	774
Net interest cost	286	-
Expenses for the year	<u>1,419</u>	<u>774</u>

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:

	For the year ended 31 December	
	2025 AED'000	2024 AED'000
Actuarial loss on obligation	<u>872</u>	-
Other comprehensive expense for the year	<u>872</u>	-

17 Accrued expenses and other payables

	As at 31 December	
	2025 AED'000	2024 AED'000
Accrued expenses	25,628	24,377
Board remuneration	5,650	4,100
Other payable	<u>5,524</u>	<u>22,043</u>
	<u>36,802</u>	<u>50,520</u>

18 Related parties

Identity of related parties

Related parties comprise major shareholders, associated companies, Directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The Group maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates.

Directors are expected to avoid any action, position or interest that conflict with an interest of the Company. Details of all transactions in which a Director and / or related parties might have actual or potential conflicts are provided to the Board of Directors for their review and approval. When a potential conflict of interest arises, the Directors concerned neither participate in the discussions nor exercise any influence over other members of the Board. If a major shareholder or a Director has any conflict of interests with any matter to be considered by the Board of Directors and the Board of Directors determines that such a matter is significant, the decision thereon by the Board of Directors shall be made in the presence of all directors and in the absence of the interested director's vote.

Al Wathba National Insurance Company PJSC

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

18 Related parties (continued)

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 as follows.

18.1 Related parties as per requirement of local regulations:

Balance with related parties:

	As at 31 December	
	2025	2024
	AED'000	AED'000
Due from policy holders (Directors' affiliates) <i>(included in insurance contract liabilities)</i>	<u>20,522</u>	<u>35,046</u>
Due to policy holders (Directors' affiliates) <i>(included in insurance contract liabilities)</i>	<u>(8,979)</u>	<u>(20,103)</u>

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

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
Insurance revenue from Directors' affiliates	<u>78,728</u>	<u>93,050</u>
Insurance service expenses to Directors, affiliates	<u>(41,833)</u>	<u>(63,694)</u>

18.2 Related parties as per requirement of IAS 24:

Balance with related parties:

	As at 31 December	
	2025	2024
	AED'000	AED'000
Due from equity accounted investee (i)	<u>10</u>	<u>78</u>
Prepaid rent expenses related to Director	<u>133</u>	<u>383</u>

(i) Detailed disclosures for investment in equity accounted investee is included in Note 11.

Al Wathba National Insurance Company PJSC

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

18 Related parties (continued)

18.2 Related parties as per requirement of IAS 24: (continued)

Balance with related parties: (continued)

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

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
Insurance revenue from equity accounted investee	<u>1,583</u>	<u>483</u>
Insurance expenses from equity accounted investee	<u>-</u>	<u>-</u>
Rent expenses related to Director	<u>(963)</u>	<u>(459)</u>
Other expenses related to Director	<u>(4,953)</u>	<u>(3,096)</u>
Directors' remuneration	<u>(5,000)</u>	<u>(4,100)</u>

Remuneration of key management personnel:

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
Short term benefits	<u>5,005</u>	<u>3,456</u>
Post employment benefits	<u>309</u>	<u>54</u>
	<u>5,314</u>	<u>3,510</u>

The above figures exclude the impact of risk adjustments and discount rate since the Group does not apply these elements at a counterparty level.

19 Other income / (loss) from investments, net

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
Changes in fair value of financial assets carried at fair value through profit or loss, <i>net</i> (Note 7)	<u>38,280</u>	<u>(28,456)</u>
Gain on disposal of financial assets at fair value through profit or loss, <i>net</i>	<u>14,730</u>	<u>13,726</u>
Dividend income	<u>38,207</u>	<u>33,584</u>
	<u>91,217</u>	<u>18,854</u>

Al Wathba National Insurance Company PJSC

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

20 Other operating expenses

	Expenses attributable to insurance acquisition cash flow* AED'000	Other directly attributable expenses* AED'000	Other operating expenses AED'000
For the year ended 31 December 2025			
Commission expenses	112,483	-	-
Staff cost	15,663	13,524	12,241
Depreciation	-	-	1,403
Fees and licenses	12,306	2,453	-
Maintenance expenses	2,178	2,178	4,132
Other expenses	21,302	974	14,965
Board of directors' remuneration	-	-	5,650
Short term lease expense	1,321	1,321	-
	<u>165,253</u>	<u>20,450</u>	<u>38,391</u>
<i>For the year ended 31 December 2024</i>			
Commission expenses	66,611	11,558	-
Staff cost	-	24,222	6,325
Depreciation	-	-	1,565
Fees and licenses	-	3,272	796
Maintenance expenses	-	2,554	1,703
Other expenses	-	8,899	6,375
Board of directors' remuneration	-	-	4,100
Short term lease expense	-	1,056	704
	<u>66,611</u>	<u>51,561</u>	<u>21,568</u>

* Expenses attributed to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Group in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope and reinsurance contracts held. These expenses are recognised in the consolidated statement of profit or loss and other comprehensive income based on IFRS 17 measurement requirements. The Group has reclassified certain expenses during the year ended 31 December 2025. These reclassifications had no impact on the reported results of the Group for the year ended 31 December 2024.

21 Earnings per share

Earnings per share are calculated by dividing profit for the year by the weighted average number of ordinary shares outstanding during the year.

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

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
Profit for the year	<u>94,279</u>	<u>36,799</u>
Ordinary shares outstanding during the year (shares in 000)	<u>207,000</u>	<u>207,000</u>
Earnings per share (AED)	<u>0.46</u>	<u>0.18</u>

There is no dilution effect to the basic earnings per share.

Al Wathba National Insurance Company PJSC

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

22 Insurance and reinsurance contract assets and liabilities

22.1 Insurance contracts issued

	As at 31 December 2025				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component AED'000	Loss component - onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non- financial risk AED'000	Total AED'000
Insurance contract liabilities - opening	122,896	6,603	392,088	18,770	540,357
Insurance contract assets - opening	-	-	-	-	-
Net opening balance	122,896	6,603	392,088	18,770	540,357
Insurance revenue	(781,141)	-	-	-	(781,141)
Insurance service expense					
Incurred claims and other directly attributable expenses	-	-	545,241	7,352	552,593
Changes that relate to past service - adjustment to the LIC	-	-	(41,177)	(11,786)	(52,963)
Insurance acquisition cashflow amortisation	130,903	-	-	-	130,903
Losses on onerous contracts and (reversal) of the losses	-	3,696	-	-	3,696
Total insurance service expenses	130,903	3,696	504,064	(4,434)	634,229
Insurance service results					
Finance expenses from insurance contracts issued	(650,238)	3,696	504,064	(4,434)	(146,912)
Total changes in the consolidated statement of profit or loss and other comprehensive income	-	-	13,690	661	14,351
	(650,238)	3,696	517,754	(3,773)	(132,561)
Cash flows					
Premiums received	878,187	-	-	-	878,187
Claims and other directly attributable expenses paid	-	-	(490,654)	-	(490,654)
Insurance acquisition cashflows paid	(165,769)	-	-	-	(165,769)
Total cash inflows / (outflows)	712,418		(490,654)		221,764
Insurance contract liabilities - closing	185,076	10,299	419,188	14,997	629,560
Insurance contract assets - closing	-	-	-	-	-
Closing balance - net	185,076	10,299	419,188	14,997	629,560

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

22 Insurance and reinsurance contract assets and liabilities (continued)

22.1 Insurance contracts issued (continued)

	As at 31 December 2024				
	Liability for remaining coverage (LRC)	Liability for incurred claims (LIC)		Total	
	Excluding loss component - AED'000	Loss component - onerous contracts - AED'000	Estimates of present value of future cashflows - AED'000	Risk adjustment for non-financial risk - AED'000	AED'000
Insurance contract liabilities - opening	81,826	12,553	215,893	10,359	320,631
Insurance contract assets - opening	-	-	-	-	-
Net opening balance	81,826	12,553	215,893	10,359	320,631
Insurance revenue	(376,325)	-	-	-	(376,325)
<i>Insurance service expense:</i>					
Incurred claims and other directly attributable expenses	-	-	471,194	7,707	478,901
Changes that relate to past service - adjustment to the LIC	-	-	(5,510)	704	(4,806)
Insurance acquisition cashflow amortisation	47,149	-	-	-	47,149
Losses on onerous contracts and (reversal) of the losses	-	(5,950)	-	-	(5,950)
Total insurance service expenses	47,149	(5,950)	465,684	8,411	515,294
Insurance service results	(329,176)	(5,950)	465,684	8,411	138,969
Finance expenses from insurance contracts issued	-	-	9,008	-	9,008
Total changes in the consolidated statement of profit or loss and other comprehensive income	(329,176)	(5,950)	474,692	8,411	147,977
Cash flows					
Premiums received	419,859	-	-	-	419,859
Claims and other directly attributable expenses paid	-	-	(298,497)	-	(298,497)
Insurance acquisition cashflows paid	(49,613)	-	-	-	(49,613)
Total cash inflows / (outflows)	370,246	-	(298,497)	-	71,749
Insurance contract liabilities - closing	122,896	6,603	392,088	18,770	540,357
Insurance contract assets - closing	-	-	-	-	-
Closing balance - net	122,896	6,603	392,088	18,770	540,357

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

22 Insurance and reinsurance contract assets and liabilities (continued)

22.2 Reinsurance contracts held

	As at 31 December 2025				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss recovery component AED'000	Loss recovery component - onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Reinsurance contract liabilities - opening	1,259	-	-	-	1,259
Reinsurance contract assets - opening	16,744	-	(250,066)	(14,180)	(247,502)
Net opening balance (Restated refer to note 29(c))	18,003	-	(250,066)	(14,180)	(246,243)
Allocation of reinsurance premiums paid	327,769	-	-	-	327,769
Amount recoverable from reinsurers					
Incurred claims recovered and other directly attributable expenses	-	-	(220,954)	(5,824)	(226,778)
Changes that relate to past service - adjustment to the AIC	-	-	19,615	8,482	28,097
Losses Recovery on onerous contracts		(6,911)	-	-	(6,911)
Effect of changes in the risk of reinsurers' non-performance	-	-	715	-	715
Total amount recoverable from reinsurers - net		(6,911)	(200,624)	2,658	(204,877)
Finance income from reinsurance contracts held	-	-	(8,691)	(499)	(9,190)
Total changes in the consolidated statement of profit or loss and other comprehensive income	327,769	(6,911)	(209,315)	2,159	113,702
Cash flows					
Premiums ceded paid	(268,178)	-	-	-	(268,178)
Recoveries from reinsurers	-	-	162,490	-	162,490
Total cash (outflows) / inflows	(268,178)		162,490		(105,688)
Reinsurance contract liabilities - closing	-	-	-	-	-
Reinsurance contract assets - closing	77,594	(6,911)	(296,891)	(12,021)	(238,229)
Closing balance - net	77,594	(6,911)	(296,891)	(12,021)	(238,229)

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

21.2 Insurance and reinsurance contract assets and liabilities (continued)

22.2 Reinsurance contracts held (continued)

	As at 31 December 2024				
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		
	Excluding loss recovery component AED'000	Loss recovery component – onerous contracts AED'000	Estimates of present value of future cashflows AED'000	Risk adjustment for non-financial risk AED'000	Total AED'000
Reinsurance contract liabilities - opening	-	-	-	-	-
Reinsurance contract assets - opening	35,442	-	(128,710)	(7,175)	(100,443)
Net opening balance (Restated refer to note 29(c))	35,442	-	(128,710)	(7,175)	(100,443)
Allocation of reinsurance premiums paid	138,431	-	-	-	138,431
Recoverable amount from reinsurers	-	-	(272,794)	(5,739)	(278,533)
Incurred claims recovered and other directly attributable expenses	-	-	26,126	(1,266)	24,860
Changes that relate to past service - adjustment to the AIC	-	-	-	-	-
Effect of changes in the risk of reinsurers'	-	-	385	-	385
non-performance	-	-	(246,283)	(7,005)	(253,288)
Total amount recoverable from reinsurers - net	-	-	(4,981)	-	(4,981)
Finance income from reinsurance contracts held	-	-	-	-	-
Total changes in the consolidated statement of profit or loss and other comprehensive income	138,431	-	(251,264)	(7,005)	(119,838)
Cash flows	-	-	-	-	-
Premiums ceded paid	(155,870)	-	-	-	(155,870)
Recoveries from reinsurers	-	-	129,908	-	129,908
Total cash (outflows) / inflows	(155,870)	-	129,908	-	(25,962)
Reinsurance contract liabilities - closing	1,259	-	-	-	1,259
Reinsurance contract assets - closing	16,744	-	(250,066)	(14,180)	(247,502)
Closing balance – net (Restated refer to note 29(c))	18,003	-	(250,066)	(14,180)	(246,243)

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

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment profit for the year and their reconciliation to the Group's income and profit for the year.

As at 31 December 2024 (Audited)

	Motor AED'000	Health AED'000	General Insurance AED'000	Investments AED'000	Total AED'000
Reinsurance contract assets					
Segment assets*	44,440	14,189	188,873	-	247,502
Unallocated assets	-	-	-	1,558,434	1,558,434
Total assets	44,440	14,189	188,873	1,558,434	1,904,134
Insurance contract liabilities					
Reinsurance contract liabilities	262,497	18,398	259,462	-	540,357
Segment liabilities*	-	-	1,259	-	1,259
Unallocated liabilities	-	-	-	105,695	105,695
Total liabilities	262,497	18,398	260,721	105,695	706,656

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

23 Segment information (continued)

Balances for insurance and reinsurance revenue and insurance service result are as follows:

	For the year ended 31 December 2025				
	Motor AED'000	Health AED'000	General Insurance AED'000	Investments AED'000	Total AED'000
Insurance revenue					
Insurance revenue from contracts measured under PAA	412,765	162,177	206,199	-	781,141
Total insurance revenue	412,765	162,177	206,199	-	781,141
Insurance service expenses					
Incurred claim and other directly attributable expenses	(319,551)	(159,488)	(73,554)	-	(552,593)
Changes that relate to past service - adjustments to the LIC	21,658	(248)	31,553	-	52,963
Reversal of losses / (losses) on onerous contracts	5,435	(9,131)	-	-	(3,696)
Insurance acquisition cash flows amortisation	(73,767)	(23,920)	(33,216)	-	(130,903)
Total Insurance service expenses	(366,225)	(192,787)	(75,217)	-	(634,229)
Amounts recoverable from reinsurers for incurred claims					
Incurred claims recovered	46,691	124,672	55,415	-	226,778
Changes that relate to past service - adjustments to AIC	132	210	(28,439)	-	(28,097)
Losses Recovery on onerous contracts	-	6,911	-	-	6,911
Effect of changes in the risk of reinsurers non-performance	(274)	(41)	(400)	-	(715)
Total amounts recoverable from reinsurers for incurred claims	46,549	131,752	26,576	-	204,877
Reinsurance expenses					
Allocation of reinsurance premiums	(71,046)	(109,261)	(147,462)	-	(327,769)
Total net income from reinsurance contracts held	(24,497)	22,491	(120,886)	-	(122,892)
Total insurance service result	22,043	(8,119)	10,096	(5,161)	24,020
Net insurance and reinsurance finance expenses				138,234	(5,161)
Net investment income				132	132
Other income				(38,391)	(38,391)
Other operating expenses				(6,726)	(6,726)
Other finance costs				8,784	8,784
Share of profit of equity-accounted investees				(20,009)	(20,009)
Impairment loss of equity-accounted investees				76,863	100,883
Profit / (loss) for the year	22,043	(8,119)	10,096	-	100,883

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

23 Segment information*(continued)*

	For the year ended 31 December 2024				
	Motor AED'000	Health AED'000	General Insurance AED'000	Investments AED'000	Total AED'000
<i>Insurance revenue</i>					
Insurance revenue from contracts measured under PAA	217,507	16,047	142,771	-	376,325
<i>Total insurance revenue</i>	<u>217,507</u>	<u>16,047</u>	<u>142,771</u>	<u>-</u>	<u>376,325</u>
<i>Insurance service expenses</i>					
Incurred claim and other directly attributable expenses	(266,178)	(16,259)	(196,464)	-	(478,901)
Changes that relate to past service - adjustments to the LIC	(15,048)	(2,676)	22,530	-	4,806
Losses on onerous contracts	9,620	(3,670)	-	-	5,950
Insurance acquisition cash flows' amortisation	(25,215)	(1,798)	(20,136)	-	(47,149)
<i>Total insurance service expenses</i>	<u>(296,821)</u>	<u>(24,403)</u>	<u>(194,070)</u>	<u>-</u>	<u>(515,294)</u>
<i>Amounts recoverable from reinsurers for incurred claims</i>					
Incurred claims recovered	87,098	15,290	176,145	-	278,533
Changes that relate to past service - adjustments to AIC	(4,794)	28	(20,094)	-	(24,860)
Effect of changes in the risk of reinsurers non-performance	(4)	(1)	(380)	-	(385)
<i>Total amounts recoverable from reinsurers for incurred claims</i>	<u>82,300</u>	<u>15,317</u>	<u>155,671</u>	<u>-</u>	<u>253,288</u>
<i>Reinsurance expenses</i>					
Allocation of reinsurance premiums	(41,265)	(12,127)	(85,039)	-	(138,431)
<i>Total net income from reinsurance contracts held</i>	<u>41,035</u>	<u>3,190</u>	<u>70,632</u>	<u>-</u>	<u>114,857</u>
<i>Total insurance service results</i>	<u>(38,279)</u>	<u>(5,166)</u>	<u>19,333</u>	<u>-</u>	<u>(24,112)</u>
Net insurance and reinsurance finance expenses	-	-	-	(4,027)	(4,027)
Net investment income	-	-	-	97,931	97,931
Other expenses	-	-	-	993	993
Other operating expenses	-	-	-	(21,568)	(21,568)
Other finance costs	-	-	-	(8,147)	(8,147)
Share of profit of equity-accounted investees	-	-	-	6,112	6,112
Impairment loss of equity-accounted investees	-	-	-	(8,000)	(8,000)
(Loss) / profit for the year	<u>(38,279)</u>	<u>(5,166)</u>	<u>19,333</u>	<u>63,294</u>	<u>39,182</u>

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

24 Risk and capital management

24.1 Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that could hinder the sustainable achievement of the set financial performance objectives, and to ensure insurance benefits are available to policyholders as and when needed. Management recognises the critical importance of having an efficient and effective enterprise risk management framework embedded in the Group. The Group manages its assets and liabilities in an integrated manner to ensure that sufficient funds are available to meet insurance obligations as they fall due.

AWNIC's Audit Committee assists the Board of Directors in discharging its responsibilities with regard to the financial reporting, external audit, internal audit and compliance functions. The responsibility includes, reviewing and monitoring the integrity of annual consolidated financial statements and condensed consolidated interim financial information, corporate governance report, advising on the appointment of external auditors, supervise their independence, reviewing the effectiveness of the external audit process, reviewing the effectiveness of internal audit and compliance functions, review the effectiveness of AWNIC's risk management framework, along with assessment and responses to key business risks, and compliance with the applicable laws and regulations. The Board Risk Committee also oversees Climate-related Financial Risks in compliance with CBUAE Circular No. 8/2025.

The Board has oversight responsibilities for operational risk management in the Group. These responsibilities are exercised through the Board Risk Committee with an established framework of policies and procedures to identify, assess, monitor, control, manage and report risks. The Board Risk Committee employs clear internal policies and procedures to reduce the likelihood of any operational losses. Where appropriate, risk is mitigated by way of insurance. The framework also provides for the interrelation with other risk categories.

24.2 Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to manage the risks that affect its capital position.

The capital management objectives are:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To align the profile of assets and liabilities taking account of risks inherent in the business;
- To hold sufficient capital to cover the statutory requirements;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders; and
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The operations of the Group are also subject to regulatory requirements within the United Arab Emirates where it operates.

Al Wathba National Insurance Company PJSC

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

24 Risk and capital management (continued)

24.2 Capital management objectives, policies and approach (continued)

(a) Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity funds provided by shareholders and borrowings from commercial banks. The Group has had no significant changes in its policies and processes relating to its capital structure during the past year from previous years.

No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024. Equity comprises share capital, legal reserve, statutory reserve, general reserve, capital reserve, fair value reserve, reinsurance risk reserve and retained earnings, and is measured at AED 1,245,922 thousand as at 31 December 2025 (31 December 2024: AED 1,197,478 thousand).

The Group is subject to local insurance solvency regulations. The Group has incorporated in its policies and procedures the necessary tests to ensure compliance with such regulations.

As per the Federal Decree Law No. (6) of 2025 concerning the Establishment of the Central Bank of UAE and Organisation of the Insurance Operations, the minimum capital requirement is set at AED 100,000 thousand for insurance companies.

The table below summarises the Minimum Capital Requirement of the Group and the total capital held by the Group:

	As at 31 December 2025 AED'000	As at 31 December 2024 AED'000
Total capital held by the Group	<u>207,000</u>	<u>207,000</u>
Minimum regulatory capital	<u>100,000</u>	<u>100,000</u>

(b) Capital risk management

The Group's objectives when managing capital is to ensure ongoing and future compliance with the insurance capital requirements set by the Federal Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business.

Al Wathba National Insurance Company PJSC

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

24 Risk and capital management (continued)

24.2 Capital management objectives, policies and approach (continued)

(b) Capital risk management (continued)

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the Group in addition to its ties. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

In UAE, all insurance companies are required to comply with Financial Regulations for Insurance Companies that came into force on 29 January 2015. The Group is subject to local insurance solvency regulations with which it has complied with during the year ended 31 December 2025 and 2024. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

As per the UAE Federal Decree Law No. (6) of 2025 concerning the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business, the minimum capital requirement remains at AED 100 million for insurance companies. The Group has complied with the externally imposed capital requirements by the CBUAE. The table below summarises the Minimum Capital Requirement of the Group and the total capital held by the Group.

	As at 31 December	
	2025⁽ⁱ⁾	2024⁽ⁱ⁾
	AED'000	AED'000
Total capital held by the Group	207,000	207,000
Minimum regulatory capital for an insurance Group	100,000	100,000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	394,278	334,021
Minimum Guarantee Fund (MGF)	131,426	111,340
<i>Own funds</i>		
Basic Own Funds	680,197	679,981
MCR Solvency Margin - Surplus	580,197	579,981
SCR Solvency Margin - Surplus	285,920	345,960
MGF Solvency Margin - Surplus	548,771	568,641

- (i) This includes the impact of proposed dividend of AED 51,750 (31 December 2024: AED 41,400 thousand). The above figures are not based on any IFRS Accounting Standards and represent the CBUAE reporting requirements for insurance companies in the UAE. The above figures are unaudited.

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

25 Insurance and financial risk

25.1 Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The chairman of the Central Bank of UAE vide Board of Directors' Decision No. (25) of 2014 dated 28 December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE.

The major highlights of the regulations are summarised in the below table:

Regulation

- 1) Basis of investing the rights of the policyholders;
- 2) Solvency margin and minimum guarantee fund;
- 3) Basis of calculating the technical reserves;
- 4) Determining the Group's assets that meet the accrued insurance liabilities;
- 5) Records which the Group shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Central Bank of UAE;
- 6) Principles of organising accounting books and records of the Group, agents and brokers and determining data to be maintained in these books and records; and
- 7) Accounting policies to be adopted and the necessary forms needed to be prepared and present reports and consolidated financial statements.

25.2 Insurance risk

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

Al Wathba National Insurance Company PJSC

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

The above risk exposure is mitigated by diversification across a portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements in use.

Reinsurance 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. The reinsurance strategy of the Group is designed to protect exposures to individual risks and events based in current risk exposures through cost effective insurance agreements.

(a) Frequency and severity of claims

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, line of business and geography. Underwriting limits are in place to enforce appropriate risk selection criteria. The Group underwrites mainly fire and general accident, motor, marine, and medical risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

The Group writes the following types of insurance contracts:

(i) Property

For property insurance contracts, the main risks are fire and business interruption. These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties, obtaining replacement contents, and the time required to restart operations, which may result in business interruption, are the principal factors influencing the level of claims.

The Group has obtained appropriate reinsurance covers to limit its net exposure to losses arising from both individual claims and natural events involving multiple claims. The reinsurance programme includes proportional and non-proportional arrangements that provide protection on a per-risk basis, while the Group's retention is further protected under a Whole Account Excess of Loss treaty designed to mitigate exposure under adverse scenarios.

(ii) Motor

For motor contracts, the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The level of court awards for deaths and to injured parties and the replacement costs of, and repairs to motor vehicles are the key factors that influence the level of claims. The Group has excess of loss protection to limit losses from individual claims, in addition to a reinsurance treaty arrangement of 65% for high value vehicles.

Al Wathba National Insurance Company PJSC

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

(a) Frequency and severity of claims (continued)

(iii) Medical

For medical insurance, the main risks are claims for in-patient which includes the non-excluded cases of medical conditions or bodily injuries requiring hospitalisation and claims for out-patient which includes physician consultation, diagnostic procedures, pharmaceuticals, therapies and minor day care surgery. The Group resumed its medical segment operations in June 2024. To mitigate losses, the policy is supported by multiple quota share treaties under which the retention of Group ranges between 20% to 40%.

(iv) Liabilities and general accidents

For liability and general accident insurance contracts, the main risks arise from claims for bodily injury, property damage, and legal liabilities to third parties. The level of claims is influenced by the frequency of incidents, the severity of injuries or damages, legal costs, and court-awarded compensation. The Group manages these risks through prudent underwriting, policy limits, deductibles, and appropriate reinsurance arrangements to limit exposure to large individual claims or the adverse accumulation of claims arising out of one event where the loss is attributed to the same cause

(v) Engineering

For engineering insurance contracts, the main risks relate to material damage and business interruption arising from construction and erection activities, machinery breakdown, and operational failures. Claims severity is influenced by project size, construction complexity, duration, and replacement or repair costs of insured assets. The Group mitigates these risks through risk-based underwriting, technical assessments, and reinsurance arrangements designed to limit its net exposure to losses whether from individual claims or natural events involving multiple claims.

(vi) Marine

For marine and aviation insurance, the main risks are loss or damage to marine hull, aviation craft and accidents resulting in the total or partial loss of cargos. The underwriting strategy for the marine and aviation class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. The Group has obtained necessary reinsurance covers to limit its net exposure to losses whether from individual claims or natural events involving multiple claims.

Al Wathba National Insurance Company PJSC

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

25 Insurance and financial risk (continued)

25.2.1 Concentration of insurance risk

Substantially all of the Company'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 Company, in the normal course of business, enters into arrangement with other parties for reinsurance purpose. The segmental concentration of insurance risk is set out below.

The reportable operating segments of the Group are Motor, Health and General Insurance (which comprises of property, fire, engineering, energy, liability, marine cargo and marine hull) and Investments.

	2025 AED'000	2024 AED'000
Insurance contract liabilities - net		
Motor	297,202	262,497
General insurance	241,868	259,462
Health	90,490	18,398
	<u>629,560</u>	<u>540,357</u>
Reinsurance contract assets - net		
Motor	9,872	44,440
General insurance	154,459	187,614
Health	73,898	14,189
	<u>238,229</u>	<u>246,243</u>

The contribution by the insurance operations to the profit of the Group amounts to AED 24,020 thousand for the year ended 31 December 2025 (31 December 2024: AED 24,112 thousand loss for the year). The Group does not foresee any major impact from insurance operations due to the following reasons:

The Group has an overall risk retention level of 54% (31 December 2024: 53%), broadly diversified across the portfolio. Retention levels, however, vary by line of business. Motor insurance represents a higher retained segment, while medical insurance is relatively lower retained. However, motor and general insurance lines of business' liabilities are adequately covered by excess of loss reinsurance programs to guard against major financial impact.

46% of the Group's business (31 December 2024: 44%) is characterised by low-risk retention. The Group's exposure to high-retention segments, such as motor insurance, remains limited. While motor represents a higher retained line, its performance has improved compared to the prior year, supported by industry-wide pricing increases. In addition, the Group maintains adequate catastrophe protection to cover non-attribitional losses. Accordingly, the Group does not anticipate any material adverse financial impact on insurance net profit.

The insurance risk arising from insurance contracts is primarily concentrated in the United Arab Emirates. The geographical concentration of risks is similar to the year ended 31 December 2024.

There were no significant changes in the Group's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous year.

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

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

25 Insurance and financial risk (continued)

25.2.1 (a) Underwriting strategy

The Group's underwriting strategy is to build balanced portfolios based on a large number of similar risks 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 underwriting strategy is set out by the Group and aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The strategy establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Group is prepared to underwrite.

This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio. Generally, all general insurance contracts are annual in nature and the Group has the right to refuse renewal or to change the terms and conditions of the contract at renewal as well as to 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).

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.

25.2.1 (b) Managing reinsurance risk

In common with other insurance companies, the Group engages in reinsurance agreements with external parties as a standard business practice to reduce financial risks associated with significant insurance claims. These arrangements promote business diversification, enable management to manage exposure to potential losses from major risks, and offer additional room for expansion. The Group primarily utilises treaty, facultative, and excess of loss reinsurance contracts for a substantial portion of its reinsurance needs.

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.

25.2.2 Claims development

25.2.2 (a) Claims development table gross

The following tables show the estimates of cumulative undiscounted account of incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Group provides information on the gross and net claims development for the current report period and five years historically and considers that there's no significant uncertainty with regards to the claims that were incurred more than 5 years before the reporting period

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.2 Claims development (continued)

25.2.2 (a) Claims development table gross

Accident year	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
General Insurance Gross:							
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)							
At the end of each accident year	875,925	43,538	74,194	58,491	191,046	66,726	66,726
1 year later	871,007	36,274	59,506	47,617	174,214		174,214
2 years later	520,753	33,845	57,891	50,231			50,231
3 years later	506,890	31,679	56,050				56,050
4 years later	495,245	30,745					30,745
5 years later	495,190						495,190
Cumulative gross claims and other directly attributable expenses paid	(483,115)	(23,141)	(41,049)	(28,727)	(95,221)	(4,873)	(676,126)
Gross cumulative claims liabilities – accident years from 2020 to 2025							
Gross cumulative claims liabilities – prior accident years	12,075	7,604	15,001	21,504	78,993	61,853	197,030
Effect of discounting							-
Effect of risk adjustment for non-financial risk							(9,096)
Others*							10,140
Total gross liabilities for incurred claims – General Insurance							21,974
							220,048

* Others include gross unallocated loss adjustment expenses reserve and insurance claims payable.

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.2 Claims development (continued)

25.2.2 (a) Claims development table gross

Accident year	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
Motor Gross:							
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)							
At the end of each accident year	1,250,333	134,451	141,600	144,611	241,874	307,214	307,214
1 year later	1,230,275	136,326	149,056	147,129	243,723		243,723
2 years later	1,212,981	143,489	152,313	147,095			147,095
3 years later	1,217,980	144,910	147,362				147,362
4 years later	1,213,006	138,737					138,737
5 years later	1,206,733						1,206,733
Cumulative gross claims and other directly attributable expenses paid	(1,203,486)	(137,296)	(145,458)	(137,284)	(218,115)	(231,468)	2,073,107
Gross cumulative claims liabilities – accident years from 2020 to 2025	3,247	1,441	1,904	9,811	25,608	75,746	117,757
Gross cumulative claims liabilities – prior accident years							-
Effect of discounting							(4,616)
Effect of risk adjustment for non-financial risk							4,112
Others*							28,481
Total gross liabilities for incurred claims – Motor							<u>145,734</u>

* Others include Gross unallocated loss adjustment expenses reserve and insurance claims payable

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.2 Claims development (continued)

25.2.2 (a) Claims development table gross

Accident year	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
Medical Gross:							
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)							
At the end of each accident year	-	-	-	-	17,577	154,853	154,853
1 year later	-	-	-	-	17,698	-	17,698
2 years later	-	-	-	-	-	-	-
3 years later	-	-	-	-	-	-	-
4 years later	-	-	-	-	-	-	-
5 years later	-	-	-	-	-	-	-
Cumulative gross claims and other directly attributable expenses paid	-	-	-	-	(17,698)	(119,683)	(137,381)
Gross cumulative claims liabilities – accident years from 2020 to 2025	-	-	-	-	-	35,170	35,170
Gross cumulative claims liabilities – prior accident years							-
Effect of discounting							(2,090)
Effect of risk adjustment for non-financial risk							745
Others*							34,578
Total gross liabilities for incurred claims – Medical							<u>68,403</u>

* Others include gross unallocated loss adjustment expenses reserve and insurance claims payable

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.2 Claims development (continued)

25.2.2 (b) Claims development table net

Accident year	2020	2021	2022	2023	2024	2025	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Estimate of ultimate claim costs (net of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)							
General Insurance net:							
At end of accident year	82,129	8,480	8,057	7,491	15,488	11,029	11,029
1 year later	78,470	5,900	6,853	6,532	13,578		13,578
2 years later	64,801	5,614	6,870	8,179			8,179
3 years later	64,395	5,513	7,934				7,934
4 years later	61,226	5,143					5,143
5 years later	59,772						59,772
Cumulative net claims and other directly attributable expenses paid	(56,326)	(3,775)	(5,525)	(4,514)	(9,778)	(1,325)	(81,243)
Net cumulative claims liabilities – accident years from 2020 to 2025	3,446	1,368	2,409	3,665	3,800	9,704	24,392
Net cumulative claims liabilities – prior accident years							-
Effect of discounting							(858)
Effect of risk adjustment for non-financial risk							762
Others*							(3,470)
Total net liabilities for incurred claims			-				20,826

* Others include net unallocated loss adjustment expenses reserve, non-performance risks and net (re)insurance claims payable.

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.2 Claims development (continued)

25.2.2 (b) Claims development table net

Accident year	2020	2021	2022	2023	2024	2025	Total
Estimate of ultimate claim costs (net of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Motor net:							
At end of accident year	1,049,268	129,014	124,046	109,736	159,928	260,520	260,520
1 year later	1,030,424	129,157	128,023	110,146	159,834		159,834
2 years later	1,014,505	135,177	131,204	108,361			108,361
3 years later	1,015,643	137,218	127,488				127,488
4 years later	1,012,129	131,356					131,356
5 years later	1,006,560						1,006,560
	(1,003,327	(130,803)	(126,173)	(102,319)	(144,218)	(193,591)	(1,700,431)
Cumulative net claims and other directly attributable expenses paid	3,233	553	1,315	6,042	15,616	66,929	93,688
Net cumulative claims liabilities – accident years from 2020 to 2025							
Net cumulative claims liabilities – prior accident years							
Effect of discounting							(3,408)
Effect of risk adjustment for non-financial risk							3,246
Others*							24,068
Total net liabilities for incurred claims							117,594

* Others include net unallocated loss adjustment expenses reserve, non-performance risks and net (re)insurance claims payable.

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.2 Claims development (continued)

25.2.2 (b) Claims development table net

Accident year	2020	2021	2022	2023	2024	2025	Total
Estimate of ultimate claim costs (net of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management)	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Medical net:							
At end of accident year	-	-	-	-	3,515	30,978	30,978
1 year later	-	-	-	-	3,540		3,540
2 years later	-	-	-	-			
3 years later	-	-	-	-			
4 years later	-	-	-	-			
5 years later	-	-	-	-			
Cumulative net claims and other directly attributable expenses paid	-	-	-	-	(3,540)	(23,942)	(27,482)
Net cumulative claims liabilities – accident years from 2020 to 2025	-	-	-	-	-	7,036	7,036
Net cumulative claims liabilities – prior accident years							-
Effect of discounting							673
Effect of risk adjustment for non-financial risk							(1,032)
Others*							(19,824)
Total net liabilities for incurred claims							(13,147)

* Others include net unallocated loss adjustment expenses reserve, non-performance risks and net (re)insurance claims payable.

25.2.3 Sensitivity of underwriting profit and losses

The underlying risk of any agreed insurance contract is the possibility that the insured event occurs and the level of certainty the insurer can project on any resulting claim. By the nature of an insurance contract, this risk is often random and the amount of payable claims is even more unpredictable. Therefore, the Group applies the principle of probability across all pricing and provisioning. Despite this principle the risk that actual claims payments exceed the estimated amount of the insurance liabilities is still ever present due to the uncertainty of the frequency or severity of claims being greater than estimated.

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.3 Sensitivity of underwriting profit and losses (continued)

The following tables present information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variables impact the insurance liabilities, profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

(a) Sensitivity analysis for contracts measured under PAA

	31 December 2025			
	LIC /AIC as at 31 December AED'000	Impact on LIC/AIC AED'000	Impact on profit before income tax AED'000	Impact on equity AED'000
Insurance contract liabilities	434,185			
Reinsurance contract assets, <i>net</i>	(308,912)			
Net insurance contract liabilities	125,273			
<u>Discount rate + 0.5%</u>				
Insurance contract liabilities	432,343	(1,842)	1,842	1,842
Reinsurance contract asset	(307,548)	1,364	(1,364)	(1,364)
Net insurance contract liabilities	124,795	(478)	478	478
<u>Discount rate - 0.5%</u>				
Insurance contract liabilities	436,027	1,842	(1,842)	(1,842)
Reinsurance contract asset	(310,276)	(1,364)	1,364	1,364
Net insurance contract liabilities	125,751	478	(478)	(478)
<u>Risk adjustment + 5%</u>				
Insurance contract liabilities	438,202	4,017	(4,017)	(4,017)
Reinsurance contract asset	(312,161)	(3,249)	3,249	3,249
Net insurance contract liabilities	126,041	768	(768)	(768)
<u>Risk adjustment - 5%</u>				
Insurance contract liabilities	430,615	(3,570)	3,570	3,570
Reinsurance contract asset	(306,028)	2,884	(2,884)	(2,884)
Net insurance contract liabilities	124,587	(686)	686	686

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

25 Insurance and financial risk (continued)

25.2 Insurance risk (continued)

25.2.3 Sensitivity of underwriting profit and losses (continued)

(a) Sensitivity analysis for contracts measured under PAA (continued)

	31 December 2024			
	LIC / AIC as at 31 December AED'000	Impact on LIC / AIC AED'000	Impact on profit before tax AED'000	Impact on equity AED'000
Insurance contract liabilities	410,858			
Reinsurance contract assets	(264,246)			
Net insurance contract liabilities	<u>146,612</u>			
<i>Discount rate + 0.5%</i>				
Insurance contract liabilities	409,222	(1,636)	1,636	1,636
Reinsurance contract asset	(263,190)	1,056	(1,056)	(1,056)
Net insurance contract liabilities	<u>146,032</u>	<u>(580)</u>	<u>580</u>	<u>580</u>
<i>Discount rate - 0.5%</i>				
Insurance contract liabilities	412,494	1,636	(1,636)	(1,636)
Reinsurance contract asset	(265,302)	(1,056)	1,056	1,056
Net insurance contract liabilities	<u>147,192</u>	<u>580</u>	<u>(580)</u>	<u>(580)</u>
<i>Risk adjustment + 5%</i>				
Insurance contract liabilities	415,918	5,060	(5,060)	(5,060)
Reinsurance contract asset	(268,137)	(3,891)	3,891	3,891
Net insurance contract liabilities	<u>147,781</u>	<u>1,169</u>	<u>(1,169)</u>	<u>(1,169)</u>
<i>Risk adjustment - 5%</i>				
Insurance contract liabilities	406,366	(4,492)	4,492	4,492
Reinsurance contract asset	(260,800)	3,446	(3,446)	(3,446)
Net insurance contract liabilities	<u>145,566</u>	<u>(1,046)</u>	<u>1,046</u>	<u>1,046</u>

Al Wathba National Insurance Company PJSC

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

25 Insurance and financial risk (continued)

25.3 Financial risk

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 contracts. The most important components of this financial risk are credit risk, market risk (which includes equity price risk, interest rate risk and foreign currency exchange risk) and liquidity risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

	As at 31 December	
	2025	2024
	AED'000	AED'000
Reinsurance contract assets	238,229	247,502
Other receivables	5,516	4,427
Funds at Lloyds	49,155	-
Term deposits	28,870	3,902
Statutory deposit	6,000	6,000
Cash and cash equivalents	74,391	78,161
	402,161	339,992

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 for such receivables and liquid funds.

A summary of the Group's exposure to credit risk for cash and cash equivalents, term deposit and statutory deposit are as follows.

	As at 31 December	
	2025	2024
	AED'000	AED'000
Cash and cash equivalents, statutory deposit and term deposits		
<i>(Based on AM best, S&P, Moody's and fitch ratings)</i>		
AA	33,906	62,822
A	114,472	15,386
BBB	10,037	6,023
Unrated	1	3,832
Total	158,416	88,063

Other financial assets are equity instruments and therefore do not carry external credit ratings; accordingly, they are classified as unrated.

Al Wathba National Insurance Company PJSC

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

25 Insurance and financial risk (continued)

25.3 Financial risk (continued)

(a) Credit risk (continued)

Management of credit risk

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

There is no significant concentration of credit risk with respect to cash at banks, as the Group holds cash accounts in a number of financial institutions. The credit risk on deposits with term deposit, statutory deposits and cash and cash equivalents is limited because the counterparties are licensed banks with sound financial positions.

Reinsurance is used to manage insurance risk. This, does not however, discharge the Group's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholders. The reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

The Group maintains records of the payment history for significant contract holders with whom it conducts regular business. 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 expected credit losses on insurance receivable and subsequent write-offs. Exposure to individual policy holders and groups of policy holders are collected within the ongoing monitoring of controls.

(b) Market risk

Market risk quantifies the adverse impact due to broad, systemic movements in one or more market risk drivers. Market risk drivers include equity prices, credit spreads, foreign exchange rates and interest rates. The Group limits market risk by maintaining a diversified portfolio, within asset allocation guidelines, and by continuous monitoring of developments in local equity, real estate and debt markets. In addition, the Group actively monitors the key factors that affect market movements, including analysis of the operational and financial performance of investees and properties.

Management of market risk

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees and properties.

(i) Equity price risk

Equity price risk is the risk that the fair values of equities change as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

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

25 Insurance and financial risk (continued)

25.3 Financial risk (continued)

(b) Market risk (continued)

(i) Equity price risk (continued)

The following table estimates the sensitivity to a possible change in equity markets on the Group's total comprehensive income for the year, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

Market index	Change in variables	Impact on net profit AED'000	Impact on other comprehensive income AED'000
31 December 2025			
Abu Dhabi Securities Exchange	5%	32,090	5,522
Dubai Financial Market	5%	-	2,812
Other Markets	5%	-	26

Market index	Change in variables	Impact on net profit AED'000	Impact on other comprehensive income AED'000
31 December 2024			
Abu Dhabi Securities Exchange	5%	30,969	6,194
Dubai Financial Market	5%	694	3,102
Other Markets	5%	-	9

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group is not excessively exposed to interest rate risk as its interest sensitive assets are repriced frequently.

Term deposits with banks are carried at fixed interest rates, however these are not subject to fair value interest rate risk, as these have a maximum maturity of 12 months and are frequently repriced.

Sensitivity analysis

At 31 December 2025, if market interest rate had been 100 basis points higher/lower and all the other variables were held constant, the Group's profit for the year before tax would decrease/increase by AED 882 thousand (31 December 2024: AED 89 thousand), as a result of change in the interest rate on term deposits.

At 31 December 2025 and 2024, considering interest rate had been 50 basis points higher/lower and all the other variances were held constant, would not result in a material difference on the Group's profit for the year before tax as a result of change in the interest rate on borrowings.

Al Wathba National Insurance Company PJSC

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

25 Insurance and financial risk (continued)

25.3 Financial risk (continued)

(b) *Market risk* (continued)

(iii) *Currency risk*

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

The Group's major transactions in foreign currencies are in US Dollars. As the exchange rates of the UAE Dirham is pegged to the US Dollar, the Group is not subject to significant currency risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Bank facilities, policyholders and the reinsurers, are the major sources for the Group and the liquidity risk for the Group is assessed to be low. The Group manages the liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities with maturities determined on the basis of the remaining period from the end of the reporting period to the contractual maturity/repayment date. The LIC for insurance contracts issued and the remaining coverage for reinsurance contracts held measured under the PAA are not included in the tables. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The expected maturity profile of the liabilities at 31 December 2025 and 2024 is as follows:

	0-180 days AED'000	181-365 days AED'000	More than 1 year up to 3 years AED'000	Total of undiscounted cashflows AED'000
As at 31 December 2025				
Borrowings	86,716	9,977	36,974	133,667
Board remuneration and other payables	11,174	-	-	11,174
	0-180 days AED'000	181-365 days AED'000	More than 1 year up to 3 years AED'000	Total of undiscounted cashflows AED'000
As at 31 December 2024				
Borrowings	11,983	45,760	57,971	115,714
Board remuneration and other payables	26,143	-	-	26,143

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

25 Insurance and financial risk (continued)

25.3 Financial risk (continued)

(c) Liquidity risk (continued)

Maturity profile for insurance and reinsurance liabilities based on the present value of the future cashflows:

	Up to 1 year AED'000	1 - 2 years AED'000	2 - 3 years AED'000	3 - 4 years AED'000	4 - 5 years AED'000	More than 5 years AED'000	Total AED'000
As at 31 December 2025							
Insurance contract liabilities	457,983	121,467	36,203	10,291	2,450	1,166	629,560
Reinsurance contract assets	<u>131,661</u>	<u>73,649</u>	<u>24,406</u>	<u>6,184</u>	<u>1,614</u>	<u>715</u>	<u>238,229</u>
	Up to 1 year AED'000	1 - 2 years AED'000	2 - 3 years AED'000	3 - 4 years AED'000	4 - 5 years AED'000	More than 5 years AED'000	Total AED'000
As at 31 December 2024							
Insurance contract liabilities	412,566	87,844	28,310	10,598	933	106	540,357
Reinsurance contract liabilities	1,259	-	-	-	-	-	1,259
Reinsurance contract assets	<u>166,378</u>	<u>56,019</u>	<u>19,029</u>	<u>5,273</u>	<u>733</u>	<u>70</u>	<u>247,502</u>

25.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's people, processes and systems, or from external factors (including legal, reputational, cyber and regulatory risks). Operational risks arise from all of the Group's operations.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes.

Al Wathba National Insurance Company PJSC

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

26 Fair value of financial instruments and non-financial assets

Financial instruments comprise of financial assets and financial liabilities.

(a) Valuation models

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.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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 asset or liability.

(b) Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2025				
Financial assets				
Financial assets at fair value through profit or loss	641,797	13,229	-	655,026
Financial assets at fair value through other comprehensive income	167,203	-	345**	167,548
Other assets requiring fair value assessment				
Investment properties	-	-	661,848	661,848
	<u>809,000</u>	<u>13,229</u>	<u>662,193</u>	<u>1,484,422</u>

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

26 Fair value of financial instruments and non-financial assets (continued)

(b) Fair value hierarchy (continued)

	Level 1 AED'000	Level 2* AED'000	Level 3 AED'000	Total AED'000
As at 31 December 2024				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss	600,980	45,122	-	646,102
Financial assets at fair value through other comprehensive income	181,079	5,031	438**	186,548
<i>Other assets requiring fair value assessment</i>				
Investment properties	-	-	583,215	583,215
	<u>782,059</u>	<u>50,153</u>	<u>583,653</u>	<u>1,415,865</u>

During the year ended 31 December 2025, certain investments were transferred from Level 2 to Level 1 within the fair value hierarchy as quoted market prices became available on the stock exchange.

FVTPL investments: Financial assets measured at fair value through profit or loss (FVTPL) amounting to AED 34,589 thousand were reclassified from Level 2 to Level 1 due to the availability of observable market trading prices in an active market (there were no transfers between levels of the fair value hierarchy during the year ended 31 December 2024).

FVOCI investments: Financial assets measured at fair value through other comprehensive income (FVOCI) amounting to AED 4,994 thousand were reclassified from Level 2 to Level 1 following the availability of quoted prices in an active market (there were no transfers between levels of the fair value hierarchy during the year ended 31 December 2024).

* These investments are valued using the quoted prices, however, due to inactive market classified under Level 2.

** For Investments under level 3, the fair values are based on Net Assets Values (NAV).

The fair value for the investment properties was determined using either of the following approaches: Income Capitalisation Approach, Sales Comparable Approach and Residual method of valuation. The main assumptions in the Income Capitalisation Approach are the Capitalisation rates ranging from 7% to 8% (31 December 2024: 7% to 9%) and the rental rates.

Rental rates have been obtained based on capitalisation approach, market comparable approach, term and revision 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 years ended 31 December 2025 and 2024. 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 measurements.

Al Wathba National Insurance Company PJSC

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

26 Fair value of financial instruments and non-financial assets (continued)

(c) Reconciliation of level 3 fair value measurement

Movement in level 3 for financial assets at fair value through other comprehensive income is as follows:

	As at 31 December	
	2025	2024
	AED'000	AED'000
Balance as at 1 January	438	708
Disposal		-
Change in fair value	(93)	(270)
Balance as at 31 December	345	438

The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(d) Sensitivity analysis for investments under Level 3

For the fair values of equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Total comprehensive income	
	Increase	Decrease
	AED'000	AED'000
Equity securities		
31 December 2025		
Adjusted net asset value (5% movement)	17	(17)
31 December 2024		
Adjusted net asset value (5% movement)	22	(22)

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

Due to short term nature of cash and cash equivalent, term deposit, other payables and other receivables, their carrying amount is considered to be a reasonable approximation of their fair values.

For statutory deposit and borrowings, their fair values are also not significantly different from their carrying amounts.

Al Wathba National Insurance Company PJSC

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

27 Commitments and contingencies

(a) Contingent liabilities

At 31 December 2025, the Group had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED 6,505 thousand (*31 December 2024: AED 6,505 thousand*). Out of these outstanding letters of guarantee, AED 6,000 thousand is held against a bank guarantee issued in favor of the CBUAE (note 9) (*31 December 2024: AED 6,000 thousand is held against a bank guarantee issued in favor of the CBUAE*).

In addition, the Group has issued a bank guarantee amounting to GBP 10,000 thousand as part of its Funds at Lloyd's (FAL) requirement on behalf of its corporate member, in favour of "The Society and Council of Lloyd's".

At 31 December 2025, the Group's share in contingent liabilities and commitments in respect of its associates amounted to AED 357 thousand (*31 December 2024: AED 2,435 thousand*) and AED 18,263 thousand (*31 December 2024: AED 1,674 thousand*) respectively.

(b) Legal claims

The Group, commonly with the significant majority of insurers, is subject to litigation in the normal course of the business. Management, based on advice from independent loss adjusters and internal legal counsel, has made a provision of AED 12,470 thousand (*31 December 2024: AED 4,028 thousand*) representing amounts expected to result in a probable outflow of economic resources.

28 Corporate tax

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

The Cabinet of Ministers Decision No. 116/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted. A rate of 9% applies to taxable income exceeding AED 375,000. A rate of 0% applies to taxable income not exceeding AED 375,000. In December 2024, the UAE's Ministry of Finance issued Cabinet Decision No (142) of 2024 that implements a Domestic Minimum Top-up Tax ("DMTT" or "DMTT Law") in the UAE. The DMTT is effective for financial years starting on or after 1 January 2025. The DMTT applies to Multinational Enterprises ("MNEs") that are within scope of Pillar Two based on the OECD Global Anti-Base Erosion ("GloBE") Model Rules and is imposed in cases where the MNE's effective tax rate ("ETR") in the UAE is below 15%. The DMTT applies to MNEs with global consolidated revenues (in at least two of the preceding four fiscal years) of at least EUR 750m, including MNEs headquartered in and outside the UAE. The Group is not subject to Pillar Two as it does not meet the global consolidated revenue threshold of EUR 750 million.

Al Wathba National Insurance Company PJSC

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

28 Corporate tax (continued)

	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
<i>(a) Amount recognised in the consolidated statement of financial position:</i>		
Deferred tax liability	(7,503)	(2,687)
<i>(b) Amount recognised in the consolidated statement of profit or loss</i>		
<i>Current income tax expense:</i>		
Current tax (expenses) / credit	-	-
<i>Deferred tax expense:</i>		
Deferred income tax expense relating to origination and reversal of temporary differences	(7,394)	(6,988)
Tax loss carries forward	790	4,605
Total income tax expenses	(6,604)	(2,383)
	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
<i>(c) Amount recognised in the consolidated statement of profit or loss and other comprehensive income</i>		
Loss on sale of financial assets at fair value through other comprehensive income, net	-	293
Deferred income tax expense relating to origination and reversal of temporary differences	(1,788)	11
Total income tax (expenses) / credits	(1,788)	304
	For the year ended 31 December	
	2025	2024
	AED'000	AED'000
<i>(d) Reconciliation of taxable income / (loss)</i>		
Profit before tax	100,883	39,182
Adjustment for non aggregated financial statements	11,780	-
Adjusted profit before tax	112,663	39,182
<i>Effect of items that are not considered in determining taxable income-net</i>		
Tax-exempt income	(55,483)	(33,803)
Realisation basis adjustments	(82,153)	(48,491)
Share of profit of equity accounted investees reported, <i>net of tax</i>	(8,775)	(6,112)
Participating loss on sale of financial assets	-	(21,693)
Non-deductible expenses	4,713	2,545
Impairment and other adjustments	20,251	20,472
Taxable losses	(8,784)	(47,900)

As the Group does not have any taxable income for the years ended 31 December 2025 and 2024, there is no resulting income tax expenses relating to those years.

Al Wathba National Insurance Company PJSC

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

28 Corporate tax (continued)

(e) Movement in deferred tax balances

	Net balance as at 1 January AED'000	Recognised in profit or loss (see b) AED'000	Recognised in OCI (see c) AED'000	Deferred tax assets AED'000	Deferred tax liabilities AED'000	Net Deferred tax AED'000
As at 31 December 2025						
Investment properties	(6,925)	(4,319)	-	-	(11,244)	(11,244)
Financial assets at fair value through profit or loss	(63)	(3,075)	-	-	(3,138)	(3,138)
Financial assets at fair value through OCI	(11)	-	1,710	1,699	-	1,699
Remeasurement of defined benefit obligations	-	-	78	78	-	78
Tax loss carry forward	4,312	790	-	5,102	-	5,102
Tax (liabilities) / assets	(2,687)	(6,604)	1,788	6,879	(14,382)	(7,503)

(f) Movement in deferred tax balances (continued)

	Net balance as at 1 January AED'000	Recognised in profit or loss (see b) AED'000	Recognised in OCI (see c) AED'000	Deferred tax assets AED'000	Deferred tax liabilities AED'000	Net deferred tax AED'000
As at 31 December 2024						
Investment properties	-	(6,925)	-	-	(6,925)	(6,925)
Financial assets at fair value through profit or loss	-	(63)	-	-	(63)	(63)
Financial assets at fair value through OCI	-	-	(11)	-	(11)	(11)
Tax loss carry forward	-	4,605	(293)	4,312	-	4,312
Tax (liabilities) / assets	-	(2,383)	(304)	4,312	(6,999)	(2,687)

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

29 Comparative financial information

The change in the comparative information for matters a), b) and c) do not have a material qualitative impact on the consolidated financial statements as a whole, accordingly a third balance sheet is not presented.

a) Reclassification of line items previously included within “Income from investments, net”

In the prior year, the line items interest income from financial assets at amortised cost, changes in fair value of investment properties, net and other investment expenses were presented within “Net investment income / loss” on the face of the consolidated statement of profit or loss.

During the current year, management disaggregated “Interest income from financial assets at amortised cost”, “Other income / (loss) from investments, net”, “changes in fair value of investment properties, net” and “Other investment expenses” on the face of the consolidated statement of profit or loss instead of presenting them as one line item. This disaggregation provides more relevant and reliable information to the users, by presenting the related income or expense by nature as separate line items.

There is no effect on the consolidated statements of financial position, profit or loss and other comprehensive income, changes in shareholders’ equity and cashflows. Further, the above disaggregation does not have any effect on the total assets or net assets of the Group as at 31 December 2024.

Accordingly, the above adjustment is merely a disaggregation of one line item within the income from investments, net and does not have a material qualitative impact on the consolidated statement of profit or loss as a whole.

b) Re-presentation of “Share of profit of equity-accounted investees” and “Impairment loss of equity-accounted investees” after the line item of finance cost

In the prior year, the line items “Share of profit of equity-accounted investees” and “Impairment loss of equity-accounted investees” were presented within the “Other income from investments, net” section on the face of the consolidated statement of profit or loss.

During the current year, management re-presented these line items on the face of the consolidated statement of profit or loss after the finance cost line item. This is because these items do not form part of the investment results, and the new presentation contributes to a clearer understanding of the Group’s financial performance to its users in respect of its equity-accounted investees. This re-presentation was done in accordance with IAS 1 requirements.

There is no effect on the consolidated statements of financial position, profit or loss and other comprehensive income, changes in shareholders’ equity or cashflows. Further, the above re-presentation, does not have any effect on the total assets and net assets of the Group as at 31 December 2024.

Financial Statement Line Item (extract)	For the year ended 31 December 2024 As previously presented AED’000	Adjustment (a) AED’000	Adjustment (b) AED’000	For the year ended 31 December 2024 As represented AED’000
Changes in fair value of investment properties	-	76,946		76,946
Interest income from financial assets at amortised cost	-	2,229		2,229
Other income / (loss) from investments, net	92,776	(73,922)		18,854
Other investment expenses	-	(5,253)		(5,253)
Net investment income / (loss)	96,043		1,888	97,931

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

29 Comparative financial information (continued)

c) Presentation of “Reinsurance contract assets” and “Reinsurance contract liabilities”

In the prior year, the line items “Reinsurance contract assets” included Asset for Incurred Claims (“AIC”) and “Reinsurance contract liabilities” included Asset for Remaining Coverage (“ARC”) that were presented separately on the face of the consolidated statement of financial position. .

During the current year, management reassessed the presentation based on the portfolio of contracts. The presentation of Asset for Remaining Coverage (“ARC”) and Asset for Incurred Claims (“AIC”) positions was corrected to combine them on a net basis at a portfolio level as either an asset or a liability.

Financial Statement Line Item (extract)	As at 31 December 2024 As previously presented AED’000	Adjustment AED’000	As at 31 December 2024 As represented AED’000
Reinsurance contract assets	(264,246)	16,744	(247,502)
Reinsurance contract liabilities	18,003	(16,744)	1,259

Financial Statement Line Item (extract)	As at 1 January 2024 As previously presented AED’000	Adjustment AED’000	As at 1 January 2024 As represented AED’000
Reinsurance contract assets	(135,885)	35,442	(100,443)
Reinsurance contract liabilities	35,442	(35,442)	-

Cash flows (extract)	For the year ended 31 December 2024 As previously presented AED’000	Adjustment AED’000	For the year ended 31 December 2024 As represented AED’000
Reinsurance contract assets	(128,361)	(18,698)	(147,059)
Reinsurance contract liabilities	(17,439)	18,698	1,259

There is no effect on the consolidated statements of profit or loss, profit or loss and other comprehensive income and changes in shareholders’ equity for the year ended 31 December 2024.

d) Reclassification of “financial assets at amortised cost” to “financial assets at fair value through profit or loss”

In the prior year, the line items “financial assets at amortised cost” included Tier 1 capital instruments (sukuks and bonds) previously measured as debt instruments at amortised cost. These Tier 1 sukuks and bonds are equity instruments from the issuers’ perspective and therefore do not meet the amortised cost classification criteria under IFRS 9 (Financial Instruments) on initial recognition. As such, management has revised the classification of these instruments and reclassified those instruments within the FSLI “financial assets at fair value through profit or loss” in the consolidated statement of financial position.

Al Wathba National Insurance Company PJSC

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

29 Comparative financial information (continued)

d) Reclassification of “financial assets at amortised cost” to “financial assets at fair value through profit or loss” (continued)

Financial Statements Line Item (extract)	As at 31 December 2024 As previously presented AED'000	Adjustment AED'000	As at 31 December 2024 As represented AED'000
Financial assets at amortised cost	12,833	(12,833)	-
Financial assets at fair value through profit or loss (FVTPL)	633,269	12,833	646,102

Financial Statements Line Item (extract)	As at 1 January 2024 As previously presented AED'000	Adjustment AED'000	As at 1 January 2024 As represented AED'000
Financial assets at amortised cost	14,098	(14,098)	-
Financial assets at fair value through profit or loss (FVTPL)	548,941	14,098	563,039

There is no material effect on the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cashflows for the year ended 31 December 2024.

e) Aggregation of “Investment properties” and “Investment properties under development”

In the prior year, the line items “Investment properties” and “Investment properties under development” were presented separately on the face of the consolidated statement of financial position.

During the current year, management aggregated “Investment properties under development” with “Investment properties” on the face of the consolidated statement of financial position instead of presenting them as separate line items. This aggregation provides more relevant and reliable information, as the property under development is aggregated with the related land and presented in the same financial statement line item. The breakdown of “Investment properties” is provided in the Note 10.

There is no effect on the condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cashflows. Further, the above aggregation, does not have any effect on the total assets and net assets of the Group as at 31 December 2024.

Financial Statements Line Item (extract)	As at 31 December 2024 As previously presented AED'000	Adjustment AED'000	As at 31 December 2024 As represented AED'000
Investment properties	457,857	125,358	583,215
Investment property under development	125,358	(125,358)	-

Accordingly, considering the above adjustment is an aggregation of two lines items within total assets, and does not have a material qualitative impact on the consolidated financial statements as a whole, a third balance sheet is not presented.

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

30 Funds at Lloyds

During the year the Group placed funds with Lloyds in relation to the operations of Cell 27 amounting to AED 49,155 thousand (31 December 2024: Nil) which are restricted with the intention of issuing reinsurance contracts in the future.

31 Social contributions

The social contribution (including donations and charity) made during the year amounted to AED 58 thousand (31 December 2024: AED 93 thousand).

32 Audit fees

The audit and non-audit fee charged during the year amounted to AED 1,031 thousand (31 December 2024: AED 867 thousand).

33 Gross written premiums

In reference to notice CBUAE/BIS/2025/6143 by Central Bank of UAE on reporting requirements, the insurance companies are required to include a disclosure on the details of gross written premiums as per INFO-7 of the eForms.

	Life Insurance AED'000	Fund Accumulation AED'000	Medical Insurance AED'000	Property & Liability AED'000	All type of Business Combined AED'000
For the year ended 31 December 2025					
Direct Written					
Premiums	-	-	185,058	688,202	873,260
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	-	35,578	35,578
Total Assumed Business	-	-	-	35,578	35,578
Total Gross Written Premium*	-	-	185,058	723,780	908,838

	Life Insurance AED'000	Fund Accumulation AED'000	Medical Insurance AED'000	Property & Liability AED'000	All type of Business Combined AED'000
For the year ended 31 December 2024					
Direct Written					
Premiums	-	-	57,501	447,878	505,379
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	-	24,934	24,934
Total Assumed Business	-	-	-	24,934	24,934
Total Gross Written Premium*	-	-	57,501	472,812	530,313

* Gross Written premium is a measure of the total premium that an insurer bills its customers.

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

34 General

The consolidated financial statements of the Group were approved for issuance by the Board of Directors on 13 March 2026.

35 Subsequent events

Subsequent to the reporting date, the Group completed the sale of one villa located in Dubai, which had been classified as an asset held for sale in accordance with IFRS 5. The transaction does not have a material impact on the consolidated financial position or results of the Group as at 31 December 2025.

Subsequent to the reporting date, geopolitical tensions in the Middle East have increased. Based on the nature of the Company's insurance coverage, war-related risks are generally excluded under the policies issued by the Company. Accordingly, management does not expect the current conflict to have a material impact on the Company's financial position or results of operations.

Except for the matters described above, there have been no other events subsequent to the reporting date that would significantly affect the amounts or disclosures reported in these consolidated financial statements.