

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Financial Statements

For the year ended 31 December 2025

Dubai National Insurance & Reinsurance Co. (P.S.C.)
For the year ended 31 December 2025
Table of contents

	Pages
Board of directors' statement and chief executive officer's statement	
Report on the audit of the financial statements	1-5
Statement of financial position	6
Statement of profit or loss	7
Statement of comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 50

Board of Directors' Report

for the Financial Year Ended 31 December 2025

The Board of Directors of **Dubai National insurance and Reinsurance** is pleased to present its report together with the audited financial statements for the financial year ended 31 December 2025.

The year 2025 was characterised by evolving regional and global economic conditions, yet the UAE economy continued to demonstrate resilience and strength, supported by prudent government policies, ongoing economic diversification initiatives and sustained investments across key sectors. Within this environment, the UAE insurance sector maintained steady growth while remaining highly competitive and continue to adapt to evolving regulatory landscapes.

Throughout the year the Company remained focused on executing its strategic objectives while upholding strong underwriting discipline and sound risk management practices. Our focus remains on sustainable growth and operational stability, while creating long term value to our shareholders, policyholders, and business partners. This disciplined approach contributed to positive results, following a year of challenges resulting from the unprecedented rainfall events experienced in 2024.

The UAE insurance market continued to experience competitive conditions during 2025, particularly in key lines of business such as motor and medical insurance. Insurers across the market continue to place emphasis on underwriting profitability, strengthening operational efficiency and maintaining disciplined risk selection practices. Despite the competitive landscape, The Company remains well positioned to operate within this evolving regulatory and competitive environment, supported by its strong relationships with its customers, partners and stakeholders.

Throughout 2025 The Company remained committed to a disciplined underwriting approach with emphasis on portfolio diversification, adequate pricing and careful risk selection, while maintaining a focus on claims monitoring and control. Management continues to monitor underwriting profitability closely and, where necessary, implement corrective measures to protect long-term profitability.

Financial Performance

The Company's financial performance for the year 2025 reflects disciplined underwriting, prudent reserving practices, and sound investment management.

Insurance Revenue

Insurance Revenue increased to AED 560.5 million during 2025, compared to AED 469.1 million for the year 2024.

Total Profit

The company recorded a total profit after tax of 53.6 million reflective of healthy insurance margin and strong investment performance.

Investments

The value of the investment portfolio rose to AED 1,182.6 million as at 31st December 2025, compared to AED 932.6 million last year.

Total Assets

The total assets recorded AED 1,677.5 million as at 31st December 2025, compared to AED 1,656.6 million as at 31st December 2024.

Shareholders' Equity

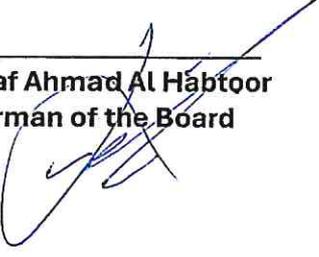
The Shareholders' Equity position increased to AED 950.9 million as at 31st December 2025, compared to AED 803.1 million as at 31st December 2024.

The Company continues to maintain a strong solvency position in line with regulatory requirements.

The Board is pleased to recommend the distribution of cash dividends amounting to 15% of the paid-up capital, equal to AED 17.325 million, reflecting the company's commitment to delivering sustainable returns to shareholders while maintaining adequate capital strength.

Looking ahead, the Company remains optimistic about the outlook for the UAE insurance market and will continue to focus on sustainable growth through enhancing underwriting profitability, strengthening digital capabilities and expanding strategic partnerships.

We would like to express our sincere appreciation to DNI's shareholders for their continued confidence, to our valued customers and business partners for their trust, to the regulators for their guidance and supervision, and finally to our employees for their dedication and hard work.


Khalaf Ahmad Al Habtoor
Chairman of the Board

CEO's Message

For the Year Ended 31 December 2025

The year 2025 was another dynamic period for the UAE insurance industry, marked by evolving market conditions, regulatory developments, and increased competition. The resilience of the UAE economy continued to provide a strong foundation for the insurance sector. Government initiatives aimed at economic diversification, infrastructure development, and financial market stability have supported long-term growth opportunities across the insurance industry.

Dubai National Insurance and Reinsurance remained focused on delivering sustainable value to its stakeholders while maintaining underwriting discipline, operational excellence, and customer service; and has delivered solid financial and operational performance. We remained anchored in our strategic priorities: sustainable growth, customer-centric innovation, and prudent risk management.

In 2025, we achieved healthy premium growth across key business lines, supported by strong market demand, enhanced distribution capabilities, and deeper customer engagement. The Company reported Insurance Revenue of 560.5 million and Net Profit of AED 53.6 million, reflecting our continued focus on sustainable profitability and disciplined risk selection which translated into improved technical performance and fortified capital adequacy.

The year also saw significant momentum in digitalization, with investments in automation and customer experience platforms enabling faster service delivery. These initiatives are essential to maintaining our competitive advantage in a rapidly transforming industry.

Our employees remain the foundation of our success. Throughout the year, we continued to invest in the development of our workforce through trainings and professional development programmes. The Company also remains committed to supporting the UAE's Emiratisation strategy and continues to provide opportunities for the development of national talent within the insurance sector.

As we enter 2026, we remain optimistic about the growth potential of the UAE insurance market—supported by economic diversification, population growth, and increasing demand for insurance solutions.

Our strategy focuses on expanding digital capabilities, enhancing product innovation, maintaining strong financial positions and advancing sustainability and ESG integration across our operations, and we will continue to contribute for the betterment of our society and the community.

Finally, I extend my sincere gratitude to our Chairman and the Board of Directors for their guidance, our employees for their dedication, and our valued customers and partners for their trust in us. Together, we will continue to build a stronger and more innovative insurance company that contributes meaningfully to the UAE's vision and economic progress.



Charbel Yazbeck
Acting Chief Executive Officer

دبي الوطنية للتأمين وإعادة التأمين ش.م.ع. Dubai National Insurance & Reinsurance P.S.C.

P.O. Box: 1806, Dubai, UAE, T: +971 4 596 9666, E: info@dni.ae, W: www.dni.ae

سجلت في سجل شركات التأمين طبقاً للقانون الاتحادي رقم 11 لسنة 2007 وتعديلاته، شهادة قيد رقم 64 بتاريخ 6 يناير 1992
Registered in the Insurance Companies Register Under Federal Law No. (6) of 2007 (As Amended), Certificate No. 64 Dated 6th January 1992

Independent Auditor's Report

To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.)

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Key Audit Matters

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



Grant Thornton

Independent Auditor's Report

To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets	
<p>As at 31 December 2025, the Company's insurance contract liabilities and reinsurance contract assets are valued at AED 678.1 million and AED 421.7 million respectively as disclosed in Note 7 to the financial statements.</p> <p>Valuation of insurance contract liabilities and reinsurance contract assets involves significant judgements and estimates, particularly with respect to the eligibility of the measurement models and estimation of the present value of future cash flows.</p> <p>These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries.</p> <p>The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of future cashflows.</p> <p>As a result of all the above factors, we consider valuation of insurance contract liabilities and reinsurance contract assets as a key audit matter.</p>	<p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> - Understood and evaluated the process, the design and implementation of controls in place to determine valuation of insurance contract liabilities and reinsurance contract assets; - Assessed the competence, capabilities and objectivity of the management's appointed actuary; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - Independently reperformed the calculation to assess the mathematical accuracy of the insurance contract liabilities and reinsurance contract assets on selected classes of business, particularly focusing on largest and most uncertain reserves; - Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used; and - Assessed the adequacy of disclosures included in financial statements against the requirements of IFRS Accounting Standards.



Grant Thornton

Independent Auditor's Report

To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p data-bbox="240 394 826 427">Valuation of Investment Properties</p> <p data-bbox="240 427 826 772">As at 31 December 2025, the Company's investment properties, measured at fair value, amounted to AED 185.8 million (2024: AED 175.6 million) as disclosed in Note 5. The determination of fair value is inherently subjective and involves significant judgement by management and the independent external valuers. The valuation process requires the use of unobservable inputs, including market-determined yields, estimated rental values, occupancy assumptions, and other property-specific considerations.</p> <p data-bbox="240 801 826 958">Given the magnitude of the balance, the degree of judgement involved, and the sensitivity of fair values to changes in key assumptions, the valuation of investment properties was a matter of significance to our audit.</p>	<p data-bbox="826 427 1396 461">Our audit procedures, among others, included:</p> <ul data-bbox="826 490 1396 1505" style="list-style-type: none"> <li data-bbox="826 490 1396 591">- Obtained an understanding of the process of determining the fair value of the investment properties; <li data-bbox="826 602 1396 703">- Assessed the competence, capabilities and objectivity of the management appointed independent external valuers; <li data-bbox="826 714 1396 837">- Reviewed the scope of the engagement between the external valuer and the Company to determine if this was sufficient for audit purposes; <li data-bbox="826 848 1396 949">- Verified the accuracy, completeness and relevance of the input data used for deriving fair values; <li data-bbox="826 960 1396 1061">- Evaluated the methodology and the appropriateness of key assumptions used in determining the fair value; <li data-bbox="826 1072 1396 1263">- Involved our independent valuation expert to evaluate the methodologies applied and the reasonableness of key assumptions used by management and their external valuers in determining the fair value of investment properties; <li data-bbox="826 1274 1396 1375">- Agreed the results of the valuations to the amounts recorded in the financial statements; and <li data-bbox="826 1386 1396 1505">- Assessed the adequacy of disclosures included in financial statements against the requirements of IFRS Accounting Standards.

Other Information

The Board of Directors and the Chief Executive Officer is responsible for the other information. The other information comprises the information included in the *Board of Directors' Statement* and *Chief Executive Officer's Statement*, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Grant Thornton

Independent Auditor's Report

To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)

Report on the Audit of the Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and their preparation in compliance with the applicable provisions of the Articles of Association of the Company, UAE Federal Decree Law No. (32) of 2021 (as amended) and Federal Decree Law No. (6) of 2025, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Grant Thornton

Independent Auditor's Report

To the Shareholders of Dubai National Insurance & Reinsurance Co. (P.S.C.) (continued)

Report on the Audit of the Financial Statements (continued)

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

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

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

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended);
- iii) The Company has maintained proper books of account in accordance with established accounting principles;
- iv) The financial information included in the Board of *Directors' Statement and Chief Executive Officer's Statement* is consistent with the books of account of the Company;
- v) Note 6 to the financial statements discloses shares purchased during the financial year ended 31 December 2025;
- vi) Note 10 to the financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) The Company has not made any social contribution during the financial year ended 31 December 2025;
- viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the Federal Decree Law No. (32) of 2021 (as amended), or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025;

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

Furthermore, as required by the CBUAE Insurance Reporting Requirements, note 6 and note 10 to the financial statements discloses information on assets that are held by a related party for the beneficial interest of the Company.

GRANT THORNTON UAE


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



13 March 2026

Dubai National Insurance & Reinsurance Co. (P.S.C.)

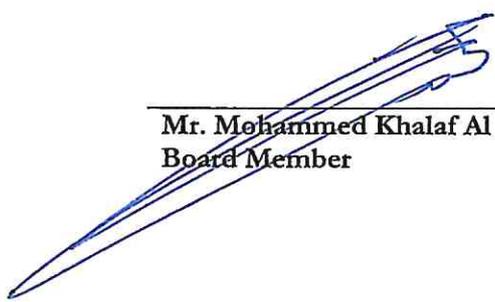
Statement of financial position

As at 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Assets			
Property and equipment	4	36,216	27,393
Investment properties	5	185,778	175,605
Financial assets	6	633,996	510,702
Reinsurance contract assets	7	421,740	662,211
Statutory deposit	8	10,000	10,000
Other receivables	9	26,978	24,413
Cash and bank balances	11	362,830	246,322
Total assets		1,677,538	1,656,646
Equity and liabilities			
Equity			
Share capital	12	115,500	115,500
Statutory reserve	13	57,750	57,750
General reserve	13	180,000	180,000
Reinsurance reserve	13	7,276	5,678
Fair value reserve on financial assets at fair value through other comprehensive income (FVTOCI)		318,096	206,642
Retained earnings		272,268	237,576
Total equity		950,890	803,146
Liabilities			
Employees' end-of-service benefits	14	5,008	4,740
Insurance contract liabilities	7	678,058	814,950
Other payables	15	24,297	27,186
Income tax payable	24	2,214	1,354
Deferred tax liability	24	17,071	5,270
Total liabilities		726,648	853,500
Total equity and liabilities		1,677,538	1,656,646

These financial statements were approved by the Board of Directors on 13 March 2026 and signed on their behalf by:


 Mr. Khalaf Ahmad Al Habtoor
 Chairman


 Mr. Mohammed Khalaf Al Habtoor
 Board Member

The notes 1 to 31 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Statement of profit or loss

For the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Insurance revenue	7	560,541	469,122
Insurance service expenses	16	(316,070)	(1,249,604)
Insurance service result before reinsurance contracts held		244,471	(780,482)
Allocation of reinsurance premiums		(252,818)	(204,001)
Amounts recoverable from reinsurers		16,260	982,196
Net (expenses) / income from reinsurance contracts held		(236,558)	778,195
Insurance service result		7,913	(2,287)
Income from investments	18	34,086	37,562
Income from investment properties	19	19,957	25,678
Net investment income		54,043	63,240
Insurance finance expense for insurance contracts issued	17	(22,783)	(340)
Reinsurance finance income for reinsurance contracts held	17	27,439	4,647
Net insurance finance income		4,656	4,307
Net insurance and investment result		66,612	65,260
Other operating expenses	20	(9,767)	(8,838)
Profit for the year before tax		56,845	56,422
Income tax expense	24	(3,229)	(2,878)
Profit for the year after tax		53,616	53,544
Basic and diluted earnings per share after tax	21	0.46	0.46

The notes 1 to 31 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

	2025 AED'000	2024 AED'000
Profit for the year after tax	53,616	53,544
Other comprehensive income:		
<i>Items that are or will be reclassified subsequently to profit or loss:</i>		
Net unrealised gain on debt investments carried at FVTOCI – net of tax	1,512	1,117
Debt investment at FVTOCI – reclassified to profit or loss on maturity	884	673
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net unrealised gain on equity investments carried at FVTOCI – net of tax	109,058	36,707
Total other comprehensive income for the year	111,454	38,497
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	165,070	92,041

The notes 1 to 31 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Reinsurance reserve AED'000	Fair value reserve on financial assets at FVTOCI AED'000	Retained earnings AED'000	Total equity AED'000
Restated balance as at 1 January 2024	115,500	57,750	180,000	4,413	168,145	196,847	722,655
Dividend declared and paid	-	-	-	-	-	(11,550)	(11,550)
Transactions with owners	-	-	-	-	-	(11,550)	(11,550)
Profit for the year after tax	-	-	-	-	-	53,544	53,544
Transfer to reinsurance reserve	-	-	-	1,265	-	(1,265)	-
Net unrealised gain on financial asset at FVTOCI – net of tax	-	-	-	-	37,824	-	37,824
Realised gain on debt investment at FVTOCI	-	-	-	-	673	-	673
Total comprehensive income for the year	-	-	-	1,265	38,497	52,279	92,041
Balance as at 31 December 2024	115,500	57,750	180,000	5,678	206,642	237,576	803,146
Balance at 1 January 2025	115,500	57,750	180,000	5,678	206,642	237,576	803,146
Dividend declared and paid	-	-	-	-	-	(17,326)	(17,326)
Transactions with owners	-	-	-	-	-	(17,326)	(17,326)
Profit for the year after tax	-	-	-	-	-	53,616	53,616
Transfer to reinsurance reserve	-	-	-	1,598	-	(1,598)	-
Net unrealised gain on financial asset at FVTOCI – net of tax	-	-	-	-	110,570	-	110,570
Realised gain on debt investment at FVTOCI	-	-	-	-	884	-	884
Total comprehensive income for the year	-	-	-	1,598	111,454	52,018	165,070
Balance as at 31 December 2025	115,500	57,750	180,000	7,276	318,096	272,268	950,890

The notes 1 to 31 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Statement of cash flows

For the year ended 31 December 2025

	Notes	2025 AED'000	2024 AED'000
Cash flows from operating activities			
Profit for the year before tax		56,845	56,422
<i>Adjustments for:</i>			
Depreciation on property and equipment	4	1,605	1,205
Capital work in progress written off	4	253	149
Provision for employees' end-of-service benefits	14	1,063	1,030
Gain from change in fair value of investment properties	5	(10,173)	(16,931)
Investment income		(43,870)	(46,309)
Operating cash flows before changes in working capital		5,723	(4,434)
<i>Changes in working capital</i>			
Other receivables		(2,565)	(188)
Reinsurance contract assets		240,471	(570,905)
Insurance contract liabilities		(136,892)	592,707
Other payables		(4,243)	359
Cash generated from operating activities		102,494	17,539
Employees' end-of-services benefits paid	14	(795)	(1,016)
Net cash generated from operating activities		101,699	16,523
Cash flows from investing activities			
Purchase of property and equipment		(10,681)	(14,933)
Capital expenditure on investment properties		-	(194)
Purchase of investment in equity securities	6	(29,993)	(191)
Proceeds from sale of financial assets		28,585	11,018
Net movement in fixed deposits		4,711	109,752
Dividend and interest income received		44,224	45,035
Net cash generated from investing activities		36,846	150,487
Cash flows from financing activity			
Dividend paid	22	(17,326)	(11,550)
Net cash used in financing activity		(17,326)	(11,550)
Net change in cash and cash equivalents		121,219	155,460
Cash and cash equivalents, beginning of year		216,497	61,037
Cash and cash equivalents, end of year	11	337,716	216,497

The notes 1 to 31 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2025

1 Legal status and activities

Dubai National Insurance & Reinsurance Co. (P.S.C.) (the “Company”) is a public shareholding Company listed on Dubai Financial Market and incorporated in Dubai on 6 January 1992.

The Company is engaged in insurance and reinsurance of all classes of business.

The registered address of the Company is Dubai National Insurance Building, 3rd Floor, Sheikh Zayed Road, P.O. Box 1806, Dubai, UAE.

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

2 Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of UAE Federal Decree Law No. (32) of 2021 (as amended), relating to commercial companies, and of UAE Federal Decree Law No. (6) of 2025. These financial statements are prepared in UAE Dirhams (“AED”) being the economic, functional and reporting currency, rounded to the nearest thousand.

Basis of preparation

This financial statement has been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income, financial assets carried at fair value through profit or loss and investment properties which are carried at fair value and the provision for employees’ end of service benefits which is calculated in line with UAE labour laws.

The Company’ 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, financial assets at fair value through profit or loss, other receivables, other payables and income tax payable. The following balances would generally be classified as non-current: property and equipment, investment properties and statutory deposits and employees’ end of service benefits. The following balances are of mixed nature (including both current and non-current portions): financial assets at fair value through other comprehensive income, reinsurance contract assets, insurance contract assets and liabilities, fixed deposits, bank balances and deferred tax liability.

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

New and revised IFRS and interpretations applied on the financial statements

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

<u>Standard number</u>	<u>Title</u>	<u>Effective date</u>
IAS 21	Amendments to IAS 21 Lack of Exchangeability	1 January 2025

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

2 Statement of compliance with IFRS (continued)

Standards issued but not yet effective

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

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

3 Material accounting policy information

Standards, interpretations and amendments to existing standards

Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of contributions that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Level of aggregation

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

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

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

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Evaluation of expected combines ratios;
- Pricing information;
- Results of similar contracts it has recognised; and
- Environment factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Recognition

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

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

The Company recognises a group of reinsurance contracts held:

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

Standards, interpretations and amendments to existing standards (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

Contract boundary

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

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

Both of the following criteria are satisfied:

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

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

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

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

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

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

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

Standards, interpretations and amendments to existing standards (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Insurance contracts – initial measurement (continued)

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

Insurance contracts – subsequent measurement

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

- Plus premiums received in the period;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group; and
- Minus the amount recognised as insurance revenue for the coverage period.

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

Insurance acquisition cash flows are allocated on a deferral pattern basis over the period of time.

Reinsurance contracts

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

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

Standards, interpretations and amendments to existing standards (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Presentation

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

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

The Company does not disaggregate the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

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

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Insurance finance income and expense

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

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

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in profit or loss. The Company's financial assets are also measured at FVTOCI.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Net income or expense from reinsurance contracts held

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

Investment properties

Investment properties are properties held to earn rentals and /or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day-to-day servicing of investment properties.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

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

The Company determines fair value on the basis of valuation performed by two independent external valuers who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The Company takes average of the value from two different valuers as a fair value in its financial statements.

Financial instruments

a) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

b) Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at amortised cost comprise statutory deposits, cash and bank balances, amounts due from related parties and other receivables.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2025

3 Material accounting policy information (continued)

Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

ii) Financial assets at fair value through other comprehensive income ('FVTOCI')

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

Investments in debt instruments are classified as FVTOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

Gains or losses on subsequent measurement

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to statement of profit or loss, but is reclassified to retained earnings.

c) Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

d) Measurement of ECL

The Company recognises a loss for credit losses on all the financial instruments. The amount of credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs (expected credit losses) are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The Company measures loss allowances on its insurance receivables at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

d) Measurement of ECL (continued)

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company utilises the general approach to calculate ECL against its fixed deposits with banks and for its investments in debt securities which is dependent on the rating of the banks and bonds as determined by an external credit rating agency. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD");
- Exposure at default ("EAD").

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Dividend distribution

Dividend distribution to the Shareholders is recognised as a liability in the financial statements in the year in which the dividends are proposed by the Board of Directors.

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the year in which the service is rendered.

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their years of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service year as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the year of employment.

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The impairment losses are recognised in the statement of profit or loss. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its' carrying amount.

Short term operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Taxation

Current

Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period.

Income tax expense is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

Taxation (continued)

Deferred taxation

Deferred tax is accounted for in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above in these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future year if the revision affects both current and future years. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Insurance and reinsurance contracts

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

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to capitalise all insurance acquisition cashflows upon payments.

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage year. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

Liability for incurred claims

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2025

3 Material accounting policy information (continued)

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

Liability for incurred claims (continued)

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

Discount rates

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free rate was derived using EIOPA rates with volatility adjustment along with the country risk premium (inclusive of the liquidity premium).

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years		20 years	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Insurance contracts issued										
AED	4.44%	5.15%	4.35%	5.04%	4.48%	4.99%	4.85%	5.04%	5.29%	5.08%
Reinsurance contracts held										
AED	4.44%	5.15%	4.35%	5.04%	4.48%	4.99%	4.85%	5.04%	5.29%	5.08%

Risk adjustment for non-financial risk

The Company use Mack method to determine its risk adjustment for non-financial risk. The bootstrap effectively allows the Company to measure the uncertainty about the amount and timing of the cash flows that arise from non-financial risk since bootstrapping the triangles aims to illustrate the variability of the paid claims.

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

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 70th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 70th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

3 Material accounting policy information (continued)

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

Valuation of investment properties

Fair value of investment properties is estimated by two independent professional valuers accredited with the Royal Institution of Chartered Surveyors for disclosure purposes only, considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Rights and obligations of the investments

One quoted equity investment is in the name of the Chairman, however, is controlled by the Company. This investment is held for the beneficial interest of the Company. Management addresses the significant judgement over the rights and obligations by obtaining direct annual re-confirmation from the Chairman that the assets held in Chairman's name are for the Company's beneficial interest and receiving all risk and economic rewards associated with this investment.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2025

4 Property and equipment

	Furniture and fixtures AED'000	Motor vehicles AED'000	Computer equipment AED'000	Capital work in progress AED'000	Total AED'000
2025					
Cost					
At 1 January	1,232	452	8,370	23,822	33,876
Additions	-	-	-	10,681	10,681
Transfers	1,110	-	697	(1,807)	-
Write off	-	-	-	(253)	(253)
At 31 December	2,342	452	9,067	32,443	44,304
Accumulated depreciation					
At 1 January	699	452	5,332	-	6,483
Charge for the year	378	-	1,227	-	1,605
At 31 December	1,077	452	6,559	-	8,088
Net book value					
At 31 December 2025	1,265	-	2,508	32,443	36,216
2024					
Cost					
At 1 January	1,201	452	6,509	10,930	19,092
Additions	-	-	-	14,933	14,933
Transfers	31	-	1,861	(1,892)	-
Write off	-	-	-	(149)	(149)
At 31 December	1,232	452	8,370	23,822	33,876
Accumulated depreciation					
At 1 January	489	425	4,364	-	5,278
Charge for the year	210	27	968	-	1,205
At 31 December	699	452	5,332	-	6,483
Net book value					
At 31 December 2024	533	-	3,038	23,822	27,393

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

5 Investment properties

	31 December 2025 AED'000	31 December 2024 AED'000
Opening net book value	175,605	158,480
Additions during the year	-	194
Change in fair value during the year	10,173	16,931
Closing net book value	<u>185,778</u>	<u>175,605</u>

On 31 December 2025, Najmat Al Murjan Real Estate Valuation Service LLC and 34 Real Estate Advisory LLC, independent and experienced professional valuers estimated the fair value of investment property at AED 185.5 million and AED 186.1 million respectively (2024: Land Sterling Property Consultants and Real Estate X, independent and experienced professional valuers estimated the fair value of investment property at AED 173.1 million and AED 178.2 million respectively). The Company has opted the average of the two investment properties valuations. The valuers hold relevant professional qualifications and experience. Investment property is held for capital appreciation and rental purposes. The fair value is in accordance with relevant appraisal and standards issued by the Royal Institute of Chartered Surveyors (RICS) and Emirates Book Valuation standards (EBVS). The Company occupies an insignificant area of 11.5% (2024: 11.5%) in the investment property for use in its own business.

Details of the investment properties and information about the fair value hierarchy as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025			Fair value as at 31 December 2024
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Level 3 AED'000
Buildings and plots of land on which such buildings are constructed	-	-	185,778	175,605

For investment properties categorised into level 3 of the fair value hierarchy, the following information is relevant:

Valuation techniques	Significant input(s)	Sensitivity
Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of properties, and prevailing market condition. Yearly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the investment properties.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

6 Financial assets

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

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

	Note	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2025					
<i>Financial assets at FVTPL</i>					
Investment in quoted equity securities	(a)	2,226	-	-	2,226
<i>Financial assets at FVTOCI</i>					
Investment in quoted equity securities*	(a)	592,927	-	-	592,927
Investment in debt securities	(a)	38,843	-	-	38,843
		<u>633,996</u>	-	-	<u>633,996</u>
31 December 2024					
<i>Financial assets at FVTPL</i>					
Investment in quoted equity securities	(a)	1,754	-	-	1,754
<i>Financial assets at FVTOCI</i>					
Investment in quoted equity securities*	(a)	443,091	-	-	443,091
Investment in debt securities	(a)	65,857	-	-	65,857
		<u>510,702</u>	-	-	<u>510,702</u>

* This comprises of quoted investment amounting to AED 12.3 million (2024: AED 12.8 million) which are in the name of Khalaf Ahmad Al Habtoor (Chairman) held for the beneficial interest of the Company.

(a) Fair values have been determined by reference to quoted prices at the reporting date.

Movement in financial assets grouped in level 1

The reconciliation of carrying amounts of financial instruments classified within level 1 is as follows:

	2025 AED'000	2024 AED'000
Investments in equity securities at FVTOCI		
Balance as at 1 January	443,091	402,556
Purchases during the year	29,993	191
Increase in fair value	119,843	40,344
Balance as at 31 December	<u>592,927</u>	<u>443,091</u>

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

6 Financial assets (continued)

Movement in financial assets grouped in level 1 (continued)

	2025 AED'000	2024 AED'000
Investments in equity securities at FVTPL		
Balance as at 1 January	1,754	1,773
Increase / (decrease) in fair value	472	(19)
Balance as at 31 December	2,226	1,754
Investments in debt securities at FVTOCI		
Balance as at 1 January	65,857	75,037
Redemption during the year	(28,585)	(7,226)
Increase / (decrease) in fair value	1,571	(1,954)
Balance as at 31 December	38,843	65,857

Investments in debt securities represents bonds carrying interest rate ranging from 4.3% to 6.3% per annum (2024: 4.3% to 6.3% per annum).

7 Insurance and reinsurance contracts

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

	31 December 2025			31 December 2024		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
Insurance contracts issued	-	(678,058)	(678,058)	-	(814,950)	(814,950)
Reinsurance contracts held	421,740	-	421,740	662,211	-	662,211

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

7 Insurance and reinsurance contracts (continued)

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

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
31 December 2025 (Audited)					
Insurance contract liabilities as at 1 January	(22,757)	(2,970)	(725,663)	(63,560)	(814,950)
Insurance revenue	560,541	-	-	-	560,541
Insurance service expenses	(82,597)	(7,257)	(236,318)	10,102	(316,070)
Incurred claims and other expenses	-	-	(487,558)	(17,214)	(504,772)
Amortisation of insurance acquisition cash flows	(82,597)	-	-	-	(82,597)
Losses on onerous contracts	-	(7,257)	-	-	(7,257)
Changes to liabilities for incurred claims	-	-	251,240	27,316	278,556
Insurance service result	477,944	(7,257)	(236,318)	10,102	244,471
Insurance finance expense	-	-	(22,783)	-	(22,783)
Total changes in the statement of comprehensive income/(loss)	477,944	(7,257)	(259,101)	10,102	221,688
<i>Cash flows</i>					
Premiums received	(633,775)	-	-	-	(633,775)
Claims and other expenses paid	-	-	463,424	-	463,424
Insurance acquisition cash flows	85,555	-	-	-	85,555
Total cash flows	(548,220)	-	463,424	-	(84,796)
Net insurance contract liabilities as at 31 December	(93,033)	(10,227)	(521,340)	(53,458)	(678,058)
31 December 2024 (Audited)					
Insurance contract liabilities as at 1 January	(14,281)	(4,542)	(185,774)	(17,646)	(222,243)
Insurance revenue	469,122	-	-	-	469,122
Insurance service expenses	(76,571)	1,572	(1,128,691)	(45,914)	(1,249,604)
Incurred claims and other expenses	-	-	(1,075,750)	(42,864)	(1,118,614)
Amortisation of insurance acquisition cash flows	(76,571)	-	-	-	(76,571)
Reversal of losses on onerous contracts	-	1,572	-	-	1,572
Changes to liabilities for incurred claims	-	-	(52,941)	(3,050)	(55,991)
Insurance service result	392,551	1,572	(1,128,691)	(45,914)	(780,482)
Insurance finance expense	-	-	(340)	-	(340)
Total changes in the statement of comprehensive income/(loss)	392,551	1,572	(1,129,031)	(45,914)	(780,822)
<i>Cash flows</i>					
Premiums received	(469,556)	-	-	-	(469,556)
Claims and other expenses paid	-	-	589,142	-	589,142
Insurance acquisition cash flows	68,529	-	-	-	68,529
Total cash flows	(401,027)	-	589,142	-	188,115
Net insurance contract liabilities as at 31 December	(22,757)	(2,970)	(725,663)	(63,560)	(814,950)

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

7 Insurance and reinsurance contracts (continued)

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

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
31 December 2025 (Audited)					
Reinsurance contract assets as at 1 January 2025	(434,473)	1,136	1,036,032	59,516	662,211
An allocation of reinsurance premiums	(252,818)	-	-	-	(252,818)
Amounts recoverable from reinsurers	-	1,927	26,252	(11,919)	16,260
Amounts recoverable for incurred claims and other expenses	-	-	26,252	(11,919)	14,333
Loss-recovery on onerous underlying contracts and adjustments	-	1,927	-	-	1,927
Net (expense)/ income from reinsurance contracts held	(252,818)	1,927	26,252	(11,919)	(236,558)
Reinsurance finance income	-	-	27,439	-	27,439
Total changes in the statement of comprehensive (loss)/income	(252,818)	1,927	53,691	(11,919)	(209,119)
<i>Cash flows</i>					
Premiums paid	218,144	-	-	-	218,144
Amounts received	-	-	(249,496)	-	(249,496)
Total cash flows	218,144	-	(249,496)	-	(31,352)
Net reinsurance contract assets as at 31 December 2025	(469,147)	3,063	840,227	47,597	421,740

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

7 Insurance and reinsurance contracts (continued)

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

	Assets for remaining coverage		Amounts recoverable on incurred claims			Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000		
31 December 2024 (Audited)						
Reinsurance contract assets as at 1 January 2024	(388,645)	917	463,216	15,818		91,306
An allocation of reinsurance premiums	(204,001)	-	-	-		(204,001)
Amounts recoverable from reinsurers	-	219	938,279	43,698		982,196
Amounts recoverable for incurred claims and other expenses	-	-	938,279	43,698		981,977
Loss-recovery on onerous underlying contracts and adjustments	-	219	-	-		219
Net (expense)/income from reinsurance contracts held	(204,001)	219	938,279	43,698		778,195
Reinsurance finance income	-	-	4,647	-		4,647
Total changes in the statement of comprehensive (loss)/income	(204,001)	219	942,926	43,698		782,842
<i>Cash flows</i>						
Premiums paid	158,173	-	-	-		158,173
Amounts received	-	-	(370,110)	-		(370,110)
Total cash flows	158,173	-	(370,110)	-		(211,937)
Net reinsurance contract assets as at 31 December 2024	(434,473)	1,136	1,036,032	59,516		662,211

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

7 Insurance and reinsurance contracts (continued)

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

Gross Insurance contract liabilities at 31 December 2025

	2021 and prior AED'000	2022 AED'000	2023 AED'000	2024 AED'000	2025 AED'000	Total AED'000
Estimate of cumulative claims						
At the end of the Underwriting Year	2,370,850	201,699	311,872	1,143,772	366,909	4,395,102
One year later	2,358,934	172,713	320,218	1,016,902	-	3,868,767
Two years later	2,365,718	203,241	319,127	-	-	2,888,086
Three years later	2,325,503	196,853	-	-	-	2,522,356
Four years later	2,320,841	-	-	-	-	2,320,841
Estimate of cumulative claims	2,320,841	196,853	319,127	1,016,902	366,909	4,220,632
Cumulative payments to date	2,305,065	190,468	303,099	788,053	297,757	3,884,442
Provision for outstanding claims	15,776	6,384	16,029	228,848	69,152	336,189
Unallocated loss adjustment expense reserve	183	74	186	2,662	804	3,909
Claims payable	6,756	2,734	6,864	97,998	29,613	143,965
Total gross undiscounted liabilities for incurred claims	22,715	9,192	23,079	329,508	99,569	484,063
Mathematical Reserve for incurred claims	1,999	809	2,031	29,002	8,764	42,605
Attributable maintenance cost outstanding - Gross	176	71	179	2,555	772	3,753
Effect of discounting - Gross	-	-	-	-	-	(9,081)
Total discounted gross reserves included in the statement of financial position						521,340
Risk Adjustments						53,458

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

7 Insurance and reinsurance contracts (continued)

Gross Insurance contract liabilities at 31 December 2024

	2020 and prior AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
Estimate of cumulative claims						
At the end of the Underwriting Year	2,197,174	180,087	201,699	311,872	1,143,773	4,034,605
One year later	2,190,764	185,783	172,713	320,219	-	2,869,479
Two years later	2,173,151	180,989	203,242	-	-	2,557,382
Three years later	2,184,729	182,107	-	-	-	2,366,836
Four years later	2,143,396	-	-	-	-	2,143,396
Estimate of cumulative claims	2,143,396	182,107	203,242	320,219	1,143,773	3,992,737
Cumulative payments to date	2,126,060	179,045	191,557	302,040	582,541	3,381,243
Provision for outstanding claims	17,336	3,062	11,685	18,179	561,232	611,494
Unallocated loss adjustment expense reserve	78	14	52	82	2,516	2,742
Claims payable	2,770	489	1,867	2,904	89,667	97,697
Total gross undiscounted liabilities for incurred claims	20,184	3,565	13,604	21,165	653,415	711,933
Mathematical Reserve for incurred claims	1,018	180	686	1,067	32,941	35,892
Attributable maintenance cost outstanding - Gross	18	3	12	19	576	628
Effect of discounting - Gross	-	-	-	-	-	(22,790)
Total discounted gross reserves included in the statement of financial position						725,663
Risk Adjustments						63,560

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

8 Statutory deposit

	2025 AED'000	2024 AED'000
Held with a local bank in Dubai, UAE	<u>10,000</u>	<u>10,000</u>

Statutory deposit held with a local bank in Dubai, UAE represents deposits held under a lien in favour of the Central Bank of the United Arab Emirates ("CBUAE") in accordance with Article (92) of the Federal Decree Law No. (6) of 2025. The deposit cannot be withdrawn without prior approval from the Central Bank of the United Arab Emirates ("CBUAE").

9 Other receivables

	2025 AED'000	2024 AED'000
Rent receivables	8,692	8,426
Accrued interest	4,364	5,245
Prepayments	177	295
Other receivables	<u>18,407</u>	<u>15,074</u>
	31,640	29,040
Expected credit losses	<u>(4,662)</u>	<u>(4,627)</u>
	<u>26,978</u>	<u>24,413</u>

The Company has recognised AED 4.66 million as a provision on doubtful rent receivables (2024: AED 4.63 million).

10 Related party balances and transactions

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as per IAS 24. These transactions are carried out at terms mutually agreed between the parties.

At the end of the reporting period, balance with related parties are as follows:

	2025 AED'000	2024 AED'000
<i>Key Management personnel and entities under common control</i>		
Due from related parties	20,852	20,018
Due to related parties	<u>14,645</u>	<u>96,196</u>

The nature of significant related party transactions and amounts involved were as follows:

	2025 AED'000	2024 AED'000
Gross premiums written	100,644	110,501
Claims paid	223,823	168,759
Agency/non-agency repairs	37,792	24,283
Commission paid	<u>3,197</u>	<u>3,080</u>
Key management personnel compensation		
Short term benefits	2,662	2,523
Post-employment benefits	<u>103</u>	<u>88</u>

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Notes to the financial statements

For the year ended 31 December 2025

10 Related party balances and transactions (continued)

As at 31 December 2025, the company has paid an advance to Al Habtoor City Real Estate Development LLC amounting to AED 31.6 million (31 December 2024: AED 21.9 million) toward the property under development. Additionally, the Company has commitments towards the same property under development amounting to AED 35.4 million as at 31 December 2025 (31 December 2024: AED 45 million).

Quoted investment at FVTOCI amounting to AED 12.3 million as at 31 December 2025 (31 December 2024: quoted investment amounting to AED 12.8 million) is registered in the name of the Chairman in the beneficial interest of the Company (refer to note 6 and note 30).

In April 2024, the Company recognised a significant property claim amounting to AED 754.7 million from Al Habtoor Motors Co LLC, a related party. The claim is primarily covered by facultative reinsurance arrangements. As a result, the Company recorded a reinsurance contract asset of AED 753.3 million.

During the year ended 31 December 2025, the Company revised the insurance claim amount to AED 600 million as a result of changes in claim estimates, In the current year the Company received AED 198.7 million from reinsurers (31 December 2024: AED 168.3 million). Accordingly, the total amount received from reinsurers as at 31 December 2025 amounted to AED 367 million. and the same has been paid to Al Habtoor Motors Co. LLC. resulting in the change of insurance contract liabilities and reinsurance contract assets to AED 233 million and AED 232 million respectively.

The management of this claim involves complexities related to the damaged motor vehicles and other assets of the insured, and the losses are still being assessed. The reported figures for insurance contract liabilities and reinsurance contract assets reflect management's best estimate at the reporting date. However, given the evolving nature of the claim, the final amounts may differ from these estimates, and the Company expects these amounts to develop till the loss assessment is completed. Management continues to monitor the claim closely and will update its estimates as further information becomes available.

11 Cash and bank balances

Cash and bank balances comprise the following statement of financial position amounts:

	2025 AED'000	2024 AED'000
Cash in hand	10	10
Cash at banks	362,820	246,312
	<u>362,830</u>	<u>246,322</u>

Cash at banks includes deposits amounting to AED 244.8 million (31 December 2024: AED 185.4 million) held with local banks carrying interest ranging from 3.62% - 4.25% (31 December 2024: 2.5% - 5.27%) per annum.

As per management's assessment, expected credit loss on cash and cash equivalents is immaterial.

Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the financial items in the statement of financial position:

	2025 AED'000	2024 AED'000
Cash and bank balances	362,830	246,322
Bank deposits with original maturity over 3 months	(25,114)	(29,825)
Cash and cash equivalents	<u>337,716</u>	<u>216,497</u>

12 Share capital

The authorised and issued share capital comprises 115,500,000 fully paid-up shares of AED 1 each:

	2025 No. of shares	2025 AED'000	2024 No. of shares	2024 AED'000
Balance as at 31 December	<u>115,500,000</u>	<u>115,500</u>	115,500,000	115,500

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

13 Reserves

Statutory reserve

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. (32) of 2021 (as amended), a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable statutory reserve. As per the Company's Articles of Association, such transfers are required until the balance in the statutory reserve equals 50% of the Company's paid-up share capital. No transfer to statutory reserve has been made during the year as it has already reached 50% of the paid-up share capital (31 December 2024: Nil).

General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors. During the year, there were no transfers from or to the general reserve (31 December 2024: no transfers)

Reinsurance reserve

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. 23 of 2019, concerning instructions organising reinsurance operations, the reserve is not available for distribution and will not be disposed of without prior approval from the Central Bank of United Arab Emirates. The Company has transferred AED 1.6 million from 'Retained earnings' to the 'Reinsurance Reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2025 (year ended 31 December 2024: AED 1.3 million).

14 Employees' end of service benefits

	2025 AED'000	2024 AED'000
Balance at 1 January	4,740	4,726
Charge for the year	1,063	1,030
Payments during the year	(795)	(1,016)
Balance at 31 December	5,008	4,740

15 Other payables

	2025 AED'000	2024 AED'000
Other payables	8,997	9,701
Rent advances	6,514	3,095
Directors' remuneration *	5,924	6,128
Accrued expenses	2,862	8,262
	24,297	27,186

* Directors' remuneration is an appropriation of net profit for the year in accordance with Article 171 of U.A.E Federal Law No. (32) of 2021 (as amended), and also as per the Articles of Association of the Company.

16 Insurance service expenses

	Motor AED'000	General AED'000	Medical & life AED'000	Total AED'000
2025				
Incurring claims and other expenses	187,304	130,421	187,047	504,772
Amortisation of insurance acquisition cash flows	37,526	14,293	30,778	82,597
Losses on onerous contracts	2,441	-	4,816	7,257
Changes to liabilities for incurred claims	(66,621)	(191,028)	(20,907)	(278,556)
	160,650	(46,314)	201,734	316,070

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

16 Insurance service expenses (continued)

	Motor AED'000	General AED'000	Medical & life AED'000	Total AED'000
2024				
Incurring claims and other expenses	171,334	863,159	84,121	1,118,614
Amortisation of insurance acquisition cash flows	34,985	11,958	29,628	76,571
Reversals of losses on onerous contracts	(1,723)	-	151	(1,572)
Changes to liabilities for incurred claims	(26,964)	24,830	58,125	55,991
	<u>177,632</u>	<u>899,947</u>	<u>172,025</u>	<u>1,249,604</u>

17 Net insurance financial result

	Motor AED'000	General AED'000	Medical & life AED'000	Total AED'000
2025				
Interest accretion on insurance contracts using locked-in rate	(1,566)	(14,917)	(908)	(17,391)
Due to changes in interest rates and other financial assumptions	(1,260)	(3,687)	(445)	(5,392)
Total insurance finance expense from insurance contracts issued	<u>(2,826)</u>	<u>(18,604)</u>	<u>(1,353)</u>	<u>(22,783)</u>
Due to changes in profit rates and other financial assumptions	1,354	19,015	7,070	27,439
Reinsurance finance income from reinsurance contracts held	<u>1,354</u>	<u>19,015</u>	<u>7,070</u>	<u>27,439</u>
2024				
Interest accretion on insurance contracts using locked-in rate	(141)	(255)	179	(217)
Change in interest rates and other financial assumptions	(1,116)	2,107	(1,114)	(123)
Total insurance finance (expense)/income from insurance contracts issued	<u>(1,257)</u>	<u>1,852</u>	<u>(935)</u>	<u>(340)</u>
Due to changes in profit rates and other financial assumptions	1,630	(1,994)	5,011	4,647
Reinsurance finance income/(expense) from reinsurance contracts held	<u>1,630</u>	<u>(1,994)</u>	<u>5,011</u>	<u>4,647</u>

18 Income from investments

	2025 AED'000	2024 AED'000
Dividend income on securities	23,293	24,341
Interest income	10,793	13,221
	<u>34,086</u>	<u>37,562</u>

19 Income from investment properties

	2025 AED'000	2024 AED'000
Gain from change in fair value of investment properties (note 5)	10,173	16,931
Net rental income	9,784	8,747
	<u>19,957</u>	<u>25,678</u>

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

20 Other operating expenses

	2025 AED'000	2024 AED'000
Staff costs	1,190	1,589
Professional and legal fee	904	325
Directors' remuneration	5,924	6,128
Other operational expenses	1,749	796
	<u>9,767</u>	<u>8,838</u>

21 Earnings per share

	2025	2024
Earnings (AED'000):		
Profit for the year after tax	<u>53,616</u>	<u>53,544</u>
Number of shares (AED'000):		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>115,500</u>	<u>115,500</u>
Earnings per share (AED):		
Basic and diluted	<u>0.46</u>	<u>0.46</u>

The Company does not have potentially diluted shares and accordingly diluted earnings per share equals basic earnings per share.

22 Dividends

The Board proposed cash dividend of 15% of paid up share capital, amounting to AED 17.33 million (AED 0.15 per share) for the year ended 31 December 2024. This was approved at the Annual General Meeting held on 24 April 2025 and distributed on 16 May 2025.

During the comparative year, the Board proposed cash dividend of 10% of paid up share capital, amounting to AED 11.55 million (AED 0.10 per share) for the year ended 31 December 2023. This was approved at the Annual General Meeting held on 25 April 2024 and distributed on 15 May 2024.

23 Segment information

The following is an analysis of the Company's assets, liabilities and equity classified by segment:

	Underwriting AED'000	Investments AED'000	Total AED'000
2025			
Total assets	466,503	1,211,035	1,677,538
Total equity	632,794	318,096	950,890
Total liabilities	<u>717,267</u>	<u>9,381</u>	<u>726,648</u>
2024			
Total assets	675,262	981,384	1,656,646
Total equity	596,504	206,642	803,146
Total liabilities	<u>840,428</u>	<u>13,072</u>	<u>853,500</u>

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

23 Segment information (continued)

The Company operates two main business segments: Underwriting and Investments.

Underwriting segment is further classified into General Insurance, Group life and Health Insurance. Investments segment comprises Investment Property and Financial Assets. The Group life Insurance provided by the Company is for a year of 12 months and does not include any investment portion.

	2025		2024	
	Underwriting AED'000	Investments AED'000	Total AED'000	Total AED'000
Insurance revenue	560,541	-	560,541	469,122
Insurance service expenses	(316,070)	-	(316,070)	(1,249,604)
Insurance service result before reinsurance contracts held	244,471	-	244,471	(780,482)
Allocation of reinsurance premiums	(252,818)	-	(252,818)	(204,001)
Amounts recoverable from reinsurance for incurred claims	16,260	-	16,260	982,196
Net (expenses)/income from reinsurance contracts held	(236,558)	-	(236,558)	778,195
Insurance service result	7,913	-	7,913	(2,287)
Income from investments	-	34,086	34,086	37,562
Income from investment properties	-	19,957	19,957	25,678
Net investment income	-	54,043	54,043	63,240
Insurance finance expense for insurance contracts issued	(22,783)	-	(22,783)	(340)
Reinsurance finance income for reinsurance contracts held	27,439	-	27,439	4,647
Net insurance finance income	4,656	-	4,656	4,307
Net insurance and investment result	12,569	54,043	66,612	63,240
Other operating expenses	(9,767)	-	(9,767)	(8,838)
Profit/(loss) for the year before tax	2,802	54,043	56,845	(6,818)
				63,240
				65,260
				(8,838)
				56,422

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

23 Segment information (continued)

Gross written premiums

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

2025	Life Insurance AED'000	Fund Accumulation AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of business combined AED'000
Direct written premiums	2,450	-	238,714	333,433	574,597
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	1,673	110,611	112,284
Total assumed business	-	-	1,673	110,611	112,284
Total gross written premiums	2,450	-	240,387	444,044	686,881
2024					
Direct written premiums	1,693	-	197,772	280,667	480,132
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	62,278	62,278
Total assumed business	-	-	-	62,278	62,278
Total gross written premiums	1,693	-	197,772	342,945	542,410

24 Corporate tax

The major components of tax expense and the reconciliation of the expected tax expense based on the UAE tax rate of 9% (2024: 9%) and the reported tax expense in profit or loss is as follows:

	2025 AED'000	2024 AED'000
Statement of profit or loss:		
Current tax	2,214	1,354
Deferred tax expense	1,015	1,524
Statement of comprehensive income		
Deferred tax	10,843	3,746
Relationship between tax expense and accounting profit:		
	2025 AED'000	2024 AED'000
Profit for the year before taxation	56,845	56,422
Basic exemption limit	(375)	(375)
Tax applicable profit	56,470	56,047
Tax at the applicable rate of 9%	(5,082)	(5,044)
Effect of items that are not considered in determining taxable income - net		
Exempt income	1,997	2,192
Unrealised loss	(122)	(3)
Non-deductible expenses	(22)	(23)
Income tax expense	(3,229)	(2,878)
Profit for the year after taxation	53,616	53,544

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

25 Total investment income and net insurance result

The table below presents an analysis of total investment income and insurance finance result recognised in profit or loss and OCI in the year:

	2025	2024
	AED'000	AED'000
Investment income		
Amounts recognised in the profit or loss		
Interest income	10,793	13,221
Dividend income from financial investments	23,293	24,341
Net income from investment properties	19,957	25,678
Total net investment income	54,043	63,240
Insurance finance expense from insurance contracts issued		
Interest accreted to insurance contracts using locked-in rate	(17,391)	(217)
Due to changes in interest rates and other financial assumptions	(5,392)	(123)
Total insurance finance expense from insurance contracts issued	(22,783)	(340)
Represented by:		
Amounts recognised in profit or loss	(22,783)	(340)
Amounts recognised in OCI	-	-
Reinsurance finance income from reinsurance contracts held		
Interest accreted to reinsurance contracts using locked-in rate	20,848	3,623
Due to changes in interest rates and other financial assumptions	6,591	1,024
Reinsurance finance income from reinsurance contracts held	27,439	4,647
Represented by:		
Amounts recognised in profit or loss	27,439	4,647
Amounts recognised in OCI	-	-
Total net investment income, insurance finance expense and reinsurance finance income	58,699	67,547
Represented by:		
Amounts recognised in profit or loss	58,699	67,547
Amounts recognised in OCI	-	-

26 Commitments and contingencies

	2025	2024
	AED'000	AED'000
Financial guarantees	2,829	1,029

Guarantees of AED 2.83 million (2024: AED 1.03 million) issued by banks are secured by way of deposits held.

The Company is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management's best estimates.

27 Capital commitments

At the statement of financial position date, the Company has commitments towards the capital work in progress of AED 35.4 million (31 December 2024: AED 45 million).

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

28 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial information approximate their fair values except for financial investments measured at fair value through other comprehensive income of which fair value is determined based on the quoted market prices and disclosed in Note 6 of these financial statements.

Fair value of financial instruments carried at fair value

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

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2025.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

- Level 1 the fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- Level 2 the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are unobservable, the instrument is included in Level 2.
- Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	2025 AED'000	2024 AED'000				
Quoted debt securities	38,843	65,857	Level 1	Quoted bid prices in an active market	None	N/A
Quoted equity securities	<u>595,153</u>	<u>444,845</u>	Level 1	Quoted bid prices in an active market	None	N/A

There were no transfers between levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of insurance contract, this risk is random and therefore unpredictable.

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

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

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

Frequency and severity of claims

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

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

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 motor vehicles are the key factors that influence the level of claims. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. For medical insurance, the main risks are illness and related healthcare costs. For group life and personal accident, the main risks are claims from death and permanent or partial disability. The Company generally does not offer medical insurance to walk-in customers. Medical, group life and personal accident insurance are generally offered to corporate customers with large population to be covered under the policy.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management (continued)

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty compared to the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insurance company until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

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

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are based on Actuarial calculation which can be based purely on historical development of claims or Expected Loss Ratios or a combination of both. The method and weightage are based on the merit of the line of business.

The Expected Loss-Ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The loss ratios for the current and prior year are as follows:

	2025	2024
	Net loss ratio	Net loss ratio
General	34%	31%
Motor	74%	71%
Medical and Life	80%	82%

The Company believes that the claim liabilities under insurance contracts outstanding at the year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management (continued)

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

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact net underwriting income / (loss) as follows:

	For the year ended 31 December	
	2025 AED'000	2024 AED'000
Impact of change in loss ratio by +/- 1%		
Motor	1,179	1,069
General	150	338
Medical and Life	843	749
	<u>2,172</u>	<u>2,156</u>

Process used to decide on assumptions

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

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

Reinsurance risk

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 purposes.

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

Sensitivities

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

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management (continued)

Sensitivities (continued)

It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

	Change in assumptions	Impact on net profit (gross of reinsurance) AED'000	Impact on net profit (net of reinsurance) AED'000	Impact on equity (gross of reinsurance) AED'000	Impact on equity (net of reinsurance) AED'000
2025					
Risk Adjustment	+1%	(4,955)	(731)	4,955	731
Discount rate	+1%	2,003	1,660	(2,003)	(1,660)
Risk adjustment	-1%	4,955	731	(4,955)	(731)
Discount rate	-1%	(2,003)	(1,660)	2,003	1,660
2024					
Risk Adjustment	+1%	(6,356)	(151)	6,356	151
Discount rate	+1%	179	10	(179)	(10)
Risk Adjustment	-1%	6,356	151	(6,356)	(151)
Discount rate	-1%	(179)	(10)	179	10

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management (continued)

Financial risk

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, profit rates and equity price risk.

Foreign currency risk

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

Credit risk

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

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

- reinsurance' share of insurance liabilities;
- amounts due from reinsurance in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries.

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

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

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

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

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

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristic, other than insurance receivables at the end of reporting period. The Company defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

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

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management (continued)

Financial risk (continued)

Credit risk (continued)

For receivables the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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

At the end of the reporting year, the Company's maximum exposure to credit risk, from insurance receivables situated outside the U.A.E. were as follows:

	2025 AED'000	2024 AED'000
Other GCC and Arab countries	5,826	5,826

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

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

	2025 AED'000	2024 AED'000
A1	57,566	56,548
A2	-	-
A3	198,631	118,725
Aa3	9,897	702
Ba1	-	-
Ba2	-	-
Baa1	96,726	70,336
Baa2	-	-
	362,820	246,311

Liquidity risk

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

The table below summarises the maturity profile of the Company's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management (continued)

Financial risk (continued)

Liquidity risk (continued)

The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements is given below:

2025	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI (note 6)	-	-	-	631,770	631,770
At FVTPL (note 6)	-	-	-	2,226	2,226
Statutory deposits	-	-	-	10,000	10,000
Reinsurance contract assets	328,034	37,913	43,191	12,602	421,740
Other receivables	18,896	4,769	3,313	-	26,978
Cash and bank balances - profit bearing	228,823	-	15,933	-	244,756
Cash and bank balances - non-profit bearing	35,235	38,927	26,112	17,800	118,074
	610,988	81,609	88,549	674,398	1,455,544
Financial liabilities					
Insurance and reinsurance contract liabilities	473,054	85,093	82,413	37,498	678,058
Other payables	14,825	1,141	8,546	1,999	26,511
	487,879	86,234	90,959	39,497	704,569
2024	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI (note 6)	-	-	-	508,948	508,948
At FVTPL (note 6)	-	-	-	1,754	1,754
Statutory deposits	-	-	-	10,000	10,000
Reinsurance contract assets	172,333	149,476	257,650	82,752	662,211
Other receivables	15,585	431	6,997	1,400	24,413
Cash and bank balances - profit bearing	62,357	1,724	115,759	5,602	185,442
Cash and bank balances - non-profit bearing	-	-	-	60,880	60,880
	250,275	151,631	380,406	671,336	1,453,648
Financial liabilities					
Insurance and reinsurance contract liabilities	215,015	189,138	308,542	102,255	814,950
Other payables	13,605	380	13,303	1,252	28,540
	228,620	189,518	321,845	103,507	843,490

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

29 Risk management (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is not significantly exposed to interest rate risk on its financial investments in debt instruments and term deposits since they carry fixed interest rates. As such, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

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

The Company is exposed to interest rate risk on:

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

The tables below show the impact of 1% change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

	<u>Impact on profit</u> <u>(gross of</u> <u>reinsurance)</u> AED'000	<u>Impact on profit</u> <u>(net of</u> <u>reinsurance)</u> AED'000	<u>Impact on equity</u> <u>(gross of</u> <u>reinsurance)</u> AED'000	<u>Impact on equity</u> <u>(net of</u> <u>reinsurance)</u> AED'000
31 December 2025				
Risk Adjustment				
1% increase	(4,955)	(731)	4,955	731
1% decrease	2,003	1,660	(2,003)	(1,660)
Discounting				
1% increase	4,955	731	(4,955)	(731)
1% decrease	(2,003)	(1,660)	2,003	1,660
31 December 2024				
Risk Adjustment				
1% increase	(6,356)	(151)	6,356	151
1% decrease	6,356	151	(6,356)	(151)
Discounting				
1% increase	179	10	(179)	(10)
1% decrease	(179)	(10)	179	10

30 Capital risk management

The Company's objective when managing capital risks are:

- 1) To comply with the Insurance Capital Requirements required by the Federal Decree Law No. (6) of 2025.
- 2) To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to the shareholders.
- 3) To provide an adequate rate of return to shareholders by pricing products and services commensurate with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders or issue new shares.

The minimum regulatory capital for Insurance Companies which must be maintained at all times throughout the year as per the Law is AED 100,000,000 (2024: AED 100,000,000).

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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

30 Capital risk management (continued)

There were no changes made in the objectives, capital management policies or processes during the years ended 31 December 2025 and 31 December 2024.

The table below summarises the minimum regulatory capital of the Company and the actual equity held by the Company at the end of the year:

	2025 AED'000	2024 AED'000
Cash and cash equivalents	362,830	246,322
Total equity held	950,890	803,146
Minimum regulatory capital	<u>100,000</u>	<u>100,000</u>

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Company is subject to the Regulations which has been complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

The table on the below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations.

	31 December 2025 AED'000	31 December 2024 AED'000
Minimum capital requirement (MCR)	100,000	100,000
Solvency capital requirement (SCR)	197,871	204,120
Minimum guarantee fund (MGF)	78,330	68,040
Basic own funds	441,270	369,057
MCR solvency margin – surplus	341,270	269,057
SCR solvency margin – surplus	243,398	164,937
MGF solvency margin – surplus	<u>362,940</u>	<u>301,017</u>

The Company's financial assets include quoted investment at FVTOCI amounting to AED 12.3 million as at 31 December 2025 (31 December 2024: quoted investment amounting to AED 12.8 million) which are in the name of the Chairman held for the beneficial interest of the Company. In accordance with circular number CBUAE/BIS/2023/729 of CBUAE, it is not considered as admissible in regulatory statement of financial position by the Company.

Based on the Central Bank of UAE regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2024: AED 100 million) against which the paid up capital of the Company is AED 115.5 million (31 December 2024: AED 115.5 million).

The Company and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no changes in the Company's management of capital during the year.

31 Comparatives

Comparative figures have been reclassified in order to conform to current year's presentation and improve the quality of information presented. However, there is no change in previously reported total assets, total liabilities, total equity and profit for the year.