

**Al Sagr National Insurance Company  
(PSC)**

Financial Statements

For the year ended 31 December 2025

## Al-Sagr National Insurance Company (PSC)

### Directors' Report

The Directors are presenting their report together with the audited financial statements of Al-Sagr National Insurance Company (Public Shareholding Company); for the period ended 31/12/2025

#### Financial Highlights

The company's insurance revenue is AED 757 million for the year 2025, compared to insurance revenues of AED 943 million for the previous year. The net result at the end of 2025 amounted to losses of AED 141 million, compared to loss of AED 154 million for the previous year. Net equity reached AED (86) million at the end of 2025, compared to AED 55 million at the end of the previous year. These figures are based on the financial statements prepared according to IFRS 17.

#### Directors: -

Mr. Majid Abdulla Al Sari  
Mr. Khalid Abdulla Omran Taryam  
Mr. Mohamed Ali Al Sari  
Ms. Jawaher Salim Almheri  
Mr. Ahmad Al Mheiri  
Mr. Masoud Alzarooni  
Mr. Hassanain Ali

Chairman  
Deputy Chairman  
Director  
Director  
Director  
Director  
Director

#### Auditors: -

Grant Thornton were appointed as auditors of the Al Sagr National Insurance Company for the year 2025 at the Annual General Meeting held on 18/06/2025.

For and on behalf of the board

Abdel Muhsen Jaber  
CEO  
31/03/2026



(i)

## **Independent Auditor's Report**

### **To the Shareholders of Al Sagr National Insurance Company (PSC)**

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

#### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Al Sagr National Insurance Company (PSC) (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the 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.

We do not express an opinion on the accompanying financial statements of the Company. Due to the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

As disclosed in Note 1 and Note 2.1 to the financial statements, the Company incurred a loss of AED 143.8 million for the year ended 31 December 2025 and, as of that date, the Company has accumulated losses of AED 328.8 million, which represents 143% of the Company's share capital.

Further, as disclosed in note 27 to the financial statements, the Company was in breach of the Minimum Capital Requirement (MCR), Solvency Capital Requirement (SCR) and Minimum Guarantee Fund (MGF) as stipulated by the Central Bank of the UAE, with solvency deficits of AED 387.2 million, AED 448.2 million and AED 435.0 million respectively as at 31 December 2025.

These conditions, together with other matters described in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management has prepared the financial statements on a going concern basis; however, we were unable to obtain sufficient appropriate audit evidence to support management's assessment of the Company's ability to continue as a going concern, including the feasibility and sufficiency of any remediation or capital restoration measures.

Accordingly, we were unable to conclude on the appropriateness of the going concern basis of preparation of these financial statements, or to determine whether any adjustments may have been necessary had the Company been unable to continue as a going concern. The effects of this matter are material and pervasive to the financial statements.

**Independent Auditor's Report**  
**To the Shareholders of Al Sagr National Insurance Company (PSC)**  
**Report on the Audit of the Financial Statements (continued)**

**Key Audit Matters**

International Standard on Auditing 701 Communicating Key Audit Matters in the Independent Auditor's Report requires the communication of Key Audit Matters only when the auditor has formed an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to form an audit opinion on the financial statements as a whole. Accordingly, we do not communicate Key Audit Matters in this auditor's report.

**Other Information**

The Board of Directors are responsible for the other information. The other information comprises the information included in the *Directors' report* but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence on the completeness and information of the other information.

**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 responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 the requirements of the IESBA Code.



# Grant Thornton

## Independent Auditor's Report

To the Shareholders of Al Sagr National Insurance Company (PSC)

### Report on Other Legal and Regulatory Requirements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we are unable to report on other legal and regulatory requirements.

GRANT THORNTON UAE

*S. Anand Prabhu*

Anand Prabhu  
Registration No: 5567  
Dubai, United Arab Emirates



31 March 2026


## Al Sagr National Insurance Company (PSC)

### Statement of financial position

As at 31 December 2025

	Notes	2025 AED	2024 AED
<b>ASSETS</b>			
Property and equipment	5	5,802,207	7,935,176
Intangible assets		1,551,433	1,238,543
Investments in associates	6	116,694,572	148,474,490
Financial assets at fair value through profit or loss (FVTPL)	7	12,501,274	20,008,354
Investment property	9	157,931,895	157,931,895
Insurance contract assets	10	8,042,983	125,191,876
Reinsurance contract assets	10	72,762,913	70,539,377
Due from related parties	24	-	8,793,779
Other receivables and prepayments	11	13,701,708	17,141,454
Statutory deposit	13	10,300,000	10,300,000
Cash and bank balances	12	265,094,001	269,910,566
<b>TOTAL ASSETS</b>		<b>664,382,986</b>	<b>837,465,510</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	14	230,000,000	230,000,000
Statutory reserve	15	-	-
Reinsurance reserve	16	6,372,137	5,596,894
Fair value reserve		6,243,058	3,798,154
Accumulated losses		(328,782,189)	(184,214,748)
<b>TOTAL EQUITY</b>		<b>(86,166,994)</b>	<b>55,180,300</b>
<b>LIABILITIES</b>			
Provision for employees' end of service benefits	17	6,093,307	6,372,860
Bank borrowings	18	239,527,756	239,299,310
Other payables	19	24,380,250	39,924,587
Insurance contract liabilities	10	349,979,839	311,787,073
Reinsurance contract liabilities	10	125,721,313	178,228,859
Lease liability	20	4,847,515	6,672,521
<b>TOTAL LIABILITIES</b>		<b>750,549,980</b>	<b>782,285,210</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>664,382,986</b>	<b>837,465,510</b>

These financial statements were approved and authorised for issue by the Board of Directors on 31 MAR 2026 and signed on their behalf by:

  
Majid Abdulla Al Sari  
Chairman

  
Abdel Muhsen Jaber  
CEO

The attached explanatory notes from 1 to 30 form an integral part of these financial statements.

**Al Sagr National Insurance Company (PSC)****Statement of comprehensive income****For the year ended 31 December 2025**

	Notes	2025 AED	2024 AED
Insurance revenue		757,366,709	943,055,371
Insurance service expenses	21	(804,103,469)	(1,224,201,887)
<b>Insurance service result before reinsurance contracts held</b>		<b>(46,736,760)</b>	<b>(281,146,516)</b>
Allocation of reinsurance premiums		(169,802,023)	(274,538,396)
Amounts recoverable from reinsurance for incurred claims		125,020,030	418,680,135
<b>Net (expense) / income from reinsurance contracts held</b>		<b>(44,781,993)</b>	<b>144,141,739</b>
<b>Insurance service result</b>		<b>(91,518,753)</b>	<b>(137,004,777)</b>
Insurance finance expense for insurance contracts issued	22	(12,743,212)	(13,402,842)
Reinsurance finance income for reinsurance contracts held	22	6,436,385	7,674,333
<b>Net insurance financial expense</b>		<b>(6,306,827)</b>	<b>(5,728,509)</b>
<b>Net investment income</b>	22	<b>5,011,310</b>	<b>27,953,563</b>
Other operating expenses	22	(42,622,283)	(31,984,330)
Finance costs		(8,355,645)	(11,229,373)
<b>Loss for the year</b>		<b>(143,792,198)</b>	<b>(157,993,426)</b>
Other comprehensive income for the year		2,444,904	3,798,154
<b>Total comprehensive loss for the year</b>		<b>(141,347,294)</b>	<b>(154,195,272)</b>
<b>Basic and diluted loss per share</b>	23	<b>(0.63)</b>	<b>(0.69)</b>

The attached explanatory notes from 1 to 30 form an integral part of these financial statements.

**Al Sagr National Insurance Company (PSC)**

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

	Share capital AED	Statutory reserve AED	Reinsurance reserve AED	Fair value reserve AED	Accumulated losses AED	Total equity AED
Balance as at 1 January 2024	230,000,000	70,848,081	4,235,793	-	(95,708,302)	209,375,572
Transfer to accumulated losses	-	(70,848,081)	-	-	70,848,081	-
Loss for the year	-	-	-	-	(157,993,426)	(157,993,426)
Other comprehensive income	-	-	-	3,798,154	-	3,798,154
Total comprehensive loss for the year	-	-	-	3,798,154	(157,993,426)	(154,195,272)
Transfer to reinsurance reserve (note 16)	-	-	1,361,101	-	(1,361,101)	-
Balance as at 31 December 2024	230,000,000	-	5,596,894	3,798,154	(184,214,748)	55,180,300
<b>Balance as at 1 January 2025</b>	<b>230,000,000</b>	<b>-</b>	<b>5,596,894</b>	<b>3,798,154</b>	<b>(184,214,748)</b>	<b>55,180,300</b>
Loss for the year	-	-	-	-	(143,792,198)	(143,792,198)
Other comprehensive income	-	-	-	2,444,904	-	2,444,904
Total comprehensive loss for the year	-	-	-	2,444,904	(143,792,198)	(141,347,294)
Transfer to reinsurance reserve (note 16)	-	-	775,243	-	(775,243)	-
<b>Balance as at 31 December 2025</b>	<b>230,000,000</b>	<b>-</b>	<b>6,372,137</b>	<b>6,243,058</b>	<b>(328,782,189)</b>	<b>(86,166,994)</b>

The attached explanatory notes from 1 to 30 form an integral part of these financial statements.

## Al Sagr National Insurance Company (PSC)

### Statement of cash flows For the year ended 31 December 2025

	Notes	2025 AED	2024 AED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year		(143,792,198)	(157,993,426)
<b>Adjustment for:</b>			
Share of loss / (profit) from equity accounted investees	6	14,884,703	(6,743,745)
Net unrealised loss from financial assets at FVTPL	7	871,562	1,164,111
Depreciation and amortisation		2,433,685	2,360,147
Finance costs		8,355,645	11,229,373
Gain on sale of financial assets at FVTPL		-	(64,269)
Impairment of investment in associate	6	19,340,119	10,256,995
Allowance for expected credit losses of related parties		8,793,779	4,000,000
Expected credit loss of other receivables	11	1,012,857	3,376,301
Provision for employees' end of service indemnity	17	1,221,650	919,807
Loss on disposal of property and equipment and intangible assets		57,620	6,750,806
Interest on lease liability		342,182	432,895
Dividend income from financial assets at FVTPL		(909,120)	-
Interest income		(11,293,523)	(13,061,022)
Operating cash flows before movements in working capital		(98,681,039)	(137,372,027)
<b>Changes in working capital</b>			
Insurance contract assets and liabilities-net		155,341,660	(72,967,040)
Reinsurance contract assets and liabilities-net		(54,731,082)	151,893,554
Change in other receivables and prepayments		2,426,889	1,894,494
Change in other payables		(15,544,337)	16,574,759
<b>Cash used in operations</b>		(11,187,909)	(39,976,260)
Employees' end of service benefits paid	17	(1,501,203)	(1,391,594)
<b>Net cash used in operating activities</b>		(12,689,112)	(41,367,854)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment and intangible assets		(618,635)	(593,788)
Proceeds from sale of property and equipment and intangible assets		5,030	70,000,000
Net proceeds from sale of financial assets at FVTPL		6,635,518	1,158,099
Dividends received from investment in financial assets at FVTPL		909,120	-
Net movement in fixed deposits with maturity over 3 months		5,411,612	(26,784,631)
Interest received		11,073,523	13,061,022
Subscription of right shares in investment in associates	6	-	(37,387,729)
<b>Net cash generated from investing activities</b>		23,416,168	19,452,973
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance costs paid		(8,355,645)	(11,229,373)
Payment of lease liability		(2,004,810)	(2,004,810)
<b>Net cash used in financing activities</b>		(10,360,455)	(13,234,183)
<b>Net changes in cash and cash equivalents</b>		366,601	(35,149,064)
Cash and cash equivalents at 1 January		14,126,625	49,275,689
<b>Cash and cash equivalents at 31 December</b>	12	14,493,226	14,126,625

The attached explanatory notes from 1 to 30 form an integral part of these financial statements.

# Al Sagr National Insurance Company (PSC)

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

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### 1 LEGAL STATUS AND ACTIVITIES

Al Sagr National Insurance Company (PSC), (the "Company") was incorporated on 25 December 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates (UAE) under registration No. (16). The Company's address in Dubai is P.O. Box 14614, Dubai, UAE. The Company is a subsidiary of Gulf General Investments Company (the "Parent Company"), a public company incorporated in UAE. The Company is subject to the regulations of the UAE. Federal Decree Law No. (6) of 2025, concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the UAE, under the registration number 16.

The principal activity of the Company is the writing of insurance of all classes of general and life insurance. The Company operates through its head office in Dubai and its branches in Dubai, Sharjah, Abu Dhabi, Al Ain, Ras Al Khaimah and Ajman in the UAE.

These financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Decree Law No. (32) of 2021 (as amended).

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.

The taxable income of the entities that are in scope for UAE CT purposes is subject to the rate of 9% on taxable profits above AED 375,000. During the year ended 31 December 2025, the Company reported a loss of AED 143.8 million. This loss has created potential future taxable benefits (deferred tax assets). However, the Company has elected not to recognise a deferred tax asset due to uncertainty of generating sufficient taxable profit to realise the deferred tax assets.

### 2 BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE WITH IFRS

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

As disclosed in note 27 of the financial statements, as at 31 December 2025, the Company did not meet the Solvency Capital Requirement of AED 161 million and reported a solvency margin deficit of AED 448.2 million. Further, the Company has accumulated losses of AED 328.8 million (31 December 2024: AED 184.2 million) and negative operating cash flows of AED 12.7 million as at 31 December 2025. These conditions indicates that a material uncertainty exists that may cast significant doubt on the Company ability to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis as the management believes that the future operations of the Company will be able to support its business and to meet its obligations as they fall due.

# Al Sagr National Insurance Company (PSC)

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

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### 2 BASIS OF PREPARATION (continued)

#### 2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following which are measured at fair value.

- i) financial instruments at fair value through profit or loss ("FVTPL"); and
- ii) investment property.

The methods used to measure fair values are discussed in note 3.5.

#### 2.3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

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

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

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

This standard did not have a material impact on these financial statements.

#### 2.4 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.

<u>Standard number</u>	<u>Title</u>	<u>Effective date</u>
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 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual improvements	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

#### 3.1 IFRS 17 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 year 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 premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

##### **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;
- 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.

##### **Level of Aggregation**

Level of aggregation relates to the unit of account under IFRS 17. The unit of account under IFRS 17 is referred to as a 'Group of Contracts' (GoCs) and requirements relating to level of aggregation define how groups of contracts have to be determined.

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

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

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

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

##### *Cohorts*

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

##### **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

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

- 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 year before a claim is incurred. Variability in the fulfilment cash flows increases with the extent of future cash flows related to any derivatives embedded in the contracts.

The length of the coverage year of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the 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 year.

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 year as the liability for remaining coverage at the beginning of the year:

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

The 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 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.

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

###### *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.

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

###### *Reinsurance contracts (continued)*

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.

###### *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 disaggregates the total amount recognised in the statement of 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 disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively. The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

###### *Insurance revenue*

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts where revenue is recognised based on expected timing of incurred insurance service expenses.

###### *Loss components*

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Company reassess this on quarterly basis and if at quarter end, 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 year 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.

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

###### *Insurance finance income and expense (continued)*

The Company do not disaggregate insurance finance income or expenses between statement of comprehensive income.

###### *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.

Revenue (other than insurance revenue) comprises the following:

###### **Fee and commission income**

Fee and commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies.

###### **Investment income**

Investment income comprises income from financial assets, rental income from investment properties, realised and unrealised fair value gains or losses on investment property and financial assets at fair value through profit or loss (FVTPL).

Income from financial assets comprises interest and dividend income, net gains or losses on financial assets classified at FVTPL and realised gains or losses on other financial assets.

Interest income is recognised on a time proportion basis using effective interest rate method. Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities. Basis of recognition of net gains or losses on financial assets classified at FVTPL and realised gains on other financial assets is described in note 3.4.

Fair value gains or losses on investment property are included in the statement of comprehensive income in the period these gains or losses are determined.

##### 3.2 Property and equipment

###### **Recognition and measurement**

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Where parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and is recognised net within other income/other expenses in statement of comprehensive income.

###### **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

##### 3.2 Property and equipment (continued)

###### Depreciation (continued)

Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate. No depreciation is charged on capital-work-in-progress.

The estimated useful lives for various categories of property and equipment are as follows:

Office fixture	8 years
Furniture and equipment	8 years
Motor vehicles	8 years
Right-of-use asset	5 years

##### 3.3 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in statement of comprehensive income.

The Company determines fair value on the basis of valuation provided by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

##### 3.4 Financial instruments

###### Recognition and measurement

The Company initially recognises insurance receivables and insurance payables on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes party to the contractual provision of the instrument.

A financial assets or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

###### Financial assets

###### *Classification*

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

##### 3.4 Financial instruments (continued)

###### *Financial assets measured at amortised cost*

A financial asset qualifies for amortised cost measurement only if it meets both of the following two conditions:

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

If a financial asset does not meet both conditions, then it is measured at fair value. The Company makes an assessment of a business model at portfolio level as this reflect the best way the business is managed, and information is provided to the management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice.
- How management evaluates the performance of the portfolio;
- Whether management's strategy focus on earning contractual interest revenue;
- The degree of frequency of any expected asset sales;
- The reason of any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

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

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Company has designated certain financial assets at fair value through profit or loss because designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Dividend in these investments in equity instruments are recognised in the statement of comprehensive income when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets are not reclassified subsequent to their initial recognition, except when the Company changes its business model for managing financial assets.

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with the banks and fixed deposits with maturity of no more than 3 months that are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

###### *Non-derivate financial liabilities*

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

##### 3.4 Financial instruments (continued)

###### **De-recognition of financial assets and financial liabilities**

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the transferred asset.

The Company derecognises a financial liability when its contractual obligation is discharged or cancelled or expire.

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

IFRS 9's impairment requirements use forward looking information under Expected credit loss (ECL) model for the financial assets measured at amortised cost which consist of insurance receivables, deposits, other receivables, due from related parties and cash and bank balances.

###### ***Measurement of ECLs***

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. 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".

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2). Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

###### ***Impairment of non-derivative financial assets carried at amortised cost***

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets carried at amortised cost are impaired. A financial asset or group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows relating to the asset that can be estimated reliably. The Company considers evidence of impairment at both a specific and collective level.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of an amount due to the Company on terms that the Company would not otherwise consider, indication that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse change in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the Company.

# Al Sagr National Insurance Company (PSC)

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

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### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 3.4 Financial instruments (continued)

##### *Impairment of non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than investment property) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

#### 3.5 Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### 3.6 Foreign currency transactions

These financial statements are presented in UAE Dirham (AED), which is the functional currency. Except as otherwise indicated, financial statements is presented in AED. Transactions denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of statement of financial position. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to AED at the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. The assets and liabilities of foreign subsidiary and the equity of associates are translated at the rate of exchange ruling at the reporting date. The results of associates are translated at the average exchange rates for the year. The exchange differences on the retranslation are taken directly to the other comprehensive income.

#### 3.7 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

##### **Company as a lessee**

A lessee is to be account for a right of use asset and initial lease liability at the inception of lease.

## Al Sagr National Insurance Company (PSC)

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

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#### 3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

##### 3.8 Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### 3.9 Employees' end of service benefits

###### *Defined benefit plan*

The Company provides for staff terminal benefits based on an estimation of the amount of future benefits that employees have earned in return for their service until their retirement. This calculation is performed on a projected unit credit method.

The Company contributes to the pension scheme for nationals under the pension and social security law. This is a defined contribution pension plan and the Company's contribution are charged to the statement of profit or loss in the period in which they relate. In respect of this scheme, the Company has a legal and constructive obligation to pay the fund contribution as they fall due and no obligations exists to pay the future benefits.

##### 3.10 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

##### 3.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial statements is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and value added tax assets and liabilities.

##### 3.12 Investments in associates

Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

##### 3.13 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Company's trading activity.

## Al Sagr National Insurance Company (PSC)

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

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#### 4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of this financial statement requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

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

For insurance acquisition cash flows, the Company is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for its property insurance product line. For personal accident insurance, marine insurance and liability reinsurance products, acquisition costs are capitalised.

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 statement of income on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. For the marine and personal insurance product lines, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

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

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Expected Loss Ratio, 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. 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 claim's 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.

Some of the insurance contracts that have been written in the property line of business permit the Company to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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

## Al Sagr National Insurance Company (PSC)

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

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#### 4 USE OF ESTIMATES AND JUDGEMENTS (continued)

##### 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 swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

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

	1 year		3 years		5 years		10 years	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Insurance contracts issued</b>	<b>4.07%</b>	<b>4.84%</b>	<b>3.98%</b>	<b>4.72%</b>	<b>4.11%</b>	<b>4.68%</b>	<b>4.48%</b>	<b>4.72%</b>
<b>Reinsurance contracts held</b>	<b>4.07%</b>	<b>4.84%</b>	<b>3.98%</b>	<b>4.72%</b>	<b>4.11%</b>	<b>4.68%</b>	<b>4.48%</b>	<b>4.72%</b>

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

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

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

##### Impairment losses on insurance receivables

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses. The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

# Al Sagr National Insurance Company (PSC)

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

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### 4 USE OF ESTIMATES AND JUDGEMENTS (continued)

#### Impairment of investment in associates

At each reporting date, the Company reviews the carrying amounts of its investment in associates to determine whether there is any indication of impairment. If any indication exists, the management estimates recoverable amount of the investment. The recoverable amount of investment is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment. An impairment loss is recognised if the carrying amount of investment exceeds its recoverable amount. Impairment losses are recognised in statement of comprehensive income. They are allocated first to reduce the carrying amount of any goodwill recognised, and then to the remaining carrying amount of the investment.

#### Valuation of investment property

Determining the fair value requires an estimation of future cash flows expected to arise from the investment properties, a suitable growth rate, expected occupancy and a suitable discount rate in order to calculate the present value. It is reasonably possible on the basis of the existing knowledge that outcomes within next financial year that are different from estimates made could require material adjustment to the fair value of the investment property.

#### Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The Company has taken the valuation for the fair value measurement of its investment property.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
1) Income capitalisation approach by comparable method	<ul style="list-style-type: none"><li>- Owner property</li><li>- Risk adjusted discount rates</li><li>- Free of covenants, third party rights and obligations</li><li>- Expected yield rate</li><li>- Operational expenditure of the rental value</li><li>- Sales transactions of similar properties in similar location</li></ul>	<ul style="list-style-type: none"><li>- The property is owned in full and free of any onerous restrictions.</li><li>- The risk adjusted discount rates were lower/higher.</li><li>- The property is subject to any covenants, rights and obligations.</li><li>- The expected yield rate is applied.</li><li>- The property is subject to expenses in line with similar existing buildings.</li><li>- The property is subject to sales value fluctuations of surrounding properties in the area.</li></ul>

## Al Sagr National Insurance Company (PSC)

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

#### 5 PROPERTY AND EQUIPMENT

	Land AED	Right-of- use asset AED	Office fixture AED	Furniture and equipment AED	Motor vehicles AED	Total AED
<b><i>Cost</i></b>						
At 1 January 2024	76,750,806	9,125,030	8,477,805	11,007,635	599,753	105,961,029
Additions	-	-	-	-	7,522	7,522
Disposals	(76,750,806)	-	-	-	(156,330)	(76,907,136)
At 31 December 2024	-	9,125,030	8,477,805	11,007,635	450,945	29,061,415
Additions	-	-	-	305,746	-	305,746
Disposals	-	-	-	(5,030)	-	(5,030)
At 31 December 2025	-	9,125,030	8,477,805	11,308,351	450,945	29,362,131
<b><i>Depreciation</i></b>						
At 1 January 2024	-	456,252	7,886,815	10,168,811	410,544	18,922,422
Charge for the year	-	1,825,006	123,328	411,375	438	2,360,147
Disposals	-	-	-	-	(156,330)	(156,330)
At 31 December 2024	-	2,281,258	8,010,143	10,580,186	254,652	21,126,239
Charge for the year	-	1,825,006	115,059	441,322	52,298	2,433,685
Disposals	-	-	-	-	-	-
At 31 December 2025	-	4,106,264	8,125,202	11,021,508	306,950	23,559,924
<b><i>Carrying amounts</i></b>						
At 31 December 2025	-	5,018,766	352,603	286,843	143,995	5,802,207
At 31 December 2024	-	6,843,772	467,662	427,449	196,293	7,935,176

#### Right of use asset

The table below describes nature of the Company's leasing activities by type of right-of-use assets recognised:

Right-of-use assets description	Number of right-of-use assets leased	Remaining term	Number of leases with extension option	Number of leases with purchase option	Number of leases with variable payments	Number of leases with termination option
Office building and premises	1	3	-	-	-	-

#### 6 INVESTMENT IN ASSOCIATES

	2025 AED	2024 AED
Al Sagr Cooperative Insurance Company, KSA	146,124,970	158,564,769
Less: Impairment of Al Sagr Cooperative Insurance Company, KSA	(29,430,398)	(10,256,995)
	116,694,572	148,307,774
Sogour Al Khaleej General Trading L.L.C., UAE	150,000	150,000
Green Air Technology L.L.C., UAE	16,716	16,716
Less: Impairment	(166,716)	-
	116,694,572	148,474,490

## Al Sagr National Insurance Company (PSC)

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

#### 6 INVESTMENTS IN ASSOCIATES (continued)

The Company holds 50% and the Parent Company holds 25% ownership respectively in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates.

The Company holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned by the Parent Company.

The impairment of investment in associates includes full impairment of Sogour Al Khaleej General Trading L.L.C. and Green Air Technology L.L.C., both based in the UAE.

As at 31 December 2025, the Company holds 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Company holds 4.4% shares for the beneficial interest of other individuals. The Company accounts for the 21.6% holding as an investment in associate as the Company has significant influence over Al Sagr Cooperative under the equity method as follows:

<b>Al Sagr Cooperative Insurance Company, KSA</b>	<b>2025</b>	<b>2024</b>
	<b>AED</b>	<b>AED</b>
As at 1 January	148,307,774	110,635,141
Share of (loss) / profit from equity accounted investees	(14,884,703)	6,743,745
Share of OCI from equity accounted investees	2,444,904	3,798,154
Subscription of right shares	-	37,387,729
Impairment charged during the year	(19,173,403)	(10,256,995)
As at 31 December	<u>116,694,572</u>	<u>148,307,774</u>
Percentage of interest	21.6%	21.6%
Assets	638,800,363	728,639,018
Liabilities	(303,499,822)	(335,747,252)
Net assets	<u>335,300,541</u>	<u>392,891,766</u>
Company's share in net assets at 21.6%	72,424,821	84,864,620
Goodwill and other intangibles at acquisition	73,700,149	73,700,149
Impairment of investment in associate	(29,430,398)	(10,256,995)
Investment in associate	<u>116,694,572</u>	<u>148,307,774</u>
Revenue	<u>592,325,903</u>	<u>493,582,955</u>
Net OCI for the year	<u>(57,592,077)</u>	<u>48,805,089</u>
Company's share of (loss) / profit at 21.6%	<u>(12,439,799)</u>	<u>10,541,899</u>

## Al Sagr National Insurance Company (PSC)

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

#### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	2025 AED	2024 AED
Financial assets at fair value through profit or loss (FVTPL)	<u>12,501,274</u>	<u>20,008,354</u>

Following is the movement of financial asset at FVTPL during the year:

	2025 AED	2024 AED
As at 1 January	20,008,354	22,266,295
Disposals during the year	(6,635,518)	(1,093,830)
Change in fair value	(871,562)	(1,164,111)
As at 31 December	<u>12,501,274</u>	<u>20,008,354</u>

#### 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

##### Fair value hierarchy of assets measured at fair value

The following table analyses assets measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement, as mentioned in note 3.5, is categorised. The amounts are based on the values recognised in the statement of financial position.

<u>31 December 2025</u>	Level 1 AED	Level 3 AED	Total AED
<i>Financial assets</i>			
Financial assets at FVTPL (note 7)	11,942,342	558,932	12,501,274
<i>Non-financial assets</i>			
Investment property (note 9)	-	157,931,895	157,931,895
	<u>11,942,342</u>	<u>158,490,827</u>	<u>170,433,169</u>
<u>31 December 2024</u>			
<i>Financial assets</i>			
Financial assets at FVTPL (note 7)	19,043,719	964,635	20,008,354
<i>Non-financial assets</i>			
Investment property (note 9)	-	157,931,895	157,931,895
	<u>19,043,719</u>	<u>158,896,530</u>	<u>177,940,249</u>

#### 9 INVESTMENT PROPERTY

	2025 AED	2024 AED
As at 31 December	<u>157,931,895</u>	<u>157,931,895</u>

Investment property comprises of a property in Al Barsha First, Dubai. As at 31 December 2025, the fair value of the property is based on valuation performed by accredited independent valuers who are specialists in valuing these type of investment property.

The valuation model used are in accordance with recommended industry practice. The fair value of the investment property was estimated based on fair valuation techniques and assumptions with reference to recent rental value of similar properties in an active market.

Management has the intention to dispose of an investment property located in Al Barsha First, Dubai. As at the reporting date, the investment property continues to be classified as investment property under IAS 40, as the criteria for classification as held for sale in accordance with IFRS 5 have not yet been fully met.

## Al Sagr National Insurance Company (PSC)

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

#### 10 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	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
<b>Insurance contracts issued</b>						
Life and Medical	-	(7,459,294)	(7,459,294)	-	(3,201,619)	(3,201,619)
General and Motor	8,042,983	(342,520,545)	(334,477,562)	125,191,876	(308,585,454)	(183,393,578)
<b>Total insurance contracts issued</b>	<b>8,042,983</b>	<b>(349,979,839)</b>	<b>(341,936,856)</b>	<b>125,191,876</b>	<b>(311,787,073)</b>	<b>(186,595,197)</b>
<b>Reinsurance contracts held</b>						
Life and Medical	2,614,508	(79,051,742)	(76,437,234)	-	(94,966,694)	(94,966,694)
General and Motor	70,148,405	(46,669,571)	23,478,834	70,539,377	(83,262,165)	(12,722,788)
<b>Total reinsurance contracts held</b>	<b>72,762,913</b>	<b>(125,721,313)</b>	<b>(52,958,400)</b>	<b>70,539,377</b>	<b>(178,228,859)</b>	<b>(107,689,482)</b>

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

The Company disaggregates information to provide disclosure in respect of major product lines separately: Life & Medical and General & Motor. This disaggregation has been determined based on how the Company is managed.

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

Al Sagr National Insurance Company (PSC)

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

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	Life and Medical			General and Motor			Total
	Liabilities for remaining coverage		Liabilities for incurred claims	Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Excluding loss component	Loss component	Estimates of the present value of future cash flows	
	AED	AED	AED	AED	AED	AED	AED
31 December 2025							
Insurance contract liabilities as at 1 January	(76,943,932)	3,208,350	75,430,894	112,219,255	9,857,116	178,714,868	311,787,073
Insurance contract assets as at 1 January	-	-	-	(243,694,222)	1,363,236	113,468,947	(125,191,876)
Net contract liabilities as at 1 January	(76,943,932)	3,208,350	75,430,894	(131,474,967)	11,220,352	292,183,815	186,595,197
Insurance revenue	(232,705,415)	-	-	(524,661,294)	-	-	(757,366,709)
Insurance service expenses	16,402,428	(3,208,350)	225,643,519	85,873,270	(2,926,006)	480,701,913	804,103,469
Incurred claims and other expenses	-	-	146,714,201	-	-	522,522,563	690,721,422
Amortisation of insurance acquisition cash flows	16,402,428	-	-	85,873,270	-	-	102,275,698
Reversals of losses on onerous contracts	-	(3,208,350)	-	-	(2,926,006)	-	(6,134,356)
Changes to liabilities for incurred claims	-	-	78,929,318	-	-	(41,820,650)	17,240,705
Insurance service result	(216,302,987)	(3,208,350)	225,643,519	(438,788,024)	(2,926,006)	480,701,913	46,736,760
Insurance finance expenses	-	-	1,566,755	-	-	10,677,305	12,743,212
Total changes in the statement of comprehensive income	(216,302,987)	(3,208,350)	227,210,274	(438,788,024)	(2,926,006)	491,379,218	59,479,972
<i>Cash flows:</i>							
Premiums received	261,173,540	-	-	607,821,734	-	-	868,995,274
Claims and other expenses paid	-	-	(249,866,548)	-	-	(453,242,376)	(703,108,924)
Insurance acquisition cash flows	(14,363,899)	-	-	(55,660,764)	-	-	(70,024,663)
Total cash flows	246,809,641	-	(249,866,548)	552,160,970	-	(453,242,376)	95,861,687
Net insurance contract liabilities as at 31 December	(46,437,278)	-	52,774,620	(18,102,021)	8,294,346	330,320,657	341,936,856
Insurance contract liabilities as at 31 December	(46,437,278)	-	52,774,620	(7,656,432)	8,294,346	328,026,462	349,979,839
Insurance contract assets as at 31 December	-	-	-	(10,445,589)	-	2,294,195	(8,042,983)
Net insurance contract liabilities as at 31 December	(46,437,278)	-	52,774,620	(18,102,021)	8,294,346	330,320,657	341,936,856

Al Sagr National Insurance Company (PSC)

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

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	Life and Medical			General and Motor			Total AED		
	Liabilities for remaining coverage	Liabilities for incurred claims	Liabilities for remaining coverage	Liabilities for incurred claims	Liabilities for incurred claims	Liabilities for incurred claims			
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
31 December 2024									
Insurance contract liabilities as at 1 January	(2,350,305)	-	130,052,675	2,558,077	17,420,537	2,327,407	123,744,285	5,674,692	279,427,368
Insurance contract assets as at 1 January	-	-	-	-	(108,300,603)	-	85,664,804	2,770,667	(19,865,132)
Net contract liabilities as at 1 January	(2,350,305)	-	130,052,675	2,558,077	(90,880,066)	2,327,407	209,409,089	8,445,359	259,562,236
Insurance revenue	(455,859,540)	-	-	-	(487,195,831)	-	-	-	(943,055,371)
Insurance service expenses	33,866,040	3,208,350	481,750,030	(1,149,780)	78,988,404	8,892,945	615,994,627	2,651,271	1,224,201,887
Incurred claims and other expenses	-	-	378,508,328	4,075,450	-	-	626,302,683	19,458,852	1,028,345,313
Amortisation of insurance acquisition cash flows	33,866,040	-	-	-	78,988,404	-	-	-	112,854,444
Losses on onerous contracts	-	3,208,350	-	-	-	8,892,945	-	-	12,101,295
Changes to liabilities for incurred claims	-	-	103,241,702	(5,225,230)	-	-	(10,308,056)	(16,807,581)	70,900,835
Insurance service result	(421,993,500)	3,208,350	481,750,030	(1,149,780)	(408,207,427)	8,892,945	615,994,627	2,651,271	281,146,516
Insurance finance expenses	-	-	4,477,941	98,010	-	-	8,459,143	367,748	13,402,842
Total changes in the statement of comprehensive income	(421,993,500)	3,208,350	486,227,971	(1,051,770)	(408,207,427)	8,892,945	624,453,770	3,019,019	294,549,358
<i>Cash flows</i>									
Premiums received	372,429,063	-	-	-	481,841,024	-	-	-	854,270,087
Claims and other expenses paid	-	-	(540,849,752)	-	-	-	(541,679,044)	-	(1,082,528,796)
Insurance acquisition cash flows	(25,029,190)	-	-	-	(114,228,498)	-	-	-	(139,257,688)
Total cash flows	347,399,873	-	(540,849,752)	-	367,612,526	-	(541,679,044)	-	(367,516,397)
Net insurance contract liabilities as at 31 December	(76,943,932)	3,208,350	75,430,894	1,506,307	(131,474,967)	11,220,352	292,183,815	11,464,378	186,595,197
Insurance contract liabilities as at 31 December	(76,943,932)	3,208,350	75,430,894	1,506,307	112,219,255	9,857,116	178,714,868	7,794,215	311,787,073
Insurance contract assets as at 31 December	-	-	-	-	(243,694,222)	1,363,236	113,468,947	3,670,163	(125,191,876)
Net insurance contract liabilities as at 31 December	(76,943,932)	3,208,350	75,430,894	1,506,307	(131,474,967)	11,220,352	292,183,815	11,464,378	186,595,197

Al Sagr National Insurance Company (PSC)

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

10 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

31 December 2025	Life and Medical			General and Motor			Total AED	
	Assets for remaining coverage		Excluding loss recovery component AED	Assets for remaining coverage		Excluding loss recovery component AED		
	Excluding loss recovery component AED	Loss component AED		Loss component AED	Loss component AED			
Reinsurance contract assets as at 1 January	-	-	-	(18,048,498)	788,570	83,958,418	3,840,887	70,539,377
Reinsurance contract liabilities as at 1 January	(132,400,500)	1,189,780	702,259	(113,068,570)	204,484	28,188,841	1,413,081	(178,228,859)
Net reinsurance contract assets as at 1 January	(132,400,500)	1,189,780	702,259	(131,117,068)	993,054	112,147,259	5,253,968	(107,689,482)
An allocation of reinsurance premiums	(81,326,836)	-	-	(88,475,187)	-	-	-	(169,802,023)
Amounts recoverable from reinsurers for incurred claims	-	(1,189,780)	(244,410)	-	(982,883)	36,288,776	(1,037,158)	125,020,030
Amounts recoverable for incurred claims and other expenses	-	-	610,737	-	-	180,226,445	8,939,421	240,514,776
Loss-recovery on onerous underlying contracts and adjustments	-	(1,189,780)	-	-	(982,883)	-	-	(2,172,663)
Changes to amounts recoverable for incurred claims	-	-	(855,147)	-	-	(143,937,669)	(9,976,579)	(113,322,083)
Net income or expense from reinsurance contracts held	(81,326,836)	(1,189,780)	(244,410)	(88,475,187)	(982,883)	36,288,776	(1,037,158)	(44,781,993)
Reinsurance finance income	-	-	15,551	-	-	4,928,273	247,191	5,977,967
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	341,689	-	458,418
Total changes in the statement of comprehensive income	(81,326,836)	(1,189,780)	(228,859)	(88,475,187)	(982,883)	41,558,738	(789,967)	(38,345,608)
<b>Cash flows</b>								
Premiums paid	113,925,299	-	-	153,694,707	-	-	-	267,620,006
Amounts received	-	-	-	-	-	(68,803,788)	-	(174,543,316)
Total cash flows	113,925,299	-	-	153,694,707	-	(68,803,788)	-	93,076,690
Net reinsurance contract assets as at 31 December	(99,802,037)	-	473,400	(65,897,548)	10,171	84,902,209	4,464,001	(52,958,400)
Reinsurance contract assets as at 31 December	116,964	-	11,457	(11,580,413)	10,171	77,564,042	4,154,604	72,762,913
Reinsurance contract liabilities as at 31 December	(99,919,001)	-	461,943	(54,317,135)	-	7,338,167	309,397	(125,721,313)
Net reinsurance contract assets as at 31 December	(99,802,037)	-	473,400	(65,897,548)	10,171	84,902,209	4,464,001	(52,958,400)

Al Sagr National Insurance Company (PSC)

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

10 INSURANCE AND REINSURANCE CONTRACTS (continued)

	Life and Medical				General and Motor				Total AED
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	
31 December 2024									
Reinsurance contract assets as at 1 January	(16,453,659)	-	56,237,363	1,100,255	(25,410,098)	-	100,773,173	4,762,499	121,009,533
Reinsurance contract liabilities as at 1 January	-	-	-	-	(98,351,155)	-	20,743,733	801,961	(76,805,461)
Net reinsurance contract assets as at 1 January	(16,453,659)	-	56,237,363	1,100,255	(123,761,253)	-	121,516,906	5,564,460	44,204,072
An allocation of reinsurance premiums	(168,552,233)	-	-	-	(105,986,163)	-	-	-	(274,538,396)
Amounts recoverable from reinsurers for incurred claims	-	1,189,780	209,374,581	(445,127)	-	993,054	208,117,781	(549,934)	418,680,135
Amounts recoverable for incurred claims and other expenses	-	-	164,792,666	2,056,578	-	-	279,725,467	9,689,709	456,264,420
Loss-recovery on onerous underlying contracts and adjustments	-	1,189,780	-	-	-	993,054	-	-	2,182,834
Changes to amounts recoverable for incurred claims	-	-	44,581,915	(2,501,705)	-	-	(71,607,686)	(10,239,643)	(39,767,119)
Net income or expense from reinsurance contracts held	(168,552,233)	1,189,780	209,374,581	(445,127)	(105,986,163)	993,054	208,117,781	(549,934)	144,141,739
Reinsurance finance income	-	-	2,177,859	47,131	-	-	4,984,352	239,441	7,448,783
Effect of changes in non-performance risk of reinsurers	-	-	124,094	-	-	-	101,456	-	225,550
Total changes in the statement of comprehensive income	(168,552,233)	1,189,780	211,676,534	(397,996)	(105,986,163)	993,054	213,203,589	(310,493)	151,816,072
<i>Cash flows</i>									
Premiums paid	52,605,392	-	-	-	98,630,348	-	-	-	151,235,740
Amounts received	-	-	(232,372,131)	-	-	-	(222,573,236)	-	(454,945,367)
Total cash flows	52,605,392	-	(232,372,131)	-	98,630,348	-	(222,573,236)	-	(303,709,627)
Net reinsurance contract assets as at 31 December	(132,400,500)	1,189,780	35,541,766	702,259	(131,117,068)	993,054	112,147,259	5,253,968	(107,689,482)
Reinsurance contract assets as at 31 December	-	-	-	-	(18,048,498)	788,570	83,958,418	3,840,887	70,539,377
Reinsurance contract liabilities as at 31 December	(132,400,500)	1,189,780	35,541,766	702,259	(113,068,570)	204,484	28,188,841	1,413,081	(178,228,859)
Net reinsurance contract assets as at 31 December	(132,400,500)	1,189,780	35,541,766	702,259	(131,117,068)	993,054	112,147,259	5,253,968	(107,689,482)

## Al Sagr National Insurance Company (PSC)

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

#### 10 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 as at 31 December 2025

	2023 and prior AED	2024 AED	2025 AED	Total AED
At the end of each reporting year	3,354,871,595	938,701,693	602,912,042	4,896,485,330
One year later	3,429,556,722	961,309,632	-	4,390,866,354
Two years later	3,467,036,689	-	-	3,467,036,689
Estimate of cumulative claims	3,467,036,689	961,309,632	602,912,042	5,031,258,363
Cumulative payments to date	(3,453,307,485)	(889,263,359)	(305,104,376)	(4,647,675,220)
Unallocated loss adjustment expense reserve	-	-	-	9,030,126
<b>Total gross undiscounted liabilities for incurred claims</b>	13,729,204	72,046,273	297,807,666	392,613,269
Effect of discounting	-	-	-	(9,517,991)
<b>Total discounted gross reserves included in the statement of financial position</b>	13,729,204	72,046,273	297,807,666	383,095,278
<b>Risk Adjustments</b>	-	-	-	15,086,528

##### Reinsurance contract liabilities as at 31 December 2025

	2023 and prior AED	2024 AED	2025 AED	Total AED
At the end of each reporting year	1,091,921,708	417,630,391	154,902,705	1,664,454,804
One year later	1,097,395,244	395,304,975	-	1,492,700,219
Two years later	1,098,054,104	-	-	1,098,054,104
Estimate of cumulative claims	1,098,054,104	395,304,975	154,902,705	1,648,261,784
Cumulative payments to date	(1,086,584,309)	(369,765,730)	(81,092,044)	(1,537,442,083)
<b>Total reinsurance undiscounted liabilities for incurred claims</b>	11,469,795	25,539,245	73,810,661	110,819,701
Effect of discounting	-	-	-	(3,026,088)
<b>Total discounted reinsurance reserves included in the statement of financial position</b>	11,469,795	25,539,246	73,810,661	107,793,613
<b>Risk Adjustments</b>	-	-	-	4,937,401

## Al Sagr National Insurance Company (PSC)

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

#### 11 OTHER RECEIVABLES AND PREPAYMENTS

	2025 AED	2024 AED
Deferred TPA fees	7,764,727	6,109,947
Accrued interest income	3,839,345	4,570,964
Prepayments	914,043	622,753
Staff advances	34,406	-
Other receivables	5,538,345	9,214,091
Less: Expected credit losses	<u>(4,389,158)</u>	<u>(3,376,301)</u>
	<u>13,701,708</u>	<u>17,141,454</u>

#### 12 CASH AND BANK BALANCES

	2025 AED	2024 AED
Cash in hand	133,581	146,608
Bank balances:		
Current accounts	7,760,550	14,013,998
Fixed deposits	257,233,851	255,783,941
Less: Expected credit losses	<u>(33,981)</u>	<u>(33,981)</u>
	<u>265,094,001</u>	<u>269,910,566</u>

Fixed deposits amounting to AED 226 million (2024: AED 226 million) are under lien in respect of bank credit facilities granted to the Company. All fixed deposits with banks mature within different periods not exceeding one year from the date of deposit and carry interest rates between 3% to 4.5% (2024: 4% to 5.5%) per annum. Cash and cash equivalents for the purpose of statement of cash flows are analysed as follows:

	2025 AED	2024 AED
Cash and bank balances	265,094,001	269,910,566
Fixed deposits with maturity over 3 months	<u>(250,600,775)</u>	<u>(255,783,941)</u>
Cash and cash equivalents	<u>14,493,226</u>	<u>14,126,625</u>

#### 13 STATUTORY DEPOSIT

	2025 AED	2024 AED
Cash and bank balances	<u>10,300,000</u>	<u>10,300,000</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").

#### 14 SHARE CAPITAL

	2025 AED	2024 AED
Issued and fully paid 230,000,000 shares of AED 1 each	<u>230,000,000</u>	<u>230,000,000</u>

#### 15 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. (32) of 2021 (as amended) and the Company's Articles of Association, 10% of the profit for the year should be transferred to statutory reserves. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law. During the year, no amount was transferred to the statutory reserve (2024: nil).

## Al Sagr National Insurance Company (PSC)

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

#### 16 REINSURANCE RESERVE

In accordance with Central Bank of United Arab Emirates' Board of Directors' Decision No. 23, Article 34, an amount of AED 775,243 based on the reinsurance share of premium at a rate of 0.5% was transferred from accumulated losses to reinsurance reserve (2024: AED 1.4 million). The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of United Arab Emirates.

#### 17 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision is as follows:

	2025 AED	2024 AED
As at 1 January	6,372,860	6,844,647
Charge for the year	1,221,650	919,807
Paid during the year	(1,501,203)	(1,391,594)
As at 31 December	<u>6,093,307</u>	<u>6,372,860</u>

#### 18 BANK BORROWINGS

	2025 AED	2024 AED
Bank overdrafts	<u>239,527,756</u>	<u>239,299,310</u>

The Company has bank facilities in the form of overdrafts payable upon demand and bearing interest ranging from 3.5% to 4.5% per annum (2024: 4.5% to 5.8%). These facilities are secured by lien on fixed deposits amounting to AED 226 million (2024: AED 226 million). The bank overdraft limit provided under the facilities is AED 226 million (2024: AED 226 million).

The outstanding bank overdraft balance as at 31 December 2025 exceeds the sanctioned overdraft limit of AED 226 million due to timing differences between the Company's general ledger and bank records, primarily relating to cheques issued but not yet presented and other pending reconciling items at the reporting date.

#### 19 OTHER PAYABLES

Other payables can be analysed as follows:

	2025 AED	2024 AED
TPA payables	11,285,839	21,143,282
Accrued expenses	3,657,300	6,295,182
Payable to suppliers	3,421,545	4,134,796
Rental deposits	1,508,330	2,695,554
Others	4,507,236	5,655,773
	<u>24,380,250</u>	<u>39,924,587</u>

## Al Sagr National Insurance Company (PSC)

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

#### 20 LEASE LIABILITY

The Company has leases for the premises, head office building and its branch offices as at 31 December 2025. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use asset in a consistent manner to its property and equipment (see note 5). Future minimum lease payments at 31 December 2025 were as mentioned below:

	Within 1 year AED	More than 1 year AED	2-3 years AED	Total AED
<b>31 December 2025</b>				
Lease payments	2,105,050	2,205,291	1,102,646	5,412,987
Finance charges	(307,905)	(234,637)	(22,930)	(565,472)
Net present values	1,797,145	1,970,654	1,079,716	4,847,515
<b>31 December 2024</b>				
Lease payments	2,004,810	4,310,341	1,125,362	7,440,513
Finance charges	(342,182)	(380,163)	(45,647)	(767,992)
Net present values	1,662,628	3,930,178	1,079,715	6,672,521

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset under property and equipment and lease liability, the payments in relation to these are recognised as an expense in statement of comprehensive income on a straight-line basis over the lease term. Operating lease payments represent rentals payable by the Company for its branch offices. At reporting date, the Company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2025 AED	2024 AED
Less than one year	82,744	215,687

#### 21 INSURANCE SERVICE EXPENSES

2025	Life and medical AED	General and motor AED	Total AED
Incurring claims and other expenses	148,093,275	542,628,147	690,721,422
Amortisation of insurance acquisition cash flows	16,402,428	85,873,270	102,275,698
Reversals of losses on onerous contracts	(3,208,350)	(2,926,006)	(6,134,356)
Changes to liabilities for incurred claims	77,133,980	(59,893,275)	17,240,705
	238,421,333	565,682,136	804,103,469
<b>2024</b>			
Incurring claims and other expenses	382,583,778	645,761,535	1,028,345,313
Amortisation of insurance acquisition cash flows	33,866,040	78,988,404	112,854,444
Losses on onerous contracts	3,208,350	8,892,945	12,101,295
Changes to liabilities for incurred claims	98,016,472	(27,115,637)	70,900,835
	517,674,640	706,527,247	1,224,201,887

## Al Sagr National Insurance Company (PSC)

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

#### 22 TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCIAL 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 AED	2024 AED	
<b>Investment income</b>			
Interest income	11,293,523	13,061,022	
Share of (loss) / profit from equity accounted investees (note 6)	(14,884,703)	6,743,745	
Rental income from investment property	6,821,789	6,702,782	
Gain on sale of investments in financial assets at FVTPL	1,743,143	64,269	
Dividend income from investment in financial assets at FVTPL	909,120	-	
Net unrealised (loss) / gain from investments in financial assets at FVTPL	(871,562)	1,335,889	
Other income	-	45,856	
	<u>5,011,310</u>	<u>27,953,563</u>	
<b>Other operating expenses</b>			
Unallocated general and administrative expenses	(14,542,385)	(13,227,335)	
Impairment of investment in associate (note 6)	(19,340,119)	(10,256,995)	
Allowance for expected credit loss	(8,739,779)	(8,500,000)	
	<u>(42,622,283)</u>	<u>(31,984,330)</u>	
	Life and medical AED	General and motor AED	Total AED
<b>2025</b>			
<b>Insurance finance expenses from insurance contracts issued</b>			
Interest accreted to insurance contracts using current financial assumptions	(1,564,670)	(10,767,039)	(12,331,709)
Due to changes in interest rates and other financial assumptions	(33,992)	(377,511)	(411,503)
<b>Total insurance finance expenses from insurance contracts issued</b>	<u>(1,598,662)</u>	<u>(11,144,550)</u>	<u>(12,743,212)</u>
Represented by:			
Amounts recognised in profit or loss	<u>(1,598,662)</u>	<u>(11,144,550)</u>	<u>(12,743,212)</u>
<b>Reinsurance finance income from reinsurance contracts held</b>			
Interest accreted to reinsurance contracts using current financial assumptions	784,397	5,009,575	5,793,972
Changes in non-performance risk of reinsurer	116,729	341,689	458,418
Due to changes in interest rates and other financial assumptions	18,106	165,889	183,995
<b>Total reinsurance finance income from reinsurance contracts held</b>	<u>919,232</u>	<u>5,517,153</u>	<u>6,436,385</u>
Represented by:			
Amounts recognised in the profit or loss	<u>919,232</u>	<u>5,517,153</u>	<u>6,436,385</u>
<b>Total finance expenses and reinsurance finance income</b>			
Represented by:			
Amounts recognised in the profit or loss	<u>(679,430)</u>	<u>(5,627,397)</u>	<u>(6,306,827)</u>

## Al Sagr National Insurance Company (PSC)

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

#### 22 TOTAL INVESTMENT INCOME AND NET INSURANCE FINANCIAL RESULT (continued)

2024	Life and medical AED	General and motor AED	Total AED
Insurance finance expenses from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(4,632,669)	(8,980,627)	(13,613,296)
Due to changes in interest rates and other financial assumptions	56,718	153,736	210,454
Total insurance finance expenses from insurance contracts issued	<u>(4,575,951)</u>	<u>(8,826,891)</u>	<u>(13,402,842)</u>
Represented by:			
Amounts recognised in profit or loss	<u>(4,575,951)</u>	<u>(8,826,891)</u>	<u>(13,402,842)</u>
Reinsurance finance income from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	2,253,473	5,296,291	7,549,764
Changes in non-performance risk of reinsurer	124,094	101,456	225,550
Due to changes in interest rates and other financial assumptions	(28,482)	(72,499)	(100,981)
Total reinsurance finance income from reinsurance contracts held	<u>2,349,085</u>	<u>5,325,248</u>	<u>7,674,333</u>
Represented by:			
Amounts recognised in the profit or loss	<u>2,349,085</u>	<u>5,325,248</u>	<u>7,674,333</u>
Total finance expenses and reinsurance finance income			
Represented by:			
Amounts recognised in the profit or loss	<u>(2,226,866)</u>	<u>(3,501,643)</u>	<u>(5,728,509)</u>

#### 23 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share are calculated by dividing the loss for the year after tax attributable to shareholders by the weighted average number of shares outstanding at reporting date.

	2025	2024
Loss profit for the year after tax (AED)	<b>(143,792,198)</b>	(157,993,426)
Weighted average number of shares outstanding during the year	<b>230,000,000</b>	230,000,000
Basic and diluted loss per share (AED)	<b><u>(0.63)</u></b>	<u>(0.69)</u>

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

## Al Sagr National Insurance Company (PSC)

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

#### 24 RELATED PARTY 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. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders, directors and key management personnel of the Company, their close family members and entities controlled, jointly controlled or significantly influenced by such parties. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

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

	2025 AED	2024 AED
Insurance revenue	3,591,049	2,022,778
Insurance service expenses	(1,044,962)	(509,443)
<b>Balances from amount due from related parties</b>		
Entities under common control	8,793,779	8,793,779
Less: Expected credit losses	(8,793,779)	-
	-	8,793,779
<b>Compensation of key management personnel</b>		
Salaries and benefits	2,934,650	2,806,345

#### 25 SEGMENTAL INFORMATION

##### Operating segment information

For management purposes the Company is organised into three operating segments, general insurance, life assurance and investments. These segments are the basis on which the Company reports its primary segment information.

2025	Life and medical AED	General and motor AED	Investments AED	Total AED
Insurance revenue	232,705,415	524,661,294	-	757,366,709
Insurance service expenses	(238,421,333)	(565,682,136)	-	(804,103,469)
<b>Insurance service result before reinsurance contracts held</b>	(5,715,918)	(41,020,842)	-	(46,736,760)
Allocation of reinsurance premiums	(81,326,836)	(88,475,187)	-	(169,802,023)
Amounts recoverable from reinsurance	90,751,295	34,268,735	-	125,020,030
<b>Net income from reinsurance contracts held</b>	9,424,459	(54,206,452)	-	(44,781,993)
<b>Insurance service result</b>	3,708,541	(95,227,294)	-	(91,518,753)
<b>Net investment income</b>	-	-	5,011,310	5,011,310
Insurance finance expenses for insurance contracts issued	(1,598,663)	(11,144,549)	-	(12,743,212)
Reinsurance finance income for reinsurance contracts held	919,232	5,517,153	-	6,436,385
	3,029,110	(100,854,690)	5,011,310	(92,814,270)
Other operating expenses	-	-	-	(42,622,283)
Finance costs	-	-	-	(8,355,645)
<b>Loss before tax</b>				(143,792,198)

## Al Sagr National Insurance Company (PSC)

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

#### 25 SEGMENTAL INFORMATION (continued)

2024	Life and medical AED	General and motor AED	Investments AED	Total AED
Insurance revenue	455,859,540	487,195,831	-	943,055,371
Insurance service expenses	(517,674,639)	(706,527,248)	-	(1,224,201,887)
Insurance service result before reinsurance contracts held	(61,815,099)	(219,331,417)	-	(281,146,516)
Allocation of reinsurance premiums	(168,552,232)	(105,986,164)	-	(274,538,396)
Amounts recoverable from reinsurance	210,119,234	208,560,901	-	418,680,135
Net income from reinsurance contracts held	41,567,002	102,574,737	-	144,141,739
Insurance service result	(20,248,097)	(116,756,680)	-	(137,004,777)
Net investment income	-	-	27,953,563	27,953,563
Insurance finance expenses for insurance contracts issued	(4,575,951)	(8,826,891)	-	(13,402,842)
Reinsurance finance income for reinsurance contracts held	2,349,084	5,325,249	-	7,674,333
	(22,474,964)	(120,258,322)	27,953,563	(114,779,723)
Other operating expenses	-	-	-	(31,984,330)
Finance costs	-	-	-	(11,229,373)
Loss before tax				(157,993,426)

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

	2025			
	Life and medical AED	General and motor AED	Investments AED	Total AED
Total assets	11,181,893	366,073,352	287,127,741	664,382,986
Total equity	6,738,101	(92,905,095)	-	(86,166,994)
Total liabilities	4,443,792	746,106,188	-	750,549,980
	2024			
	Life and Medical AED	General and motor AED	Investments AED	Total AED
Total assets	8,567,385	502,483,387	326,414,738	837,465,510
Total equity	7,683,641	47,496,659	-	55,180,300
Total liabilities	883,744	781,401,466	-	782,285,210

## Al Sagr National Insurance Company (PSC)

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

#### 25 SEGMENTAL INFORMATION (continued)

##### Gross written premium

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

31 December 2025	Life Insurance AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct Written Premiums	2,665,125	198,645,611	329,210,203	530,520,939
<b>Assumed Business</b>				
Foreign	-	-	28,232	28,232
Local	-	-	3,420,346	3,420,346
Total Assumed Business	-	-	3,448,578	3,448,578
<b>Gross Written Premiums</b>	<b>2,665,125</b>	<b>198,645,611</b>	<b>332,658,781</b>	<b>533,969,517</b>
31 December 2024	Life Insurance AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct Written Premiums	2,544,968	358,785,487	608,439,397	969,769,852
<b>Assumed Business</b>				
Foreign	-	-	463,013	463,013
Local	-	-	14,506,758	14,506,758
Total Assumed Business	-	-	14,969,771	14,969,771
<b>Gross Written Premiums</b>	<b>2,544,968</b>	<b>358,785,487</b>	<b>623,409,168</b>	<b>984,739,623</b>

#### 26 CONTINGENT LIABILITIES AND COMMITMENTS

##### Guarantees

	2025 AED	2024 AED
Letters of guarantee	11,842,726	11,705,951

##### Contingent liabilities

The Company in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and are liable estimate of the amount of outflow can be made.

## Al Sagr National Insurance Company (PSC)

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

#### 27 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

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

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

	31 December 2025 AED	31 December 2024 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	160,998,000	301,535,000
Minimum Guarantee Fund (MGF)	147,804,000	168,756,000
Basic Own Funds	(287,189,000)	(176,060,000)
MCR Solvency Margin – Deficit	(387,189,000)	(276,060,000)
SCR Solvency Margin – Deficit	(448,186,000)	(477,595,000)
MGF Solvency Margin – Deficit	(434,993,000)	(344,817,000)

As of 31 December 2025, the Company had a SCR Solvency Margin Deficit of AED 448.2 million as compared to the SCR capital requirements of AED 161 million.

#### 28 RISK MANAGEMENT

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks. This section summarises these risks and the way the Company manages them.

##### 28.1 Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Management recognises the critical importance of having efficient and effective risk management systems in place.

##### 28.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

## Al Sagr National Insurance Company (PSC)

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

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#### 28 RISK MANAGEMENT (continued)

##### 28.2 Risk management framework (continued)

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

##### 28.3 Capital management framework

The Company has an internal risk management framework for identifying risks to which each of its business units and the Company as a whole is exposed, quantifying their impact on economic capital.

##### 28.4 Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and shareholders and monitor closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters. The operations of the Company are also subject to regulatory requirements within the UAE. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

##### 28.5 Asset liability management (ALM)

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces due to the nature of its investments and liabilities is interest rate risk and equity price risk. The Company manages these positions within an ALM framework that has been developed by management to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Company's ALM (currently with the Risk committee) also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance.

##### Insurance risks

The Company accepts insurance risk through its written insurance contracts. The Company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company writes the following types of general insurance and life insurance contracts:

General insurance contracts include Liability insurance, Property insurance, Motor insurance, Fire insurance, Medical insurance, Marine insurance and Engineering insurance contracts. Life insurance contracts include Group life and Credit life insurance contracts. The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company only issues short term insurance contracts in connection with property, motor, marine and casualty risks. Two key elements of the Company's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed on the next page:

## Al Sagr National Insurance Company (PSC)

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

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#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

###### Insurance risks (continued)

###### *Underwriting strategy*

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

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

All general insurance contracts except marine and property, are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

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

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

###### *Property*

Property insurance covers a diverse collection of risks and therefore property insurance contracts are subdivided into four risks groups, fire, business interruption, weather damage and theft. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured. The cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruptions are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm, flood damage or other weather-related incidents.

###### *Motor*

Motor insurance contracts are designed to compensate policies holders for damage suffered to vehicles, disability to third parties arising through accidents and fire or theft of their vehicles. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

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.

###### *Marine*

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes.

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.

###### *Casualty*

For casualty class of business, such as workmen's compensation, personal accident, general third-party liability and loss of money, the extent of loss or damage and the potential court awards are the main factors that influence the level of claims. For casualty class of business, such as workmen's compensation, personal accident, general third-party liability and loss of money, the extent of loss or damage and the potential court awards are the main factors that influence the level of claims.

## Al Sagr National Insurance Company (PSC)

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

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### 28 RISK MANAGEMENT (continued)

#### 28.5 Asset liability management (ALM) (continued)

##### Insurance risks (continued)

###### *Casualty (continued)*

The Company manage these risks through their 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. Underwriting limits are in place to enforce appropriate risk selections.

The Company proactively manages and pursues early settlement of claims to reduce their exposure to unpredictable developments. The Company have adequate reinsurance arrangements to protect their financial viability against such claims for all classes of business.

The Company have obtained adequate non-proportionate reinsurance cover for all classes of business to limit losses to an amount considered appropriate by the management.

###### *Medical*

Medical selection is part of the Company's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as mortality and persistency, which consider past experience and current trends.

Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

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

###### *Concentration of risk*

The Company's underwriting activities are carried out in the United Arab Emirates and other Middle East countries.

###### *Reinsurance strategy*

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources. Ceded reinsurance contains credit risk, as discussed in the financial risk management note. The Company has a Reinsurance department that is responsible for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy. The Company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances. All purchases of facultative reinsurance are subject to business unit pre-approval and the total expenditure on facultative reinsurance is monitored regularly by reinsurance department.

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

The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Group'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.

## Al Sagr National Insurance Company (PSC)

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

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#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

###### Insurance risks (continued)

###### *Frequency and severity of claims (continued)*

Property insurance contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the 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.

###### *Frequency and amounts of claims*

The Company has developed its underwriting strategy to diversify the type of insurance risks accepted and within each of the categories to achieve sufficiently large populations of risk to reduce the variability of the expected outcome. The frequency and amounts of claims can be affected by several factors. Company underwrites mainly property, motor, general accident and marine risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking.

###### *Sensitivity of underwriting profit and losses*

The Company has exposures to risks in each class of business that may develop and that could have a material impact upon the Company's financial position. The geographical and insurance risk diversity within the Company's portfolio of issued insurance policies makes it impossible to predict whether material developments will occur and, if they do occur, the location and timing of such occurrences. The Company evaluates the concentration of exposures to individual and cumulative insurance risk and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

###### 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 than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims.

For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

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

## Al Sagr National Insurance Company (PSC)

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

#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

###### Insurance risks (continued)

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

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 claim's 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 reporting date.

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

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

The initial estimate of loss ratios used for the current year before and after reinsurance are analyses below by line of business where the insured operates for current and prior year premium earned.

	2025		2024	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
Life and medical	71%	58%	122%	104%
General	63%	54%	257%	162%
Motor	85%	86%	138%	124%

The Company believes that the claims 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.

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

	2025 AED	2024 AED
<b>Impact of change in loss ratio by +/- 1%</b>		
Motor	1,410,765	3,488,961
General	151,167	153,225
Medical and Life	4,192,281	2,769,909
	<u>5,754,213</u>	<u>6,412,095</u>

## Al Sagr National Insurance Company (PSC)

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

#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

###### 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.

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

	Change in assumptions	Impact on net profit (gross of reinsurance) AED	Impact on net profit (net of reinsurance) AED	Impact on equity (gross of reinsurance) AED	Impact on equity (net of reinsurance) AED
2025					
Risk Adjustment	+1%	4,157,077	3,076,396	4,157,077	3,076,396
	-1%	(4,157,077)	(3,076,396)	(4,157,077)	(3,076,396)
Discount rate	+1%	2,519,130	1,897,617	2,519,130	1,897,617
	-1%	(2,589,947)	(1,956,641)	(2,589,947)	(1,956,641)

## Al Sagr National Insurance Company (PSC)

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

#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

##### Sensitivities (continued)

	Change in assumptions	Impact on net profit gross of reinsurance AED	Impact on net profit net of reinsurance AED	Impact on equity gross of reinsurance AED	Impact on equity net of reinsurance AED
2024					
Risk Adjustment	+1%	6,574,335	5,082,361	6,574,335	5,082,361
	-1%	(6,574,335)	(5,082,361)	(6,574,335)	(5,082,361)
Discount rate	+1%	3,054,114	2,198,799	3,054,114	2,198,799
	-1%	(3,116,574)	(2,245,047)	(3,116,574)	(2,245,047)

##### Financial risk

The table below sets out the classification of each class of financial assets and liabilities along with their fair values. For financial assets and liabilities carried at amortised cost, management believes that the amortised cost of those instruments approximates to their fair values.

2025	FVTPL AED	Amortised cost AED	Total AED
<b><u>Financial assets</u></b>			
Investment in financial assets at FVTPL (note 7)	12,501,274	-	12,501,274
Due from related parties	-	-	-
Other receivables (excluding prepayments) (note 11)	-	12,787,665	12,787,665
Cash and bank balances (note 12)	-	265,094,001	265,094,001
	<b>12,501,274</b>	<b>277,881,666</b>	<b>290,382,940</b>
<b><u>Financial liabilities</u></b>			
Bank borrowings (note 18)	-	239,527,756	239,527,756
Other payables (note 19)	-	24,380,250	24,380,250
Lease liability (note 20)	-	4,847,515	4,847,515
	-	<b>268,755,521</b>	<b>268,755,521</b>
2024			
<b><u>Financial assets</u></b>			
Investment in financial assets at FVTPL (note 7)	20,008,354	-	20,008,354
Due from related parties	-	8,793,779	8,793,779
Other receivables (excluding prepayments) (note 11)	-	16,518,701	16,518,701
Cash and bank balances (note 12)	-	269,910,566	269,910,566
	<b>20,008,354</b>	<b>295,223,046</b>	<b>315,231,400</b>
<b><u>Financial liabilities</u></b>			
Bank borrowings (note 18)	-	239,299,310	239,299,310
Other payables (note 19)	-	39,924,587	39,924,587
Lease liability (note 20)	-	6,672,521	6,672,521
	-	<b>285,896,418</b>	<b>285,896,418</b>

The Company has exposure to the following primary risks from its use of financial instruments and operations:

- (i) Credit risk;
- (ii) Liquidity risk;
- (iii) Market risk; and
- (iv) Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

## Al Sagr National Insurance Company (PSC)

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

#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

##### Financial risk (continued)

##### i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment. For all classes of financial assets held by the Company the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the reporting date. Reinsurance is placed with reinsurers' approved by the management, which are generally international reputed companies.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

At each reporting date, management performs an assessment of creditworthiness of reinsurers' and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment if required.

##### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2025 AED	2024 AED
<b><i>Financial assets</i></b>		
Due from related parties	-	8,793,779
Other receivables (excluding prepayments) (note 11)	12,787,665	16,518,701
Cash and bank balances (note 12)	265,094,001	269,910,566
	<u>277,881,666</u>	<u>295,223,046</u>

##### ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements are monitored on a daily basis and management ensures that sufficient funds are available to meet any commitments as they arise.

##### *Maturity profiles*

The table below summarises the maturity profile of the financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notice were to be given.

	Less than 1 year AED	1-5 years AED	Total AED
<b>2025</b>			
<b>Financial assets</b>			
Financial assets at FVTPL (note 7)	12,501,274	-	12,501,274
Other receivables (excluding prepayments) (note 11)	12,787,665	-	12,787,665
Cash and bank balances (note 12)	265,094,001	-	265,094,001
	<u>290,382,940</u>	<u>-</u>	<u>290,382,940</u>
<b>Financial liabilities</b>			
Bank borrowings (note 18)	239,527,756	-	239,527,756
Other payables (note 19)	24,380,250	-	24,380,250
Lease liability (note 20)	1,797,145	3,050,370	4,847,515
	<u>265,705,151</u>	<u>3,050,370</u>	<u>268,755,521</u>

## Al Sagr National Insurance Company (PSC)

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

#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

##### Financial risk (continued)

##### ii) Liquidity risk (continued)

	Less than 1 year AED	1-5 years AED	Total AED	
2024				
<b>Financial assets</b>				
Financial assets at FVTPL (note 7)	20,008,354	-	20,008,354	
Due from related parties	-	8,793,779	8,793,779	
Other receivables (excluding prepayments) (note 11)	16,518,701	-	16,518,701	
Cash and bank balances (note 12)	269,910,566	-	269,910,566	
	<u>306,437,621</u>	<u>8,793,779</u>	<u>315,231,400</u>	
<b>Financial liabilities</b>				
Bank borrowings (note 18)	239,299,310	-	239,299,310	
Other payables (note 19)	39,924,587	-	39,924,587	
Lease liability (note 20)	1,662,628	5,009,893	6,672,521	
	<u>280,886,525</u>	<u>5,009,893</u>	<u>285,896,418</u>	
	Less than 1 year AED	1-5 years AED	5+ years AED	Total AED
2025				
Insurance contract assets (note 10)	8,515,149	(472,166)	-	8,042,983
Reinsurance contract assets (note 10)	59,482,631	13,271,787	8,495	72,762,913
<b>Insurance contract liabilities (note 10)</b>	<b>285,632,027</b>	<b>64,336,703</b>	<b>11,109</b>	<b>349,979,839</b>
<b>Reinsurance contract liabilities (note 10)</b>	<b>129,838,928</b>	<b>(4,116,854)</b>	<b>(761)</b>	<b>125,721,313</b>
2024				
Insurance contract assets (note 10)	136,175,809	(10,983,777)	(156)	125,191,876
Reinsurance contract assets (note 10)	60,405,198	10,134,179	-	70,539,377
<b>Insurance contract liabilities (note 10)</b>	<b>266,587,281</b>	<b>45,187,292</b>	<b>12,450</b>	<b>311,787,073</b>
<b>Reinsurance contract liabilities (note 10)</b>	<b>192,086,840</b>	<b>(13,848,277)</b>	<b>(9,704)</b>	<b>178,228,859</b>

##### iii) Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

## Al Sagr National Insurance Company (PSC)

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

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#### 28 RISK MANAGEMENT (continued)

##### 28.5 Asset liability management (ALM) (continued)

###### Financial risk (continued)

###### iii) Market Risk (continued)

###### a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the UAE Dirham. The Company has exposures in USD and SAR, which are pegged with AED and the Company's exposure to currency risk is limited to that extent.

###### b) 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 borrowings and fixed 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.

###### c) Equity price risk

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

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Company's equity price risk policy requires is to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, sector and market. The fair values of financial assets are not different from their carrying values.

###### *Sensitivities*

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

	<u>10% increase in price</u> AED	<u>10% decrease in price</u> AED
<b>31 December 2025</b>		
Fair value through profit or loss	<u>1,250,127</u>	<u>(1,250,127)</u>
<b>31 December 2024</b>		
Fair value through profit or loss	<u>2,000,835</u>	<u>(2,000,835)</u>

## **Al Sagr National Insurance Company (PSC)**

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

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### **28 RISK MANAGEMENT (continued)**

#### **28.5 Asset liability management (ALM) (continued)**

##### **Financial risk (continued)**

##### **iv) Operational Risk**

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

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

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

### **29 SUBSEQUENT EVENTS**

Subsequent to the reporting date, geopolitical tensions in the Middle East have continued to evolve, including ongoing regional conflicts and heightened political uncertainty. These developments have increased volatility in global and regional financial markets and may, over time, affect economic conditions in the region. As at the date of approval of these financial statements, the Company continues to monitor developments in the region and will assess the potential impact, if any.

The accumulated losses of the Company exceed 50% of its share capital as at 31 December 2025. In order, to comply with the provision of Article 309 of UAE Federal Decree Law No. (32) of 2021 (as amended), the Board of Directors called a General Assembly Meeting on 25 March 2026, at which the shareholders resolved to approve the continuation of the Company's business activities.

### **30 COMPARATIVES**

Certain comparative figures have been reclassified in order to conform to current year's presentation and improve the quality of information presented. These reclassifications had no effect on previously reported total assets, total equity, total liabilities, and profit for the year.



**CORPORATE GOVERNANCE REPORT  
FOR THE YEAR 2025**

**Al Sagr National Insurance Company PJSC**

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## 1. Our Corporate Governance Framework

Al Sagr National Insurance Company PJSC (“Al Sagr” or “the Company”) is committed to maintaining the highest standards of corporate governance as a fundamental pillar for sustainable growth, financial stability, and long-term value creation for its shareholders and stakeholders. The Company recognises that a robust and effective corporate governance framework is essential to ensuring transparency, accountability, ethical conduct, and sound risk management across all levels of the organization.

The Corporate Governance Framework of the Company has been established in accordance with the applicable laws, regulations, and regulatory guidance issued by the Securities and Commodities Authority (“SCA”) now Capital Market Authority (“CMA”), UAE Central Bank Corporate Governance Regulations and Standards for Insurance Companies, Dubai Financial Market, as well as other relevant UAE laws and best-practice standards applicable to publicly listed insurance companies. The framework reflects the Company’s commitment to regulatory compliance while supporting prudent decision-making and operational resilience.

### Principles of Corporate Governance Framework at Al Sagr Insurance



#### Accountability

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Establishes accountability of the Company’s management to all shareholders and stakeholders. The Board of Directors is responsible for setting strategy, supervision, and oversight of management performance.

#### Fairness

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The Company commits to protecting shareholders’ rights and ensuring fair treatment of all shareholders, including minority shareholders, and providing appropriate compensation mechanisms for any damage resulting from violations of shareholder rights.

## Transparency and Disclosure

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The Company is committed to providing accurate disclosures and clear expectations regarding all material events affecting the company, including its financial and operational affairs, ensuring accessibility of information to all concerned parties.

## Responsibility

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The Company recognizes the rights of stakeholders in accordance with applicable laws and regulations and encourages cooperation between the company and stakeholders to achieve sustainability and financial soundness.

Al Sagr's governance framework clearly defines the roles, responsibilities, and authorities of the Board of Directors, its committees, executive management, and key control functions. It promotes effective oversight, independence in decision-making, and an appropriate balance between strategic guidance and management accountability. The framework also embeds strong internal controls, risk management, compliance, and internal audit mechanisms to safeguard the Company's assets and protect the interests of policyholders, shareholders, and other stakeholders.

Through continuous review and enhancement, Al Sagr ensures that its corporate governance practices remain aligned with regulatory expectations, market developments, and evolving best practices. The Board of Directors retains overall responsibility for the governance framework and is committed to fostering a culture of integrity, responsibility, and transparency throughout the Company.

This Corporate Governance Report will be filed with CMA, published on the Company's website and DFM and presented to the Shareholders at the upcoming Annual General Meeting.

## 2. Measures adopted to enhance corporate governance and method of implementing those during 2025

During 2025, Al Sagr undertook a series of initiatives to complete, strengthen, and enhance its corporate governance framework in line with regulatory requirements and best-practice standards. These measures focused on reinforcing Board oversight, clarifying roles and responsibilities, and embedding robust compliance and risk management practices across the organisation.

### Key measures adopted during the year included:

#### Formation of Board Committees to enhance oversight and strengthen governance

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A dedicated Risk Committee was established to enhance oversight of the Company's risk management framework and to ensure structured identification, assessment, and mitigation of key risks.

An Insider Committee was constituted to strengthen governance controls relating to insider matters and ensure appropriate monitoring and compliance mechanisms.

An AML Committee was formed to oversee the Company's anti-money laundering and counter-terrorist financing compliance framework and to ensure effective implementation of AML/CFT policies and controls.

#### **Implementation of AML/CFT Screening Systems**

In 2025, the Company rolled out a comprehensive AML/CFT screening framework across all business channels to ensure full compliance with the requirements of the Central Bank of the UAE (CBUAE) and alignment with applicable regulatory guidance. During the year, the Board approved the committee charters, and committee members underwent targeted training to strengthen their understanding of their respective roles and responsibilities.

#### **Strengthening Internal Control Framework**

During the year, the Company reviewed and updated its internal control documents, policies, and procedures to ensure alignment with applicable regulatory requirements and recent regulatory developments.

Through these measures, Al Sagr has reinforced a culture of accountability, transparency, and ethical conduct. The initiatives undertaken in 2025 have strengthened the Company's governance foundations, ensuring sustainable growth, regulatory compliance, and protection of shareholder and stakeholder interests.

### **3. Statement of Ownership and Transactions**

Statement of ownership and transactions of Board Members, their Spouses, and their Children in the Company's Securities during 2025:

The transactions of board members in securities are governed by CMA Board Decision No. 2 of 2001 regarding trading, clearing, settlement, ownership transfer, and custody of securities, which states that the Chairman, board members, the Company's general manager, or any employee with access to the Company's fundamental data may not, by themselves or through others, engage in transactions involving the Company's securities, its parent company, subsidiary, affiliate, or sister company during the following periods:

- Before 10 business days from the announcement of any material information that may affect the stock price upward or downward unless the information results from sudden and unexpected events.
- Before 15 days from the end of the quarterly, semi-annual, or annual financial period and until the financial statements are disclosed.
- The provisions of the law shall be considered when any of the above-mentioned people act, personally or through others, by dealing with the securities of the company itself or of the parent, subsidiary, or allied company, and any dealing that contradicts this shall be invalid. The Company shall abide by the provisions of the laws regulating the dealings of members of the board of directors of listed companies. And other people are familiar with inside information in accordance with the provisions of Article 4-2 of Market Law.

All members of the Board of Directors of Al Saqr, in accordance with the provisions of the law, regulations and decisions issued pursuant thereto regarding their dealings in securities, have acknowledged their commitment to the Authority's Board of Directors Resolution No. 2 of 2001 regarding the system for trading and dealing in the company's securities during the year 2025.

Members of the Board of Directors are committed to the requirements of disclosure and transparency in accordance with what is stipulated in the laws during their dealings in securities.

The Chairman and members of the Board of Directors, the CEO of the Company, and every employees are committed not to act, personally or through others, in any dealing in the company's securities except after disclosing - through the financial market, the purchase or sale process, its quantities and prices, and obtaining necessary approval.

The people referred to above are also obligated to disclose in advance to the market any dealings in the securities of the parent, subsidiary, or sister company if this company is listed on the market.

Below is a table of ownership and transactions for members of the Board of Directors, their spouses, and their children during the year ending on 31<sup>st</sup> December 2025:

Name	Position/ Relation	Shares Owned	Total Sale	Total Purchase
Khalid Abdullah Taryam	Vice Chairman of the Board	11,526,986	None	None

Other than mentioned above, no other Director(s) during the year owned or dealt with shares of the Company.

## 4. Board Composition

### A. Composition of the Board of Directors

Name	Category	Experience & qualifications	Duration of membership
Majid Abdalla Juma Alsari Chairman	Not Independent	University graduate who runs several commercial companies	22 years
Khalid Abdulla Omran Taryam Vice Chairman	Not Independent	Chairman of the Board of Directors, Editor-in-Chief and General Manager of Dar Al- Khaleej Press, Printing and Publishing, and owner of the International Private Group Company	31 years
Mohamed Ali Al Sari	Independent	A university graduate who runs several commercial companies	10 years
Jawaher Salem Almheiri	Independent	Bachelor's degree in aviation management and master's degree in Economic Policy and Environmental Management	03 years
Masoud Ahmad Alzarooni*	Independent	MS in Engineering Management, University of Wollongong; BS in Civil Engineering, University of Sharjah; UAE Government Leaders Executive Leadership Development Program, Duke University. Over 19 years of executive leadership experience across the government and private sectors, including CEO roles, with expertise in corporate strategy, governance, digital transformation, operations, project management, and business development.	06 months
Ahmad Matar Almheiri*	Independent	Bachelor of Business Management, Dubai University; BTECH in Telecommunication Engineering, Etisalat College of Engineering. Over 20 years of leadership experience in business development and commercial operations across TECOM Group, twofour54, KIZAD, and JAFZA. Currently Senior Vice President – Business Services, with expertise in digital transformation, commercial strategy, and operational performance, including attracting global anchor companies and driving service digitalization and revenue growth.	06 months
Hassanain Abdulmir Ali*	Independent	Senior Executive Leadership Program, Harvard Business School; Leadership Development Program, University of Virginia – Darden; bachelor's in applied science (Business Administration); Higher National Diploma in Financial Services & Banking (Distinction). Over 25 years of banking experience across corporate, retail, treasury, and consumer banking, with senior roles at Standard Chartered, ANZ Grindlays, First Abu Dhabi Bank, Emirates NBD, and Commercial Bank International. Extensive expertise in relationship management, business growth, and strategic leadership within the UAE and regional markets.	06 months

\*appointed on 18/06/2025 at the Annual General Assembly Meeting.

All members of the Board of Directors serve in a non-executive capacity.

The current Board term is scheduled to conclude in 2026. In accordance with applicable laws and the Company's Articles of Association, the election and appointment of Board members for the subsequent term will be considered and approved at the Annual General Assembly to be held in April 2026.

#### **B. Statement of the membership and positions of board members in other companies and institutions**

<b>Name</b>	<b>Statement</b>
Majid Abdalla Juma Alsari	<ul style="list-style-type: none"> <li>i. Member of the Board of Directors of the Investment Group (Private) Limited</li> <li>ii. Vice Chairman of the Board of Directors of the Gulf Company for General Investments</li> <li>iii. Member of the Board of Directors of Al Burj Real Estate Company</li> <li>iv. Chairman of the Board of Directors of Al-Soor Investments Company</li> </ul>
Khalid Abdulla Omran Taryam	<ul style="list-style-type: none"> <li>i. Chairman of the Board of Directors, Editor-in-Chief and General Manager of Dar Al-Khaleej Press, Printing and Publishing</li> <li>ii. Chairman of the Board of Directors of the International Private Group.</li> <li>iii. General Manager of Gulf Economic Company Limited</li> </ul>
Mohamed Ali Al Sari	Member of the Board of Directors of the Gulf General Investment Company
Jawaher Salem Almheiri	Not Applicable
Masoud Ahmad Alzarooni	Not Applicable
Ahmad Matar Almheiri	Not Applicable
Hassanain Abdulamir Ali	Not Applicable

#### **C. Presence of a Female Representation on the Board of Directors**

The Board of Directors include one female member, Ms. Jawaher Salem ALMheiri, who was elected during the 2023 elections and continues to hold her position.

#### **D. Remuneration for members of the Board of Directors**

- Board members are granted remuneration in the form of fixed amounts only, including a fixed annual payment and reimbursement of costs directly associated with fulfilling their responsibilities, excluding any incentive payments based on the company's performance.
- The remuneration consists of a portion paid for service on the board and another portion paid for service on committees, with a greater weight applied to members who chair committees.

- The annual remuneration shall not exceed 10% of the net profit for the financial year, after deducting depreciation and reserves.
- A board member who makes special efforts or undertakes additional tasks in serving the company beyond their regular duties as a board member is entitled to higher remuneration.
- Fines imposed on the company due to violations committed by the Board of Directors against the law or the company's Articles of Association during the concluded financial year shall be deducted from the board members' remuneration. However, the General Assembly may decide not to deduct such fines if it determines that they were not due to the Board of Directors' negligence or fault.
- Payments may also include other non-monetary benefits, such as insurance and healthcare. The agreement with each board member must clearly define all compensation details.
- Negative financial performance or net losses reported by the company in the financial year will generally lead to a reduction in total board compensation, senior management bonuses, and employee bonuses.
- A lump sum payment of AED 200,000 per member may be granted if the company does not achieve a profit, or if a member's entitlement is less than AED 200,000 in the case of company profitability.
- Board of Directors' Remuneration for the Year 2025:

Based on the results of the general assembly meeting for 2024 the Board of Directors have not received any remuneration during the year 2024.

It is proposed that the remuneration for the Board of Directors for 2025 to be paid in 2026, is a total of **AED 538,903/-** plus any applicable VAT. This will be presented to shareholders for approval at the ensuing annual general assembly meeting.

### Statement of allowances paid to Board Committees for 2025

#### 1. Audit Committee

Name	Position in the Committee	Fees (AED)	Number of Meetings	Total (AED)
Khalid Abdulla Omran Taryam	Chairman	10,000/-	04	40,000/-
Mohamed Ali Al Sari	Vice-Chair	10,000/-	04	40,000/-
Ahmad Matar Almheiri	Member	10,000/-	04	40,000/-

## 2. Nomination & Remuneration Committee

Name	Position in the Committee	Fees (AED)	Number of Meeting	Total (AED)
Masoud Ahmad Alzarooni	Chair	10,000/-	01	10,000/-
Mohamed Ali Al Sari	Vice-Chair	10,000/-	01	10,000/-
Hassanain Abdulmir Ali	Member	10,000/-	01	10,000/-

## 3. Risk Committee

Name	Position in the Committee	Fees (AED)	Number of Meetings	Total (AED)
Hassanain Abdulmir Ali	Chair	10,000/-	02	20,000/-
Masoud Ahmad Alzarooni	Vice-Chair	10,000/-	02	20,000/-
Jawaher Salem Almheiri	Member	10,000/-	02	20,000/-

## 4. Investment Committee

Name	Position in the Committee	Fees (AED)	Number of Meetings	Total (AED)
Majid Abdalla Juma Alsari	Chair	10,000/-	01	10,000/-
Khalid Abdulla Omran Taryam	Vice-Chair	10,000/-	01	10,000/-
Ahmad Matar Almheiri	Member	10,000/-	01	10,000/-

## E. Details of additional allowances received by Board Members for the Financial Year 2025:

Details of allowances, salaries, or additional fees received by a Board Member, apart from committee attendance allowances, and their reasons: Management, restructuring, cost control, and business development allowance of AED 300,000/- for the Chairman of the Board of Directors.

**F. The company's Board of Directors held six (6) meetings during the year 2025 as shown below:**

Name	Feb 27, 2025	Mar 13, 2025	Jun 03, 2025	Sep 11, 2025	Nov 13, 2025	Dec 22, 2025
Mr. Majid Abdalla Al Sari	✓	✓	✓	✓	✓	✓
Mr. Khalid Abdulla Taryam, Vice Chairman	✓	✓	✓	✓	✓	✓
Ms. Jawaher Salem Almheiri	✓	✓	✓	✓	✓	✓
Mr. Mohamed Ali Al Sari	✓	✓	✓	✓	✓	✓
Mr. Ahmad Matar Almheiri	NA	NA	✓	✓	✓	✓
Mr. Masoud Ahmad Alzarooni	NA	NA	✓	✓	✓	✓
Mr. Hassanain Abdulamir Ali	NA	NA	✓	✓	✓	✓

NA: Not Applicable

**MEETING HELD BY CIRCULATION DURING THE YEAR**

Sr. No	Date of passing resolutions adopted by circulation	Resolutions adopted by circulation
1	25 <sup>th</sup> March 2025	<ul style="list-style-type: none"> <li>a. Reviewed and approved the audited Financial Statements for the year ended 31 December 2024 subject to obtaining CBUAE approval prior to their disclosure</li> <li>b. Reviewed the External Auditor's report for the fiscal year 2024</li> <li>c. Reviewed and approved the Sustainability Report for the Year 2024</li> <li>d. Approval of submitting a recommendation to the General Assembly of Shareholders to adopt the remuneration and fees of the Board of Directors for the year 2024</li> <li>e. Reviewed and approved the agenda of the Annual General Assembly meeting for the year 2024, subject to approval by the CBUAE and the Securities and Commodities Authority Reviewed and approved the draft of the Company's Corporate Governance and ESG Reports for the year 2024.</li> <li>f. Approved of the proposal to recommend not distributing dividends to shareholders due to accumulated losses.</li> <li>g. Reviewed and approved the integrated Report for the Year 2024 subject to obtain CBUAE approval prior to their disclosure</li> <li>h. Reviewed and approved the Management report on the action plan of the Actuarial study for the underwriting performance report for the period ended on 31/12/2024</li> </ul>

2	25 <sup>th</sup> April 2025	<p>a. Reviewed and approved the agenda for the 2024 Annual General Assembly meeting, subject to approval by the CBUAE and the Securities and Commodities Authority</p> <p>b. The date for the company's 2024 Annual General Assembly Meeting has been scheduled for Wednesday, May 21, 2025, or May 27, 2025, in case a quorum is not met, subject to obtaining the necessary approvals from the Central Bank and the Securities and Commodities Authority.</p>
3	14 <sup>th</sup> July 2025	<p>a. Reviewed and approved the financials for Q1 2025.</p> <p>b. Approved the restructuring of the committees established by the Board of Directors.</p> <p>c. Other general topics were discussed and approved as appropriate.</p>
4	22 <sup>nd</sup> August, 2025	<p>a. Reviewed and approved the financials for Q2 2025.</p> <p>b. Other general topics were discussed and approved as appropriate.</p>

**G. The tasks and powers delegated by the Board of Directors to Executive Management: The Executive Management is authorized by the Board of Directors for:**

<b>Name of authorized person</b>	<b>Abdel Muhsin Jaber</b>
Duration of authorization	Not specified
Authorization validity	<ul style="list-style-type: none"> <li>• Managing The Company.</li> <li>• Deposits and withdrawals from the company's current accounts at banks, concluding and signing contracts and agreements, and recording the relevant financial transactions.</li> <li>• Follow up and issue periodic financial reports to be presented to the company's board of directors.</li> <li>• Representing the company before the competent authorities and official departments.</li> <li>• Signing on behalf of the company in all its transactions, records, and documents at ministries, courts, municipalities, civil society bodies, chambers of commerce and industry, and the residence, traffic, police, labor, and immigration departments at airports.</li> <li>• Appointing and dismissing employees according to the policy of the Board of Directors and its committees.</li> <li>• Selling and marketing the company's production.</li> <li>• Renting branch offices and providing all supplies</li> <li>• Paying salaries and compensation to employees and employees of the company</li> <li>• Approval to pay compensation for the amounts due as a result of the investigation of insurance risks.</li> </ul>

#### I. Premiums and claims - received and paid to related parties in year 2025

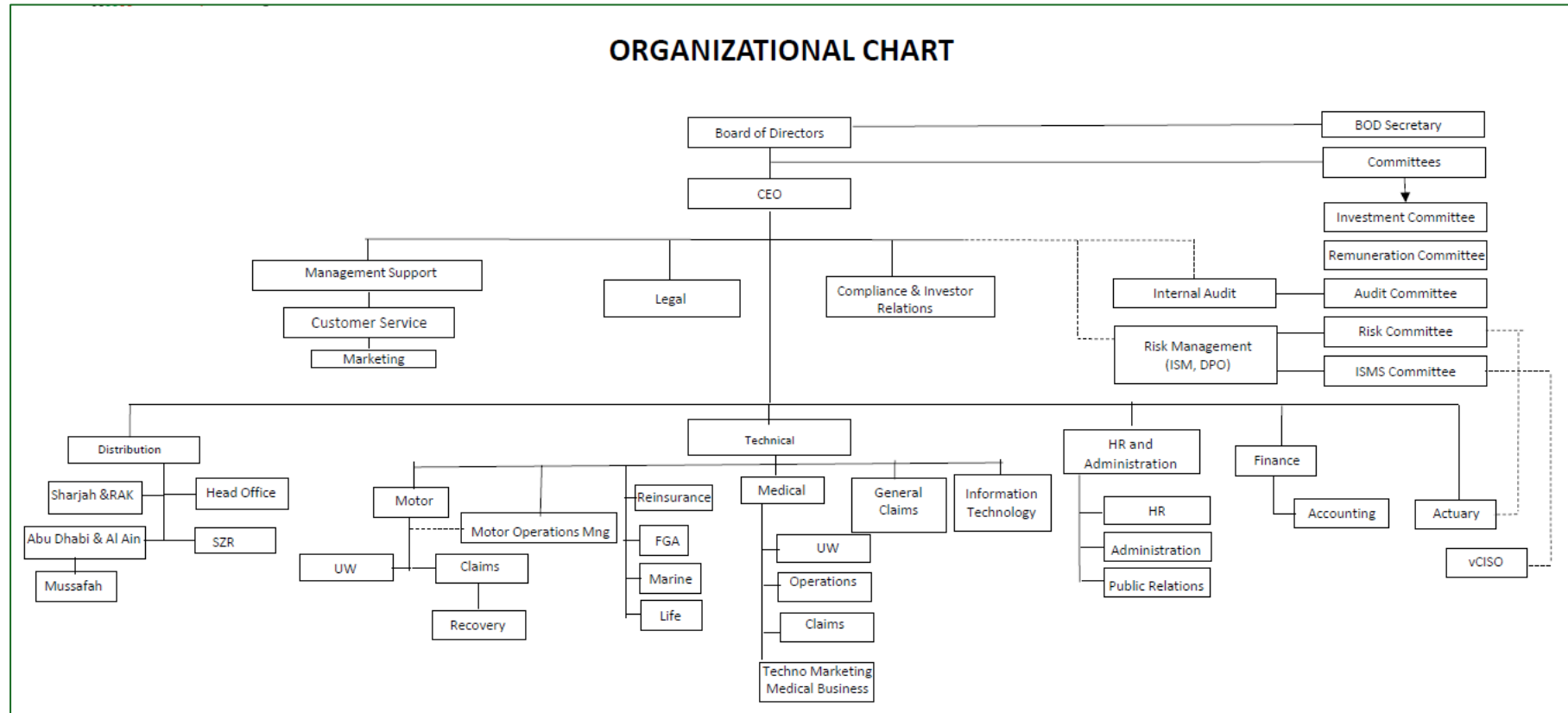
(In AED)

S. No.	Name of Related Party	Nature of Relationship	Total Premium	Total Claim
1	Mr. Majid Abdalla Al Sari	Board Member	1,440,153.87	3,752,190.06
2	Mr. Khaled Abdulla Taryam	Board Member	1,487,093.81	503,787.39

## 5. Board Performance Evaluation

- During the year 2025, Board Evaluation was done internally in accordance with the Company's governance framework.
- In line with regulatory requirements mandating the appointment of an independent professional entity to conduct an external evaluation at least once every three years, no external evaluation was undertaken during the year, as the requirement was not due in 2025.

## 6. Organisational Structure for the year 2025



**Names of senior executive employees:**

(Amount in AED)

S. No.	Name	Designation	Date of Appointment	Total salaries and allowances paid for the year 2025	Total bonuses paid for the year 2025	Other rewards
1	Abdel Muhsen Jaber	CEO	14/05/2012	1,560,000.00	Not applicable	Not Applicable
2	Samer Ghattas George Yared	Executive Vice President - Distribution Channels	23/02/2020	702,000.00	Not applicable	Not Applicable
3	Ahmed Khalil Bseiso	Executive Vice President - Technical Affairs	07/11/1995	546,400.00	Not applicable	Not Applicable
4	Mahmoud Rahhal	Vice President - Human Resources & Administration	20/10/2020	554,200.00	Not applicable	Not Applicable
5	Nader Hanna	Senior Vice President Finance	14/10/2024	504,000.00	Not Applicable	Not applicable

## 7. External Auditor

### Overview About External Auditor: Grant Thornton

Grant Thornton is considered one of the largest consulting, auditing and professional services companies in the world and is recognized by financial markets, regulatory bodies and international standard-setting bodies and is among the top five companies in the field of auditing. Operations in the UAE are supported by more than 200 specialized people, and the local team is supported by the expertise of regional professionals distributed around the world.

Table of fees and details of working with the external auditor:

Name of the audit firm and partner auditor	Grant Thornton - Anand Prabhu
A number of years he spent as the company's external auditor.	7 years
The number of years the partner auditor spent auditing the company's accounts	4 Years
Total audit fees for the financial statements for the year 2025 (AED)	Their fees were set at 525,000 UAE dirhams.
Fees and costs for special services other than auditing the financial statements for the year 2025 (AED)	Nothing
Details and the nature of other services provided.	Nothing
A statement of other services that an external auditor other than the company's auditor provided during the year 2025	Nothing

The Company has acknowledged the feedback received during the audit of the annual financial statement during the year 2025 and those will be implemented accordingly.

## 8. Audit Committee:

- The Chairman of the Audit Committee, Mr. Mohamed Ali Al-Sari acknowledges his responsibility for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.
- The Audit Committee consists of the following Members:  
Mr. Mohamed Ali Al Sari, Chairman  
Mr. Khalid Abdulla Taryam, Member

Mr. Ahmad Matar Almheiri, Member

- The committee carries out all the powers and tasks stipulated in Article 61 of the Authority's Chairman of the Board of Directors' Decision No. 3/2020 regarding governance controls, which are as follows:
  1. Reviewing the company's financial and accounting policies and procedures.
  2. Monitoring the integrity of the company's financial statements and reports (annual, semi annual, and quarterly) and focusing on the following:
    3. Any change in accounting policies.
    4. Highlighting the aspects subject to the Board of Directors' discretion.
    5. Fundamental amendments resulting from the audit.
    6. Ensure that the company updates its records on an annual basis.
    7. Assuming the continuity of the company's business.
    8. Compliance with accounting standards determined by the Authority.
    9. Adherence to disclosure and listing rules.
  10. Coordinating with the company's board of directors, executive management, and the financial director to perform tasks.
  11. Consider any material and unusual items that should be included in those reports and accounts.
  12. Submit a recommendation to the Board of Directors regarding the selection, resignation, or dismissal of the external auditor. In the event that the Board of Directors does not agree to the recommendations of the Audit Committee in this regard, the Board of Directors must include in the governance report a statement explaining the recommendations of the Audit Committee and the reasons that prompted the Board of Directors not to take them into account.
  13. Develop a policy for contracting with the external auditor and submit a report to the Board of Directors specifying the issues on which a decision must be taken, along with appropriate recommendations.
  14. Ensure that the external auditor fulfils the conditions stipulated in the applicable laws, regulations, decisions, and the company's bylaws, and follow up and monitor his independence.
  15. Meeting with the company's external auditor without the presence of any person from the senior executive management or its representative at least once a year and discussing the nature and scope of the audit operations and the extent of their effectiveness in accordance with the approved auditing standards.
  16. Discuss everything related to the work of the external auditor, his work plan, his correspondence with the company, his observations, proposals, reservations, and any fundamental inquiries raised by the external auditor to the senior executive management regarding accounting records, financial accounts, or control systems, and follow up on the extent of the company's management's response to them. Providing the necessary facilities to carry out his work.
  17. Ensure that the Board of Directors responds in the required time to the clarifications and fundamental issues raised in the external auditor's letter.
  18. Review and evaluate the company's internal control and risk management systems.
  19. Discussing the internal control system with the Board of Directors and ensuring that it performs its duty in establishing an effective internal control system.
  20. Considering the results of the main investigations into internal control issues.

21. Review the auditor's evaluation of internal control procedures and ensure that there is coordination between the internal and external auditors.
22. Ensure the availability of the necessary resources for internal control management and monitor the effectiveness of this management.
23. Study and evaluate internal control reports and follow up on the implementation of corrective measures for the observations contained therein.
24. Establishing controls that enable company employees to report any potential violations in financial reports, internal control, etc. confidentially, and steps to conduct independent investigations into those violations.
25. Monitoring the company's compliance with the rules of professional conduct.
26. Reviewing the transactions of related parties with the company and ensuring that there are no conflicts of interest and recommending them to the Board of Directors before concluding them.
27. Ensuring the implementation of the work rules related to its tasks and the powers assigned to it by the Board of Directors.
28. Submit a report to the Board of Directors on the issues mentioned in this clause.
29. Consider any other topics determined by the Board of Directors.
30. Approving the additional work carried out by the external auditor and their fees

#### Details of the Audit Committee meetings held during the year 2025:

Name	Sep 09, 2025	Oct 28, 2025	Nov 13, 2025	Dec 22, 2025
Mr. Mohamed Ali Al Sari	✓	✓	✓	✓
Mr. Khalid Abdulla Taryam	✓	✓	✓	✓
Mr. Ahmad Matar Almheiri	✓	✓	✓	✓

- **Audit Committee's Annual Report:**

1. **Significant matters relating to the financial statements and how they were addressed**

Management will take corrective action and implement the recommendations, where practical, proposed by the auditors. No qualified opinions were made by the external auditor during 2025.

2. **The assessment methodology applied in evaluating the effectiveness of the external audit process and the independence of the external auditor, the approach to the appointment or reappointment of the auditor, and the tenure of the current audit firm.**

The financial year 2025 represents the final year of the current external auditor's term. The Company has initiated the process of appointing a new external auditor for 2026. In line with best corporate governance practices and the applicable regulations of the Central Bank, CMA, the selection process is being conducted through a structured and independent evaluation to ensure the appointment of a well-reputed and suitably qualified audit firm.

**3. Recommendations on the appointment, reappointment, or dismissal of the external auditor, and reasons for any Board rejection of such recommendations.**

The proposed appointment of the new external auditor subject to the Central Bank's approval, will be submitted to the shareholders for approval at the Annual General Assembly to be held in April 2026.

**4. Measures taken to safeguard auditor independence when providing non-audit services.**

As part of Al Sagr National Insurance Company's commitment to ensuring the independence and neutrality of the external auditor, strict control procedures have been established when providing any services other than auditing, in accordance with international standards and best governance practices. During the year 2025, the external auditor did not provide any non-audit services to the Company. The external auditor is not permitted to provide any non-audit services without prior approval from the Audit Committee, which reviews the nature of the proposed service and assesses its potential impact on the auditor's independence.

**5. Internal Control Management**

**Evidence that all internal audit reports identifying medium- and high-risk matters were reviewed to determine whether such matters arose from significant violations or material weaknesses in internal controls**

The Audit Committee, in accordance with its continuous oversight responsibilities, reviewed and approved the annual Internal Audit Plan for the year. The plan was prepared using a risk-based methodology and aligned with the Company's strategic objectives and overall risk profile. The Internal Audit function provided periodic reports to the Audit Committee on the progress of audit engagements performed against the approved plan, including significant findings and recommendations arising from completed assignments. All key matters, findings, and recommendations were actively discussed in the Audit Committee to ensure proper deliberation and decision-making.

**Actions taken or planned to address deficiencies arising from failures in internal control or risk management and Corrective action plans addressing material internal control and risk-management deficiencies**

During the year, all internal audit reports containing high- and medium-risk observations were presented to and discussed by the Audit Committee to obtain an understanding of the status and effectiveness of the Company's internal control environment and risk management framework, and to identify areas requiring further enhancement. Where deficiencies in internal controls or risk management processes were identified, corrective action plans were developed and implemented for certain observations. For other matters, implementation timelines were established and remediation actions remain in progress under the supervision of management. These corrective measures and their progress were also discussed in the Audit Committee to ensure accountability and oversight.

The Company has taken and continues to take appropriate measures to address internal control and risk management deficiencies. The status of implementation of corrective actions is regularly monitored, and periodic follow-up reviews and progress reports are presented and discussed by the Internal Audit function in the Audit Committee to ensure that agreed actions are completed in a timely manner and that continuous improvement in governance, risk management, and internal control processes is achieved.

**6. Evidence of the review of all related-party transactions, including the observations or findings arising from such review, and the extent of compliance with applicable laws**

All related-party transactions (“RPTs”) entered into during the financial year were reviewed in accordance with the Company’s Related Party Transactions Policy and applicable regulatory requirements. The review was undertaken by the Board and Audit Committee to ensure that such transactions were conducted on an arm’s length basis, in the ordinary course of business, and in compliance with applicable laws and regulatory standards.

Based on the review performed, no material irregularities or non-compliance instances were identified. Where applicable, the necessary approvals were obtained, and appropriate disclosures were made in line with the relevant legal and governance requirements.

## 9. Nominations and Remuneration Committee:

- The Chairman of the Nominations and Remuneration Committee, Mr. Masoud Ahmad Alzarooni, acknowledges his responsibility for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.
- The Nominations and Remuneration Committee was formed from the following members:  
Masoud Ahmad Alzarooni- Chairman  
Mohamed Ali Al Sari - Member  
Hassanain Abdulmir Ali – Member
- The Committee carries out the tasks stipulated in Article No. 59 of the Authority's Board of Directors Chairman's Decision No. 3/2020:
  1. Develop a policy for nominations for membership in the Board of Directors and Executive Management
  2. Organizing and following up on nomination procedures.
  3. Ensure the independence of independent members.
  4. Ensure that the membership conditions for Council members are still met

5. Presenting the case of loss of independence to the Council.
6. Preparing a policy of rewards, benefits and incentives.
7. Annual review of the required skills requirements for membership in the Board of Directors.
8. Review of the structure of the Board of Directors.
9. Determine the company's needs for competencies. Preparing a human resources policy.
10. Any other topics determined by the Board of Directors.

#### Details of the Nominations and Remuneration Committee meetings held during the year 2025:

Name	March 10, 2025
Mr. Masoud Ahmad Alzarooni	✓
Mr. Mohamed Ali Al Sari	✓
Mr. Hassanain Abdulmir Ali	✓

### 10. Investments Committee:

- The Chairman of the Investments Committee, Mr. Majid Abdalla Al Sari, acknowledges his responsibility for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.
- An Investments Committee was formed from the following members:
  - Mr. Majid Abdalla Al Sari - Chairman
  - Mr. Khalid Abdulla Omran Taryam - Member
  - Mr. Abdel Muhsen Jaber – Committee - Member
- The Committee sets investment rules and policies, monitors investments, and submits periodic reports to the Board of Directors.

#### Details of the Investments Committee meetings held during the year 2025:

Name	September 1, 2025
Mr. Majid Abdalla Al Sari	✓
Mr. Khalid Abdulla Taryam	✓
Mr. Ahmad Matar Almheiri	✓

## 11. Risk Committee:

- The Chairman of the Risk Committee, Mr. Hassanain Abdulmir Ali, acknowledges his responsibility for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.
- An Investments Committee was formed from the following members:  
Mr. Hassanain Abdulmir Ali- Chairman  
Mr. Masoud Ahmad Alzarooni - Member  
Ms. Jawaher Salem Almheiri - Member
- The Committee oversees the Company's risk management framework, ensuring that principal risks are identified, assessed, monitored, and mitigated in alignment with the Company's strategy and risk appetite.

### Details of the Nominations and Remuneration Committee meetings held during the year 2025:

Name	Sep 01, 2025	Oct 27, 2025
Mr. Hassanain Abdulmir Ali	✓	✓
Mr. Masoud Ahmad Alzarooni	✓	✓
Mr. Jawaher Salem Almheiri	✓	✓

## 12. Insider Committee:

- The Insider committee consists of members from internal audit department, compliance department and legal department. They met once the year.
- The Chairman of the Insider Committee acknowledges his responsibility for the committee's system in the company and for reviewing its work mechanism and ensuring its effectiveness.

The Committee carries out tasks as below:

1. Prepare a special and comprehensive register for all insiders, including persons who could be considered as insiders on a temporary basis and who are entitled to or have access to inside information of the Company prior to publication.
2. The record shall also include prior and subsequent disclosures of the insiders.

3. Manage, monitor and supervise insider trading.
4. Update the Insiders Register.
5. Submit the register and periodic reports of the insiders to DFM, SCA upon requests.
6. Respond to the insiders inquires and inform them with the prohibited trading periods.
7. Update the Insider Policy according to authority requirements and inform the Board of these changes.
8. Inform the CEO and CFO on any breaches.

### 13. Internal control system:

- The Board of Directors acknowledged its responsibility for the Company's internal control system and acknowledged its direct responsibility for its review and effectiveness.
- Name and qualifications of the Department Director: Adeel Imtiaz - An Internal Auditor with over 20 years of experience, holding CIA (USA), CISA (USA), and Professional Accounting Affiliate (ICAP) certifications. Additionally, he holds bachelor's and master's degrees in commerce. He joined the company on February 19, 2024.
- The name and qualifications of the compliance officer: Rawad Shaker - a degree in economics and accounting, secretary of the board of directors accredited by the Governance Institute, and an anti-money laundering officer accredited by the International Compliance Institute. He served as compliance officer from 1<sup>st</sup> November 2010 up to May 20, 2024. Hazem Barkat was thereafter appointed as compliance officer and served until 30<sup>th</sup> May 2025.
- The Company is identifying the correct person subject to approval Central Bank.
- If it is discovered that there are any major risks in the company, the Internal Audit Department will conduct research and audit processes to find out the following:
  - The causes of the problem and those responsible for its occurrence.
  - The implications of the problem and of all administrative, financial and operational aspects.
  - How to address the problem.
  - Then put in place procedures to prevent or limit the possibility of this problem occurring in the future.
  - The company's internal Audit department also prepares a detailed report that includes all the points mentioned above and submits it immediately to the company's executive management and then includes it in the report submitted quarterly to the audit committee.

- The company is still facing a problem related to financial solvency: As previously mentioned in the report, the company obtained the approval of the Central Bank for the recovery plan, and it is currently being implemented.
- The Internal Audit Department has issued four reports that were submitted to the Board of Directors.

## 14. Fines

The following are the violations settled during 2025:

S.No.	Reason	Amount AED
1	Department of Health Violation	150,000.00
2	Department of Health Late Fee Submission	3,753.00
3	Department of Health Late Fee Submission	15,100.00
4	Department of Health Late Fee Submission	15,003.00
5	UAE Central Bank LATE Fees Submission	22,429.0

## 15. Contribution to preserving the environment and developing society:

### A. Environmental Sustainability Initiatives

The Company has adopted practical measures to reduce its environmental footprint and promote resource efficiency across its head office and branches:

- Paperless Initiative
- Encouraging employees to rely on digital documentation, scanning, and electronic workflows.
- Minimizing printing and reducing the use of physical files wherever operationally feasible.
- Promoting secure digital storage and document management systems.
- Environmentally Responsible File Disposal
- Conducting periodic review and maintenance of legacy physical records.
- Engaging specialized, environmentally compliant service providers for secure document destruction and recycling.
- Ensuring proper waste segregation and environmentally sound disposal practices.

- Energy Efficiency Measures
- Installation and use of LED lighting across offices and branches to reduce electricity consumption.
- Promoting energy-conscious practices among employees to support carbon footprint reduction.

## **B. Social Responsibility and Community Engagement**

The Company actively contributes to community wellbeing and employee health through organized social initiatives:

- Blood Donation Campaign
- Conducted at ASNIC Head Office in coordination with relevant health authorities to support national healthcare needs and encourage employee participation in life-saving initiatives.
- Employee Health & Wellness Programs
- Periodic staff health check-ups.
- Annual flu vaccination campaigns to promote workplace wellbeing and preventive healthcare awareness.

## **C. Employee Development and Capacity Building**

The Company remains committed to continuous professional development and regulatory compliance through structured training programs, including:

- Cybersecurity Awareness Training
- AML & TFS (Anti-Money Laundering & Targeted Financial Sanctions) Training
- EIF Training (Ethics & Integrity Framework)
- Leadership Development Program for Managers
- Data Privacy Training
- Task Management Tool Training
- Technical Training Programs related to core insurance functions, including Underwriting and Claims.

These programs strengthen governance, enhance operational excellence, and reinforce a culture of compliance and ethical conduct across the organization.

For further details on the Company's environmental, social, and governance initiatives, please refer to the ESG Report 2025 of the Company.

## 16. The Company's share price in the market during the year 2025

1. The highest, lowest and closing prices: There was no trading during the year. Each month closed at 0.66.
2. Comparative performance with the market index and the sector index:

### Monthly Performance of ASNIC Shares for Year 2025:

Month Name	ASNIC	DFMGI
Jan-25	0.657	4169.08
Feb-25	0.657	4308.77
Mar-25	0.657	4246.27
Apr-25	0.657	4155.77
May-25	0.657	3977.93
Jun-25	0.657	4030.0
Jul-25	0.657	4268.05
Aug-25	0.657	4325.45
Sep-25	0.657	4503.48
Oct-25	0.657	4591.05
Nov-25	0.657	4847.34
Dec-25	0.657	5158.67

### 3. Statement of the distribution of shareholder ownership as of 31/12/2025 (Individuals - Companies - Governments) classified (local - Gulf - Arab - foreign)

S.No	Contributor Rating	Percentage of Shares Owned			
		Members	Companies	Government	Total
1	Local	36%	64%	0%	100%
2	Gulf	-	-	-	-
3	Arab	-	-	-	-
4	Foreign	-	-	-	-
<b>Total</b>		<b>36%</b>	<b>64%</b>	<b>0%</b>	<b>100%</b>

**4. Statement of shareholders who own 5% or more of the company's capital as of 31/12/2025 (highest to lowest)**

S. No.	Name	No. of Shares	Ratio
1	Khalid Abdulla Omran Taryam	11,526,986	5.01%
2	Gulf General Investment Company	108,281,254	47.08%
3	Amjad Muhammad Yusri Mahmoud Dweik	11,500,000	5%
4	Ayman Muhammad Yusri Mahmoud Dweik	11,500,000	5%
5	Near East Investment Company	20,125,000	8.75%

**5. Statement of how shareholders are distributed according to the size of ownership as of 31/12/2025:**

S. No	Share Ownership(Shares)	Number of Shareholders	Number of Shares Owned	Percentage of Shares Owned by Capital
1	Less than 50,000	9	30,302	0.01%
2	50,000 <500,000	1	315,944	%0.14
3	500,000 <5,000,000	7	24,342,028	10.58%
4	>5,000,000	11	205,311,726	89.27%

**6. Investor Relations:**

<b>Investor Relations Officer Name and Contact details</b>	Mr. Hanly Varghese Email : <a href="mailto:hanlyvarghese@alsagrins.ae">hanlyvarghese@alsagrins.ae</a> Phone: 04 702 8500 - Fax : 04 396 8442 - Mobile : 050 8872577 Website: <a href="http://www.alsagrins.ae">http://www.alsagrins.ae</a>
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- A dedicated Investor Relations section is created on the company's website, including all relevant investor information such as financial data, Board of Directors meeting minutes, General Assembly meetings, governance reports, and other related information.

- A link to the Investor Rights Guide in Securities issued by the Securities and Commodities Authority, has been added to the Investor Relations section.

#### **7. Special decisions that were presented at the General Assembly held on 18 June, 2025**

Reduction of the Company's capital from AED 230 million to AED 150 million for the purpose of offsetting part of the company's accumulated losses, by cancelling a number of shares equivalent to the portion of the capital to be reduced.

The above special decision presented for approval of shareholders at the General Assembly Meeting held on 18<sup>th</sup> June, 2025 was not approved.

8. Name of the Board Secretary: Ms. Khawater AL Ghafri appointed with effect from June 2025.

#### **Responsibility:**

1. Supervising the preparation of work agendas and reports for the meetings of the Board of Directors and the committees emanating from them.
2. Supervising the preparation of minutes of meetings of the Board of Directors and its committees.
3. Arranging the procedures for holding the General Assembly and preparing its agenda, report, and minutes of its meetings.
4. Preparing the annual governance report and informing the Board of Directors of its contents
5. Responsible for implementing the company's governance system.

#### **9. Main events in 2025:**

No major events held during the year 2025.

#### **10. Percentage of Emiratization:**

The Emiratization rate reached 30% at the end of 2025  
The Emiratization rate reached 18% at the end of 2024  
The Emiratization rate reached 13 at the end of 2023.  
The Emiratization rate reached 9.78 at the end of 2022.

#### **11. Innovative projects and initiatives during 2025**

During 2025, the Company implemented a key compliance enhancement initiative with the successful go-live of its AML screening tool. The deployment of this system marked a significant step in strengthening the Company's anti-money laundering and counter-terrorism financing controls, enhancing monitoring capabilities, and reinforcing compliance standards across all business operations.

#### **Board Members' Signature on the 2025 Governance Report**

**Mohamed Ali Al Sari**  
**Member of Board of Director and Chairperson Audit Committee**

**Masoud Ahmad Alzarooni**  
**Member of Board of Director and Chairperson Nomination and Remuneration Committee**

**Adeel Imtiaz**  
**Head Internal Audit Department**

**Majid Abdalla Juma Alsari**  
**Chairman**

**Khalid Abdulla Omran Taryam**  
**Deputy Chairman**

**Company Seal**



# ESG Report

2025



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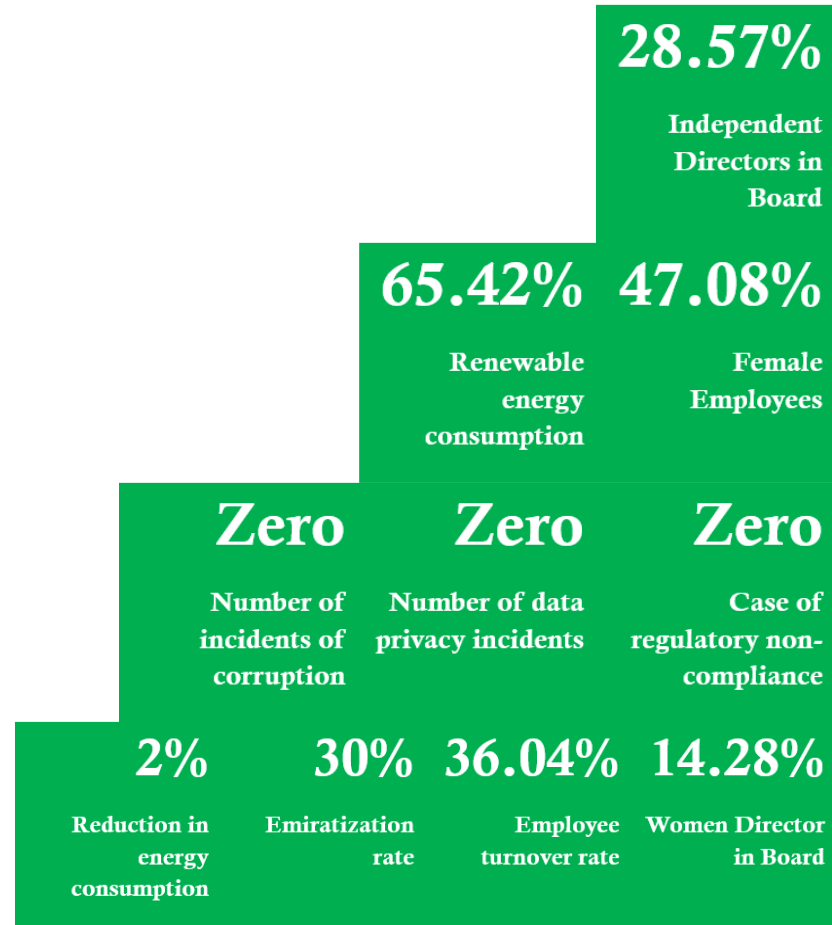


Social



DFM Index

# HIGHLIGHTS OF 2025



# ABOUT THE REPORT

This Environmental, Social, and Governance (ESG) Report presents an overview of **Al Sagr National Insurance Co. (PSC)** (“Al Sagr”)’s approach, commitments, performance, and progress related to sustainability and responsible business practices for the reporting period 2025. The purpose of this report is to provide transparent and meaningful disclosure to stakeholders on how ESG considerations are integrated into the organization’s strategy, operations, risk management, and decision-making processes.

## Reporting Scope and Boundary

This report covers ESG-related activities, policies, and performance across all operational branches located in Dubai, Abu Dhabi City, Abu Dhabi Musaffah, Al Ain, Ras Al Khaimah, Sharjah, and Ajman for the reporting period **1 January 2025 to 31 December 2025**, unless stated otherwise. The scope of this report is determined based on operational control. The Company has two associate entities

1. Sogour Al Khaleej General Trading LLC, and
2. Al Sagr Cooperative Insurance Company.

These entities operate independently and are therefore excluded from the scope of this report. Where relevant, data from subsidiaries and affiliates has been included based on materiality and data availability.

## Reporting Frameworks and Standards

This ESG Report has been prepared with reference to the following internationally recognized frameworks and guidelines, where applicable:

- Dubai Financial Market’s ESG Disclosures 2025

- United Nations Sustainable Development Goals (UN SDGs)

The selected frameworks support consistency, comparability, and credibility of ESG disclosures.

## Data Sources and Methodology

The information presented in this report is derived from internal data systems, policies, procedures, and operational records, supported by inputs from relevant departments including Sustainability, Risk, Compliance, Human Resources, Operations, and Finance. Qualitative disclosures are based on management assessments, while quantitative metrics are calculated using defined methodologies aligned with applicable reporting standards.

## Forward-Looking Statements

This report may include forward-looking statements, targets, and aspirations related to ESG performance. It is essential to recognize that forward-looking statements are subject to uncertainty, as they rely on various external factors that may influence the company’s operations. The company is not obligated to publicly update or revise these statements during the upcoming fiscal year, except as required by applicable laws and regulations. Consequently, evaluating forward-looking statements does not fall within the scope of our internal audit team.

## Communication & Feedback

We welcome feedback and suggestions related to this report. Please contact us at:

Email: [asnic@alsagrins.ae](mailto:asnic@alsagrins.ae)

Phone number: + 971 (04) 7028 500

## MESSAGE FROM CEO



In an era defined by rapid change and rising expectations, sustainability is no longer a peripheral ambition, it is central to how we create long-term value for our stakeholders and contribute meaningfully to the societies we serve.

At Al Sagr, we spent 2025 strengthening the integration of environmental, social, and governance (ESG) principles into the core of our strategy. Building on our legacy of risk protection, financial resilience, and ethical governance, we have continued to refine our offerings, deepen stakeholder partnerships, and enhance operational sustainability. This progress is reflected not only in our financial performance but also in the way we manage our environmental impact, support inclusive growth, and uphold the highest standards of transparency and accountability.

Our commitment to sustainability is grounded in a clear purpose: to protect people, empower communities, and enable responsible growth. We recognize that our role as an insurer is inherently linked to resilience

whether that is through health and life coverage that protects families, risk mitigation solutions that strengthen MSMEs, or financial mechanisms that support climate adaptation and economic continuity.

In 2025, we have taken meaningful steps to reduce our environmental footprint, including expanded renewable energy integration and operational efficiency initiatives across all offices. These efforts, paired with robust governance frameworks and data-driven decision-making, demonstrate our commitment to responsible resource stewardship and long-term operational resilience. Equally important are the social dimensions of our work. From advancing financial inclusion to enhancing employee well-being, we continue to cultivate a culture where integrity, diversity, and shared purpose are valued.

Looking ahead, we will continue to embed sustainability into every facet of our business from product design and risk assessment to governance oversight and strategic planning. We will strengthen our climate risk frameworks, set measurable environmental targets, and explore innovative solutions that align financial performance with shared societal goals.








None of this progress would be possible without the trust and collaboration of our stakeholders. I extend my sincere appreciation to our employees, customers, partners, and shareholders for their continued support and engagement.

Thank you for your continued confidence in Al Sagr.

Abdel Muhsen Jaber  
Chief Executive Officer (CEO)

# OVERVIEW OF AL SAGR

Al Sagr is a UAE-based insurance provider operating under the regulatory supervision of the Central Bank of the United Arab Emirates (CBUAE). The Company offers a broad range of insurance solutions designed to meet the needs of individuals, small and medium enterprises, and corporate clients across the UAE. Al Sagr operates through a network of branches located in Dubai, Abu Dhabi City, Abu Dhabi Musaffah, Al Ain, Ras Al Khaimah, Sharjah, and Ajman, enabling it to serve customers across key economic and population centres in the country.

<b>Vision Statement</b>  To become one of the top insurance providers in the region by emphasizing the highest level of customer satisfaction while focusing on innovative insurance solutions, professionalism, cutting-edge knowledge, and the use of local talent and resources for the benefit of all stakeholders.		<b>Mission Statement</b>  To uphold Al Sagr’s reputation by providing the best standard of customer service with enthusiasm and pride. This philosophy aims to cultivate loyalty in the minds of customers, whose testimony of Al Sagr’s customer service will come from their experiences and reports.		
<b>Our values reflect who we are and what we stand for as a Company</b>				
 <b>Customer Commitment</b>	 <b>Excellence</b>	 <b>Quality</b>	 <b>Reliability</b>	 <b>Teamwork</b>
We have a retention approach that aims to maintain customer loyalty through dependable service and the development of strong bonds.	We labor diligently, wisely, and intelligently to reach excellence and to do our best.	We work hard to give our clients top-notch services at a fair price and take systematic measures to provide products that live up to client expectations.	We are responsible for always defending the interests of our stakeholders.	We foster teamwork to continuously advance on strong pillars of customer service, product quality, and client loyalty.

## OUR PORTFOLIO

We provide our customers with a complete range of top-tier insurance solutions. Our core goal is to be their trusted partner, helping to build resilience and protect their well-being. We offer a diverse selection of products tailored to meet a broad spectrum of needs, including

Group Medical Insurance	Group Life Insurance	Motor Fleet Insurance
Marine Cargo Insurance	Marine Hull Insurance	Property Insurance
Engineering Insurance	Liability Insurance	Miscellaneous Insurance

**Our Corporate Customers**

Medical Insurance	Life Insurance	Travel Insurance
Motor Insurance	Yachts & Pleasure Crafts Insurance	Home Insurance

**Our Individual Customers**

## OUR PARTNERS



## Association Membership



# STAKEHOLDER ENGAGEMENT

In a dynamic and highly regulated financial services environment, sustained stakeholder dialogue is essential to maintaining resilience and long-term value creation. Al Sagr recognizes that understanding stakeholder expectations enables better risk anticipation, stronger governance oversight, and more responsive strategic decision-making.

We adopt a structured and ongoing engagement approach designed to ensure transparency, accountability, and mutual trust. Engagement is embedded within our governance framework and supported by clear communication channels that facilitate two-way dialogue. This continuous interaction allows us to respond effectively to evolving regulatory requirements, market conditions, and stakeholder priorities.

Stakeholder insights directly inform business planning, operational improvements, and ESG strategy development.

## Identification of Stakeholders

Stakeholders are identified through an internal evaluation process that considers the extent to which parties influence, or are influenced by, our activities. The assessment takes into account:

- Regulatory and statutory obligations
- Operational and financial interdependencies
- Risk exposure and reputational considerations
- Strategic alignment with long-term objectives
- Social and environmental impact

Stakeholder Group	Engagement Mechanism	Influence Level	Key ESG Topics Raised
Investors and Shareholders	Annual General Meetings, Regulatory Disclosures	High	Financial performance, ESG strategy & long-term value creation
Customers	Website, Marketing Material, Customer Review	Medium	Customer needs, product innovation, claims experience, ESG
Employees	Yearly performance review, training, events	High	Employee well-being, training, diversity & inclusion, ESG
Board and Management	Meetings, Corporate Disclosures	High	Governance, Risk management, sustainability & financial performance
Business Partners	Code of Conduct, Assessment & Audits	Low	Risk management, product development, market trends, ESG
Government Regulators	Regular exchange of emails, webinars	High	Regulatory compliance, Industry best practices, ESG report
Community	CSR engagement, public reporting	High	Social responsibility, community development

High	Medium	Low
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# MATERIALITY ASSESSMENT



The purpose of the materiality assessment is to determine which environmental, social, and governance (ESG) issues are most relevant to our business and stakeholders. This process enables us to allocate resources effectively, enhance transparency, and focus on matters that have the greatest potential impact on long-term performance.

Our assessment approach is informed by recognized sustainability reporting frameworks, including the Global Reporting Initiative (GRI) Standards and Dubai Financial Market (DFM) ESG guidance. Oversight of the materiality process is maintained by senior management, ensuring alignment with enterprise risk management and corporate strategy.

## METHODOLOGY

The materiality evaluation follows a structured multi-phase process:



### 1. Desk Research

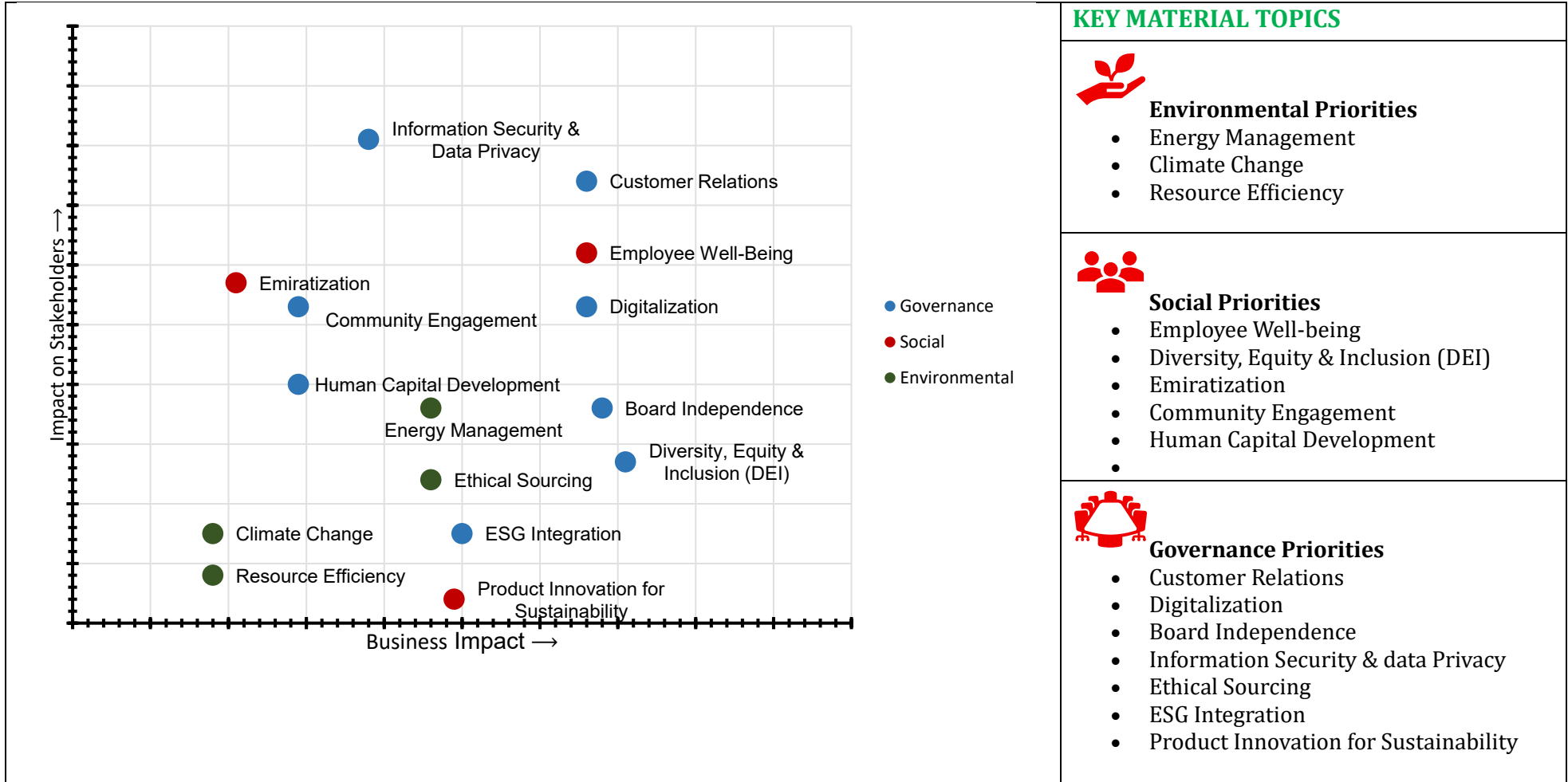
An initial list of ESG topics is developed through benchmarking against industry peers, regulatory expectations, sustainability standards, and internal policy reviews.

### 2. Stakeholder Input

Relevant departments and stakeholder representatives provide input regarding the significance of identified topics. Consideration is given to stakeholder concern levels and potential operational impact.

### 3. Prioritization

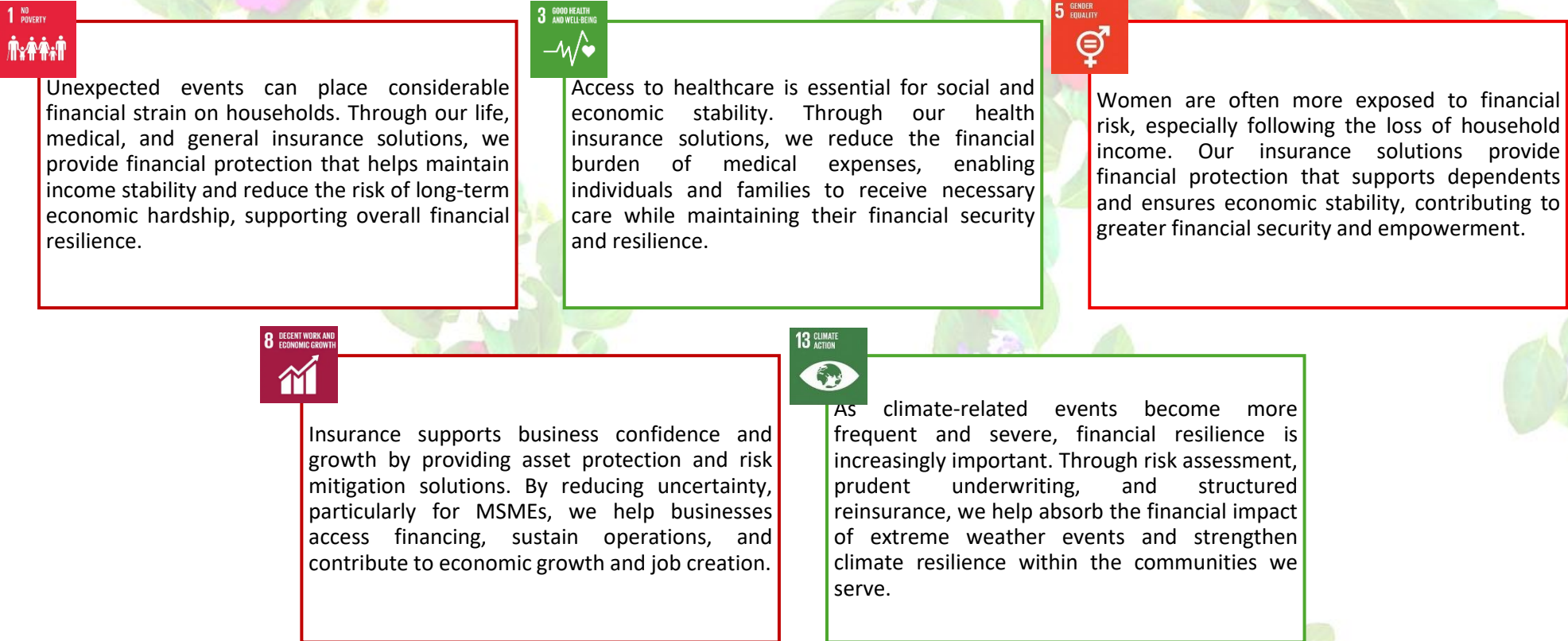
Topics are ranked according to their relative importance to stakeholders and their strategic relevance to the organization. This prioritization supports focused disclosure and targeted action planning.



# SDG INTEGRATION IN OUR OPERATION

Sustainability is embedded within the fundamental purpose of insurance protecting individuals, businesses, and communities against uncertainty. At Al Sagr, we recognize that our role extends beyond financial performance; we contribute to broader economic and social resilience in alignment with the UAE's national sustainability priorities and the United Nations Sustainable Development Goals (SDGs).

Through an assessment of our product portfolio, operational footprint, and risk management activities, we have identified five SDGs where our contribution is most substantive. Among these, SDG 3 (Good Health and Well-being) represents our highest area of impact, supported by four additional priority goals: SDGs 1, 5, 8, and 13.



# GOVERNANCE PERFORMANCE

## Highlights

**100%**

UAE National Board Members

**Zero**

Non-compliance Incidents

**100%**

Regulatory Adherence

## Material Topics

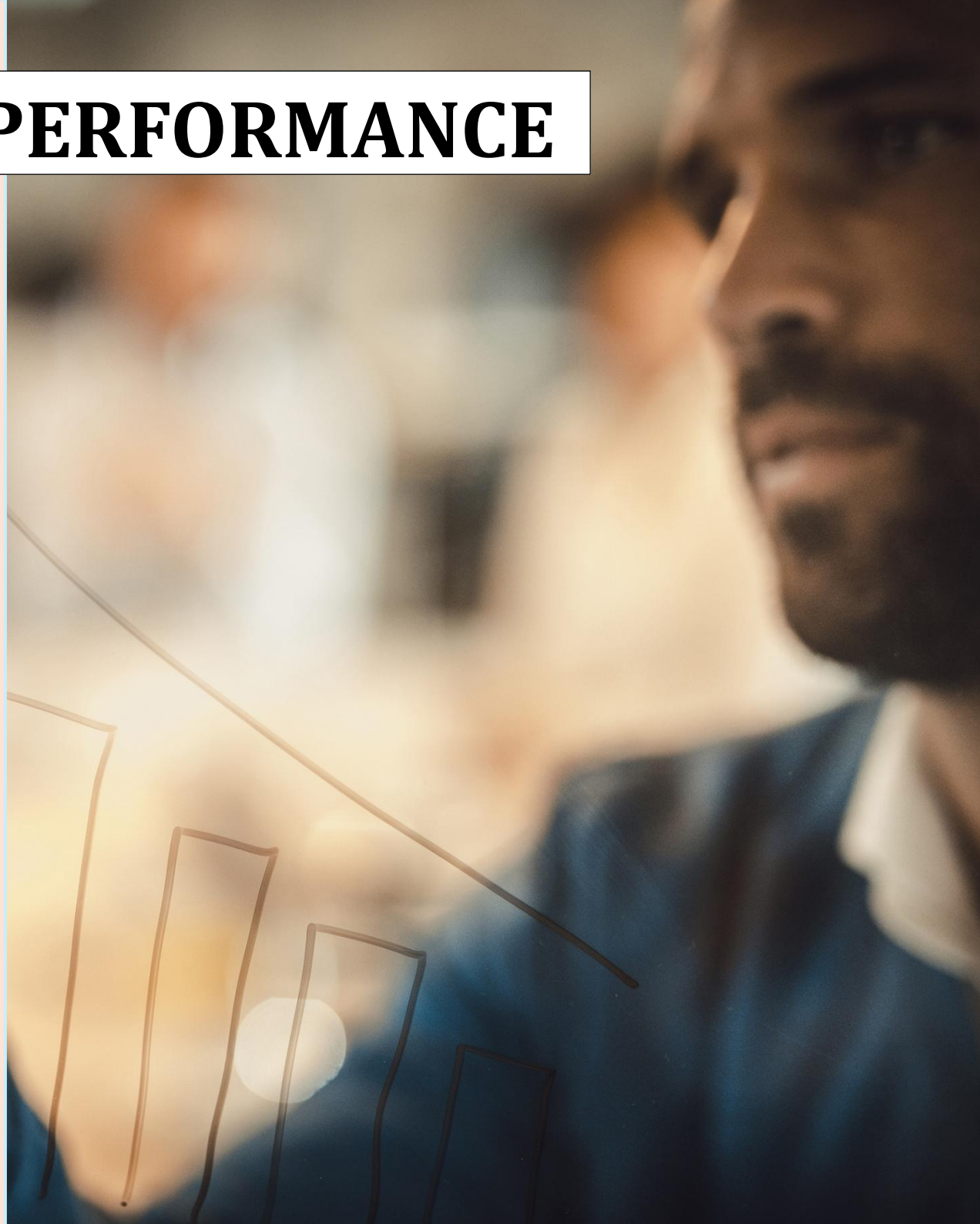
Board Independence

Information Security & Data Privacy

Digitalization

Ethics & Anti-corruption

## UNSDGs



# CORPORATE GOVERNANCE



Our governance framework upholds the highest standards of transparency, accountability, and ethical conduct, ensuring that every Board-level decision serves the interests of policyholders, shareholders, and the communities we operate in. Al Sagr publishes an annual Corporate Governance Report in line with the requirements of the UAE Securities and Commodities Authority (SCA), providing a comprehensive overview of its governance structure, including board composition, policies, and the defined roles and responsibilities of the Board of Directors and its Committees.

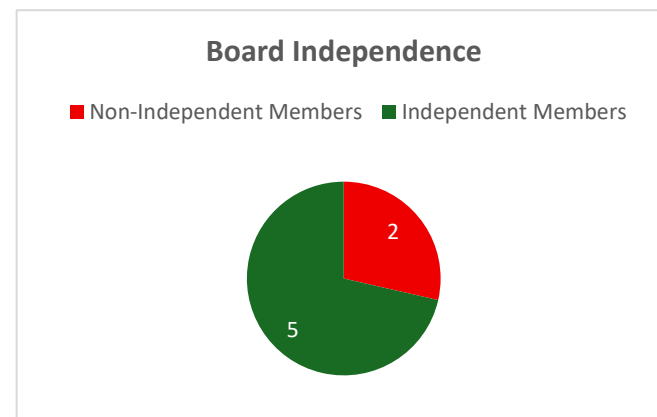
## BOARD STRUCTURE & COMPOSITION

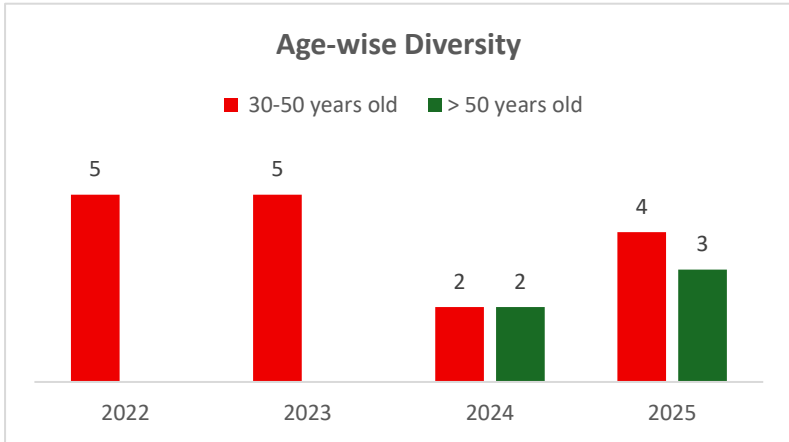
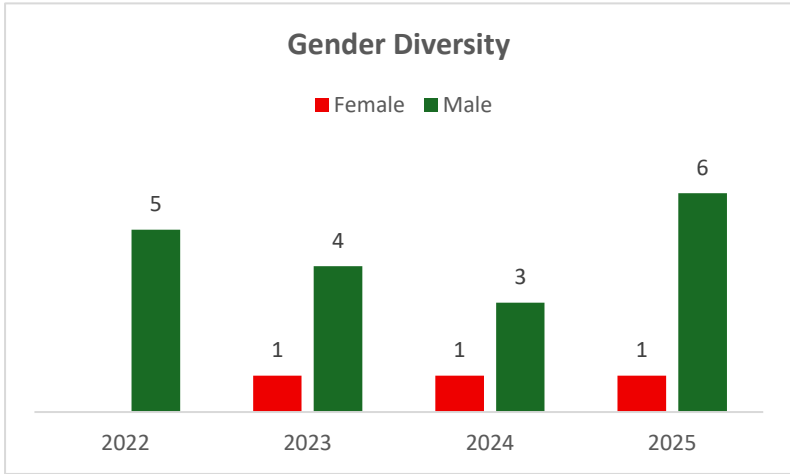
**DFM: G1.1, 2.1, 2.2**

The Board of Directors serves as the primary governance body responsible for strategic oversight, risk supervision, and long-term value creation. Board composition is structured to provide a balance of experience, independence, and oversight capabilities. We operate under a 100% national ownership structure, reinforcing our alignment with the UAE's national economic priorities and long-term development strategies.

Board independence plays a critical role in ensuring objective oversight and protection of shareholder interests. Our Board comprises a total of 7 Directors, all serving in a non-executive capacity, with an increasing emphasis on strengthening independent oversight and robust governance practices. By 2025, we have significantly strengthened board independence through the appointment of independent directors, improving governance oversight and aligning with international governance standards and UAE regulatory expectations. Additionally, we maintain a governance safeguard whereby the Chief Executive Officer (CEO) is prohibited from serving as the

Chairperson of the Board, ensuring a clear separation between executive management and board oversight.



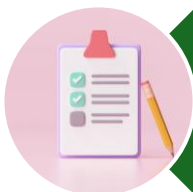


## BOARD COMMITTEES AND GOVERNANCE OVERSIGHT

### 📍 DFM: G1.2

To strengthen governance oversight and support specialized decision-making, the Board has established several standing committees aligned with corporate governance best practices. Each committee operates with a defined mandate and reports directly to the full Board, providing structured channels for monitoring performance, risk, and compliance across all business functions.

All committee chair positions are currently held by male board members. The Company remains committed to continuously evaluating opportunities to enhance diversity at both Board and committee levels in alignment with evolving governance expectations within the UAE. Each committee reports directly to the Board, ensuring transparency, segregation of duties, and strengthened governance oversight in support of sustainable value creation and regulatory compliance.



**Audit Committee**

Oversees financial reporting integrity, internal controls, audit processes, and regulatory compliance.



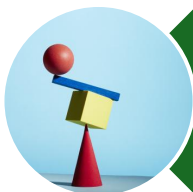
**Nomination and Remuneration Committee**

Manages board nominations, succession planning, performance evaluation, and remuneration governance.



**Investment Committee**

Reviews capital allocation decisions, investment strategy, and portfolio performance.



**Risk Committee**

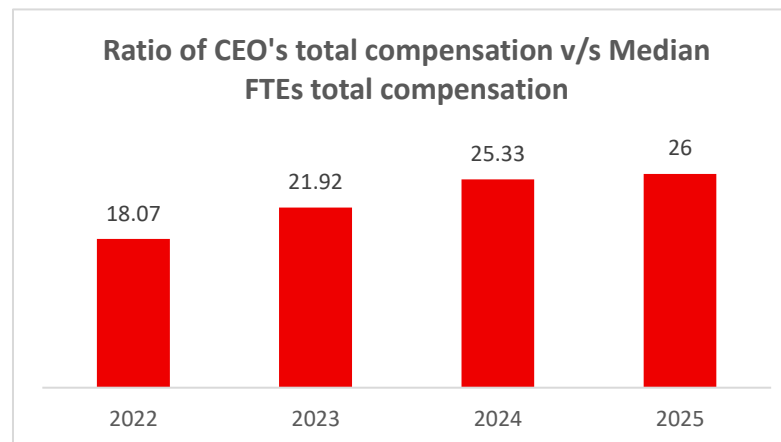
Supervises enterprise risk management, including regulatory, operational, and financial risk oversight.

**FAIR AND COMPETITIVE REMUNERATION**

**DFM: S1.1**

We are committed to maintaining a remuneration framework that is fair, performance-linked, and aligned with long-term value creation. Executive compensation is governed by the Nomination and Remuneration Committee and structured to attract and retain experienced leadership while ensuring alignment with shareholder interests and market benchmarks.

In line with transparency and good governance practices, we disclose the ratio of CEO total compensation to median full-time employee (FTE) total compensation.



# ETHICS AND ANTI-CORRUPTION



Al Sagr's governance philosophy is grounded in ethical responsibility and strict adherence to applicable laws and regulations. This foundation ensures transparency, effective risk management, and accountable decision-making, while strengthening stakeholder trust and supporting sustainable financial performance. We foster a culture of integrity and compliance across the organization. All employees are required to adhere to the Company's Code of Business Conduct, which sets clear standards for ethical behavior, professional responsibility, and regulatory compliance.

Our governance framework is supported by well-defined policies, procedures, and internal controls designed to mitigate risk, safeguard stakeholder interests, and protect the Company's reputation.

## ETHICS AND ANTI-CORRUPTION POLICY

📍 *DFM: G5.1 & 5.2*

The Company operates under a formal Ethics and Anti-Corruption Policy, reinforcing its commitment to conducting business with integrity, transparency, and accountability. The policy applies across the organization and establishes strict guidelines related to:

- bribery and corruption prevention
- conflicts of interest
- ethical business conduct
- responsible dealings with stakeholders and partners

The policy ensures alignment with UAE anti-corruption legislation and international ethical governance standards. All employees are formally required to comply with this policy as part of the Company's governance framework.

## COMPLIANCE, INTERNAL CONTROLS, AND RISK MANAGEMENT

The Company maintains a comprehensive internal control and compliance framework designed to ensure adherence to regulatory obligations and corporate policies.

These controls include:

- internal audit procedures
- regulatory compliance monitoring
- operational risk controls
- governance oversight through board committees

During the reporting period, no cases of regulatory non-compliance were reported.

## ANTI-CORRUPTION COMPLIANCE

### 📍 DFM: G5.3

During the reporting period, the Company maintained a **zero-tolerance approach to corruption**, supported by internal compliance monitoring and awareness programs. For the 2025 reporting period:

Indicator	Number
Total number of confirmed incidents of corruption	0
Total number of confirmed incidents of corruption in which employees were dismissed or disciplined for corruption	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violation	0
Public legal cases regarding corruption	0

## ANTI-MONEY LAUNDERING AND FINANCIAL CRIME PREVENTION

The Company maintains AML/CFT (Anti-Money Laundering and Counter-Terrorism Financing) frameworks designed to ensure compliance with UAE financial regulations and global financial integrity standards.

These frameworks include:

- transaction monitoring mechanisms
- internal compliance reviews
- governance oversight through risk management structures
- periodic review and updates of AML/CFT procedures

This approach supports the integrity of the financial system while protecting the Company from financial crime exposure.

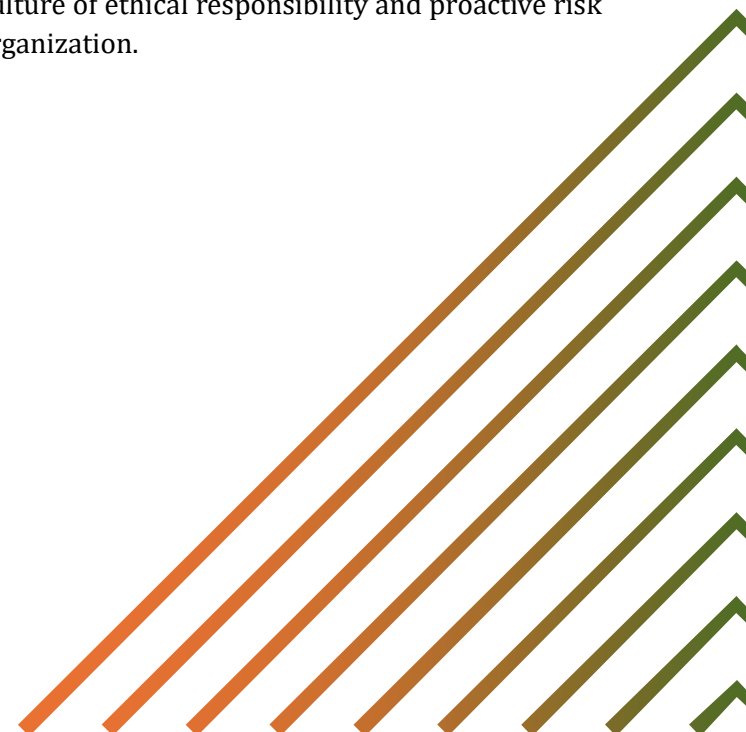
## WHISTLEBLOWING AND ETHICAL REPORTING

To strengthen transparency and accountability, the Company has implemented a whistleblowing policy that enables employees and stakeholders to report unethical behavior, misconduct, or compliance concerns.

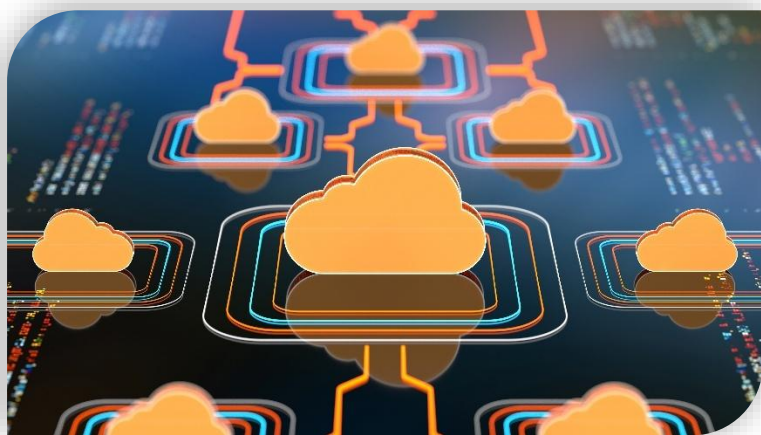
The whistleblowing framework provides:

- confidential reporting channels
- protection against retaliation
- independent review of reported concerns
- escalation mechanisms to senior governance bodies

This system promotes a culture of ethical responsibility and proactive risk management across the organization.



# CYBERSECURITY, DATA PROTECTION AND DIGITAL RESILIENCE



Protecting digital assets, personal data, and sensitive information is a fundamental pillar of our governance and risk management framework. As a regulated entity operating within the UAE financial ecosystem, we recognize that cybersecurity and data privacy are not only operational priorities but core governance responsibilities that directly impact stakeholder trust, regulatory compliance, and long-term business resilience. Our approach integrates cybersecurity, privacy-by-design principles, and digital transformation initiatives into a unified governance structure.

## GOVERNANCE AND REGULATORY ALIGNMENT

### 📍 *DFM: G6.2*

Our data protection and cybersecurity framework is aligned with applicable UAE regulatory requirements and internationally recognized data privacy principles, including the General Data Protection Regulation (GDPR) where relevant to our operations.

Oversight is embedded within our governance structure through:

- Board-level risk supervision
- Designated data protection and IT security responsibilities
- Documented policies and internal control standards
- Periodic compliance monitoring and reporting

Privacy and cybersecurity considerations are integrated into:

- Technology deployments
- Third-party/vendor engagements
- Business process design
- Digital transformation initiatives

This governance-driven approach ensures that security and privacy risks are proactively identified, assessed, and mitigated throughout the data lifecycle.

## ENTERPRISE CYBERSECURITY ARCHITECTURE

### 📍 *DFM: G6.1*

To ensure confidentiality, integrity, and availability of information assets, we operate a multi-layered cybersecurity architecture supported by enterprise-grade technologies.

## Network and Infrastructure Protection

Enterprise firewalls protecting internal systems from external threats

FortiNAC (Network Access Control) to validate device compliance and restrict unauthorized network access

Centrally managed secure wireless infrastructure

High-availability enterprise server architecture ensuring business continuity and scalability

## Identity and Access Management

Role-Based Access Control (RBAC) aligned with least-privilege principles

Privileged Access Management (PAM) for monitoring and controlling administrative access

Multi-Factor Authentication (MFA) for enhanced identity verification

## Threat Monitoring and Detection

Centralized Security Information and Event Management (SIEM) platform

Real-time log aggregation, event correlation, and threat detection

Continuous monitoring and incident response capability

## Data Protection Safeguards

Data Loss Prevention (DLP) solutions to prevent unauthorized transmission of sensitive information

Encryption of data at rest and in transit

Secure system configurations and endpoint protection controls

## DATA PRIVACY AND PROTECTION FRAMEWORK

Our data protection framework is built on privacy-by-design and data minimization principles. Key components include:

- Formal Data Protection Policies governing classification, handling, and access to personal and sensitive data
- Data Minimization Practices ensuring collection and retention of only necessary information
- Defined Data Retention Schedules aligned with regulatory and operational requirements
- Secure Disposal Procedures to prevent unauthorized recovery of sensitive information
- Third-Party Risk Assessments and contractual safeguards to ensure external partners maintain equivalent data protection standards

Privacy requirements are embedded across operational workflows and digital systems to ensure protection throughout the entire data lifecycle.

### Monitoring, Awareness and Incident Management

Continuous monitoring mechanisms are in place to detect anomalies and respond promptly to potential security events. Incident management procedures include:

- Defined escalation and containment protocols
- Root cause analysis and corrective action implementation
- Regulatory and stakeholder notification where required

Employee awareness and governance culture are reinforced through ongoing training initiatives, ensuring that personnel understand their responsibilities in handling confidential information.

## Substantiated Data Privacy Incidents

 **DFM: G6.3**

Description	2024	2025
Total number of complaints received from outside parties and substantiated by the organization	0	0
Total number of complaints from regulatory bodies	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0

## DIGITALIZATION AND PAPERLESS TRANSFORMATION

As part of our operational efficiency and sustainability objectives, we have initiated the development of a digital token system and enhanced workflow-based processing within core insurance systems.

Key insurance processes have been redesigned to reduce manual intervention and reliance on printed documentation. Electronic workflows, system-based approvals, and direct document uploads into core platforms have replaced traditional paper-based procedures.

These initiatives have resulted in:

- A measurable reduction in paper usage across operational departments.
- Improved process efficiency and turnaround times.
- Enhanced document traceability and audit readiness.
- Reduced operational risks associated with manual handling.

We continue to promote digital adoption across departments, with gradual and sustained reductions in paper consumption as automation and workflow integration expand.

# SUSTAINABILITY RISKS, OPPORTUNITIES AND GOVERNANCE

We operate in a risk-based industry where disciplined risk identification, assessment, and mitigation are central to our long-term stability and value creation. Our Enterprise Risk Management (ERM) framework is designed to ensure that risks are systematically evaluated, appropriately priced, and effectively managed while maintaining financial resilience and fulfilling our obligations to policyholders.

## RISK MANAGEMENT FRAMEWORK - FIVE-CATEGORY MODEL

### BOARD OF DIRECTORS · RISK MANAGEMENT COMMITTEE

*Strategic Oversight · Risk Appetite Setting · Escalation Review*



### ADAPTIVE RISK MONITORING · CONTINUOUS REVIEW CYCLE

Risk assessments, mitigation strategies and KPIs are continuously reviewed to align with evolving market dynamics and industry best practices- ensuring sustainable operations and confident fulfilment of policyholder obligations.

## CLIMATE-RELATED RISKS AND OPPORTUNITIES



Climate-related risks are assessed within our broader ERM framework and categorized into physical and transition risks, alongside emerging transition opportunities.

### Governance and Oversight

#### 📍 *DFM: G7.7*

Oversight of sustainability-related risks is primarily exercised by the Board Risk Committee. Climate-related risks are currently overseen at the management level by the Risk Manager, with ongoing development of governance alignment to ensure clearer integration into strategic oversight.

At present:

- Climate-related performance metrics are not yet incorporated into remuneration policies.
- Oversight responsibilities have not been delegated to a dedicated climate committee.
- Climate-related quantitative targets, including emissions metrics, are under development, with planned target setting by 2026.

While governance structures are still evolving, we are working toward greater alignment between climate risk oversight, strategic planning, underwriting practices, and capital management.

### Risk Identification and Monitoring Processes

#### 📍 *DFM: G7.1 & 7.6*

We identify and assess climate and sustainability-related risks through:

- Analysis of loss ratios, premium adequacy, and underwriting trends.
- Portfolio exposure analysis to climate-sensitive sectors.
- Data review of historical claims and catastrophe patterns.
- Evaluation of reinsurance coverage and counterparty strength.

These risks are documented within our formal risk register and integrated into our broader ERM framework. Sustainability and climate-related exposures are prioritized based on materiality, financial impact, and likelihood.



### Physical Risks

Physical risks arise from increased frequency and severity of extreme weather events and natural catastrophes. Given our sizeable motor portfolio and exposure to certain commercial lines, severe floods, storms, or heatwaves could increase claims frequency and severity. In the event of a major disaster, financial performance and cash flows could be materially impacted.



### Transition Risks

Transition risks stem from regulatory changes, technological shifts, and evolving market expectations as economies transition toward lower-carbon models. Changes in vehicle technology, mobility patterns, environmental regulation, and sustainability standards may affect underwriting assumptions and product demand.



### Transition Opportunities

We view the transition to electric vehicles (EVs) and evolving mobility solutions as a strategic opportunity. The growing EV market presents new insurance products, pricing models, and risk assessment capabilities. As the insurance market adapts, we anticipate product innovation and portfolio diversification opportunities.

## Impacts on Business Model and Value Chain

### *DFM: G7.2*

Currently, we manage our motor portfolio conservatively and mitigate volatility through structured reinsurance arrangements. While climate-related events may increase claims volatility, reinsurance provides partial protection against large-scale losses. Over time, climate change may influence underwriting practices, risk selection, pricing adequacy, and reinsurance costs. For example, increased catastrophe frequency may result in higher reinsurance premiums, affecting overall cost structures. At the same time, opportunities in EV insurance and sustainable product offerings may support portfolio growth and diversification.

## Financial Effects

### 📍 *DFM: G7.4*

During the reporting period, sustainability-related impacts resulted in approximately 90 million in claims impact to the company. More than 50% of this exposure was covered through reinsurance recoveries; however, the cost of reinsurance has increased as market conditions have hardened. In the event of a major catastrophe, financial position and cash flows could be adversely affected despite risk transfer mechanisms. These risks are considered within our capital planning and reinsurance strategy.

## Strategy and Response

### 📍 *DFM: G7.3*

We have developed documented climate risk policies and are in the process of strengthening implementation plans. Our focus includes:

- Integrating climate risk considerations into underwriting guidelines and pricing models.
- Enhancing data analysis capabilities to better assess exposure to climate-sensitive risks.
- Reviewing portfolio concentration and catastrophe exposure levels.
- Strengthening reinsurance structures to manage volatility.

Scenario analysis is being developed to evaluate potential impacts under different conditions, such as increased motor portfolio exposure, higher frequency of extreme weather events, and temperature-related impacts on medical claims.

## Sustainability Risks and Integration into ERM

Sustainability-related risks extend beyond climate change and may affect claims volatility, asset values, regulatory compliance, and market

perception. These risks may influence underwriting profitability, reinsurance pricing, and long-term business resilience.

We incorporate sustainability considerations into financial planning by analyzing claims trends, premium adequacy, and portfolio resilience. The financial impacts experienced during the reporting period, including increased claims and reinsurance costs, are factored into pricing adjustments and capital management strategies.

Sustainability-related risks are monitored through our risk register and integrated into our overall ERM framework. Metrics used include loss ratios, underwriting performance indicators, portfolio exposure levels, and reinsurance dependency ratios.

Although sustainability performance metrics are not yet linked to executive remuneration, we recognize the importance of strengthening governance alignment and are working toward improved integration of sustainability considerations into strategic decision-making.

# ENVIRONMENTAL PERFORMANCE

## Highlights

**2%**

Reduction in Energy Consumption

**2%**

Reduction in Total GHG Emissions

**65.42%**

Renewable Energy

## Material Topics

Climate Change

Energy Management

Emissions Management

Waste Optimization

## UNSDGs



# ENVIRONMENTAL SUSTAINABILITY



Environmental responsibility is a fundamental value shaping the operations at Al Sagr and driving our commitment to a sustainable future. We are committed to reducing our environmental footprint through efficient management of resources and actively support the UAE's pledge of achieving net-zero emissions in alignment with the national sustainability agenda. Al Sagr continuously assesses and manages its environmental footprint, recognizing its role in achieving the ambitious climate goals set by the UAE government. We are committed to understanding and reducing

the impacts of our operations on the environment while contributing to broader sustainability efforts. Our environmental initiatives are championed at the senior management level, ensuring robust governance and effective implementation across all business functions.

## ENERGY & EMISSIONS MANAGEMENT

We prioritize transparency and accountability by meticulously tracking energy and water consumption as well as greenhouse gas (GHG) emissions. Adhering to the GHG Protocol and applying a rigorous operational control approach, we ensure accurate reporting of emissions across our headquarters, all branches, and common areas within Al Sagr Plaza.

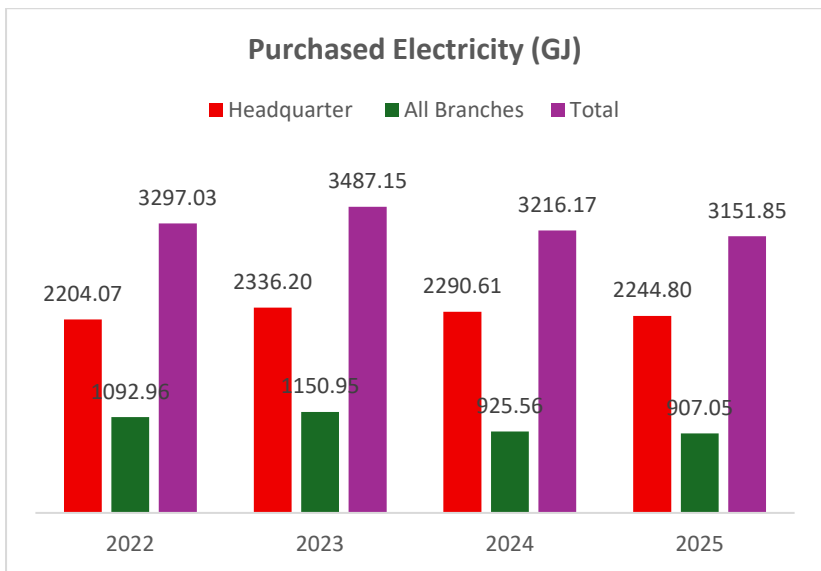
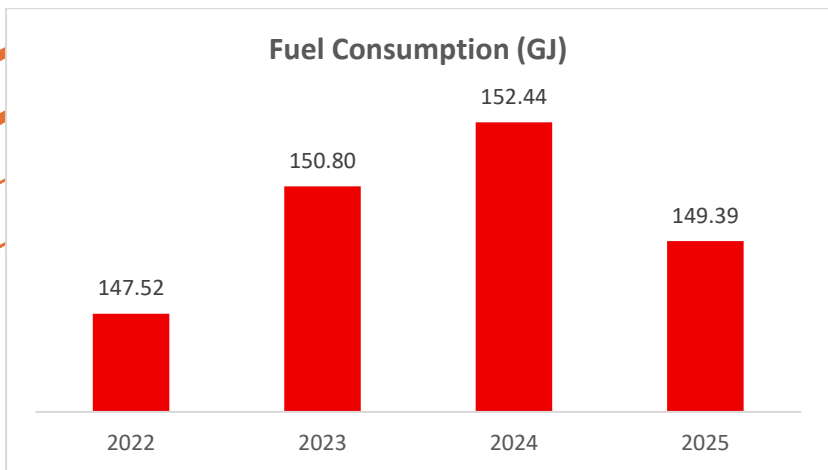
### Direct & Indirect Energy Consumption

**📍 DFM: E3.1 & 3.2**

Our direct energy consumption consists primarily of fuel used in company-owned vehicles. This includes petrol consumed for operational transportation purposes and represents energy generated through sources directly controlled by the Company.

Our indirect energy consumption comprises electricity purchased from external utility providers to power our headquarters and branch offices. This includes energy used for lighting, air conditioning, IT infrastructure, and general office operations.

Together, these sources represent the total energy footprint of our operational activities and are monitored as part of our environmental performance tracking framework.

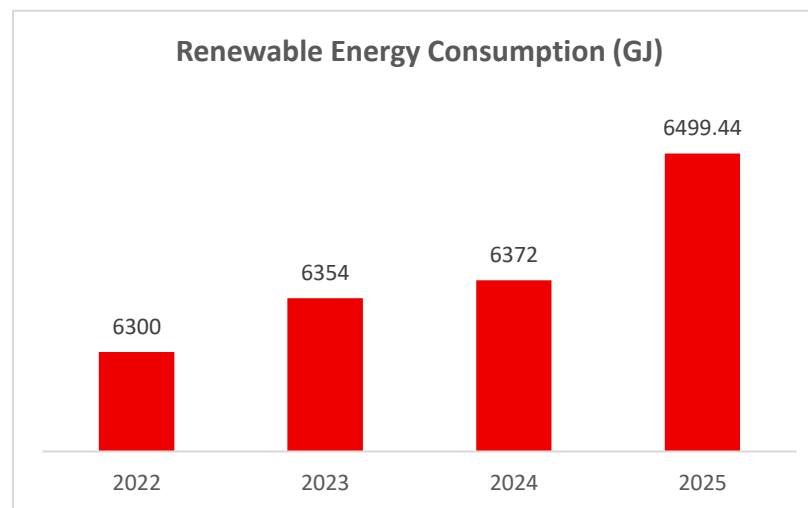


## Renewable Energy

📍 *DFM: E5.1 & 5.2*

A key pillar of our environmental strategy is our continued commitment to renewable energy integration within our operational energy mix. Over the reporting period, renewable electricity has consistently represented a significant proportion of our total energy consumption. During the reporting period, renewable energy accounted for 65.42% of total energy consumption.

We continue to evaluate additional opportunities to expand clean energy utilization and explore lower-emission transportation alternatives as part of our broader decarbonization journey.

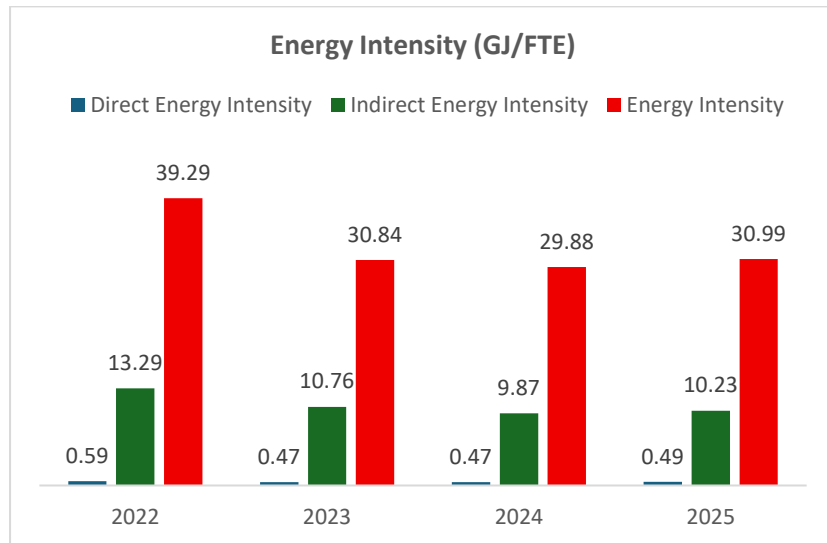


### Energy Intensity

📍 *DFM: E4.1, 4.2 & 4.3*

As part of our ongoing energy efficiency initiatives, LED lighting has been fully implemented across all offices and branch locations. The transition to LED technology has reduced overall electricity demand by improving lighting efficiency and lowering power consumption compared to conventional systems.

As a result of this initiative, our indirect energy consumption (purchased electricity) decreased in 2025 compared to the previous reporting period. However, due to a reduction in the average number of employees during the year, our energy intensity metric (calculated per employee) recorded an increase. While total electricity consumption declined, the lower workforce base resulted in a higher intensity ratio on a per-employee basis.



### Greenhouse Gas (GHG) Emissions

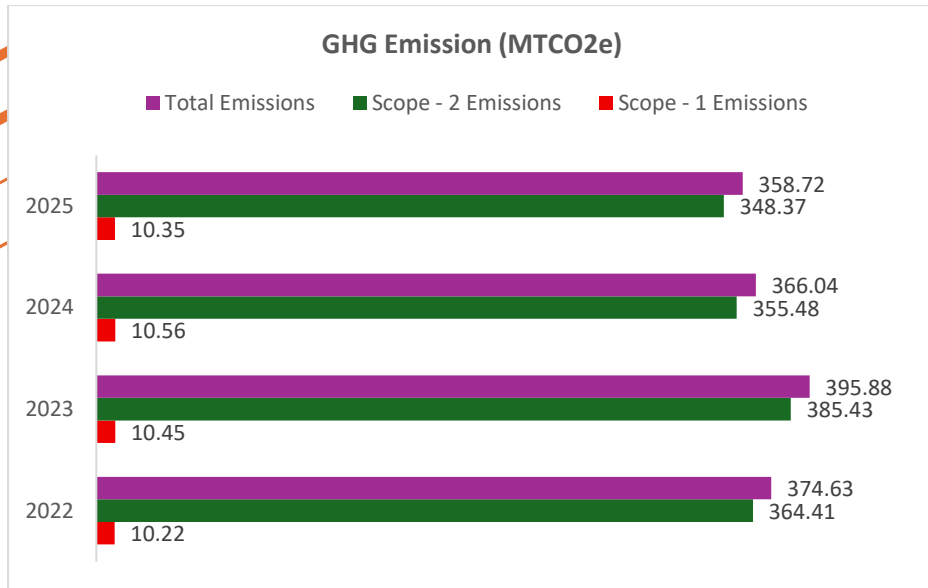
📍 *DFM: E1.1, 1.2, 1.3 & 1.4*

Our greenhouse gas (GHG) emissions are calculated in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol), applying an operational control approach.

Emissions are categorized as follows:

- **Scope 1 (Direct Emissions):** Emissions from fuel consumption (petrol) in company-owned vehicles.
- **Scope 2 (Indirect Emissions):** Emissions from purchased electricity consumed at our headquarters and branch offices.

Scope 3 emissions, while not yet fully quantified, are acknowledged as part of our expanding sustainability roadmap. Emission factors used for electricity and fuel consumption are based on internationally recognized conversion factors and regionally applicable grid emission factors. Emissions are reported in metric tonnes of carbon dioxide equivalent (MT CO<sub>2</sub>e). The reporting boundary covers operational activities under our direct control, including headquarters and branch operations across the UAE.



**Emission Intensity**

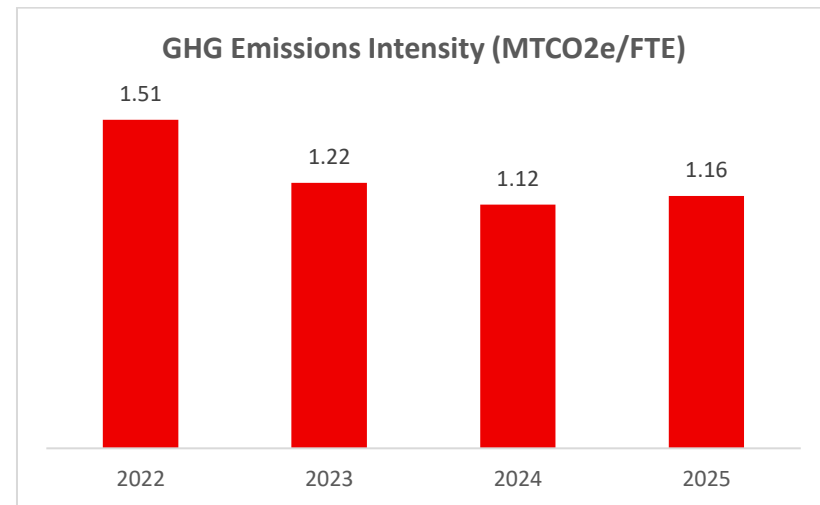
**📍 DFM: E2.1 & 2.2**

In addition to monitoring absolute greenhouse gas (GHG) emissions, we track emissions intensity to assess operational efficiency relative to workforce size. GHG emissions intensity improved significantly between 2022 and 2024, decreasing from 1.51 to 1.12 MT CO<sub>2</sub>e per employee. This reduction reflects improved electricity management, increased renewable energy share within our energy mix, and operational efficiency initiatives such as LED lighting implementation and digital workflow optimization.

In 2025, while total absolute emissions declined further, emissions intensity increased slightly to 1.16 MT CO<sub>2</sub>e per employee. This change was

primarily attributable to a reduction in total employee headcount during the reporting year rather than an increase in overall emissions.

We continue to monitor both absolute emissions and intensity metrics to ensure that environmental performance is evaluated within the appropriate operational context. Tracking emissions intensity enables us to assess efficiency improvements while supporting long-term decarbonization planning.



# WATER MANAGEMENT



## WATER CONSUMPTION

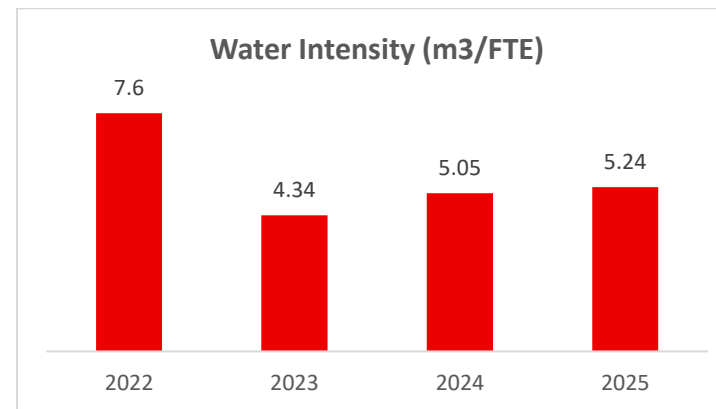
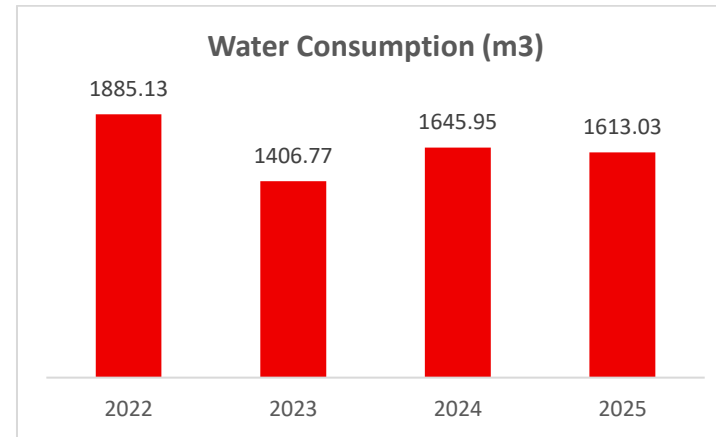
📍 **DFM: E6.3 & 6.4**

Water, as a scarce and precious resource in the UAE, represents an area of increasing strategic importance for Al Sagr. As a financial institution, our operational water footprint is limited and primarily associated with office-based activities. Water consumption across our headquarters and branch network is used exclusively for domestic and facility management purposes, including:

- Restroom and sanitation facilities
- Pantry and kitchen use

- General cleaning and housekeeping etc.

We do not engage in any industrial, manufacturing, or water-intensive operational processes. In 2025, total water consumption declined slightly to 1,613.03 m<sup>3</sup>, reflecting improved monitoring and responsible usage practices across offices and branches including the installation of low-flow fixtures, sensor-based taps, and awareness campaigns among staff.



## WASTE MANAGEMENT



As a financial services organization, Al Sagr's waste generation is primarily administrative in nature, comprising paper, electronic waste (e-waste), and general office materials. We do not generate industrial or hazardous operational waste as part of our core business activities.

We apply the principles of reduce, reuse, and recycle across all our facilities and have made measurable progress in reducing paper dependency through digital transformation initiatives.

### PAPERLESS INITIATIVE

📍 *DFM: E7.5*

To minimize waste generation and reduce our environmental footprint, we have implemented a comprehensive paperless initiative across the organization. Employees are encouraged to rely on digital documentation, electronic approvals, and scanning systems in place of printed materials and physical file storage.

This transition has significantly reduced paper consumption while enhancing operational efficiency, document security, and record management practices.

### RESPONSIBLE FILE DISPOSAL

We conduct regular reviews and maintenance of archived and outdated files to ensure proper records management. Physical documents that are no longer required are securely destroyed through specialized third-party service providers who follow environmentally responsible disposal and recycling processes.

### Environmental Compliance

Al Sagr has recorded zero incidents of non-compliance with environmental laws and regulations across all reporting periods. Our commitment to environmental compliance is embedded within our governance framework, with regular internal reviews conducted by the Compliance and Risk Management teams to ensure adherence to applicable environmental requirements.

# SOCIAL PERFORMANCE

## Highlights

**308**

Full-time employees

**63.96%**

Employee Retention Rate

**36.04%**

Employee Turnover Rate

## Material Topics

Employee Wellbeing

Diversity, Equity & Inclusion

Emiratization

Human Capital Development

## UNSDGs



# HUMAN CAPITAL DEVELOPMENT



At Al Sagr, we recognize that sustainable performance begins with people. Our workforce forms the foundation of our long-term resilience, service excellence, and regulatory strength. As a regulated insurance provider operating under the oversight of the Central Bank of the United Arab Emirates (CBUAE), maintaining a competent, stable, and future-ready workforce is not only a business imperative but also a governance priority.

Our workforce strategy extends beyond regulatory disclosure requirements. It is embedded within enterprise risk management,

governance oversight, succession planning, and business continuity frameworks. Workforce development at Al Sagr is therefore not viewed as an operational function alone, it is a strategic lever that supports sustainable growth and long-term stakeholder value creation.

## STRATEGIC HIRING AND TALENT INFUSION

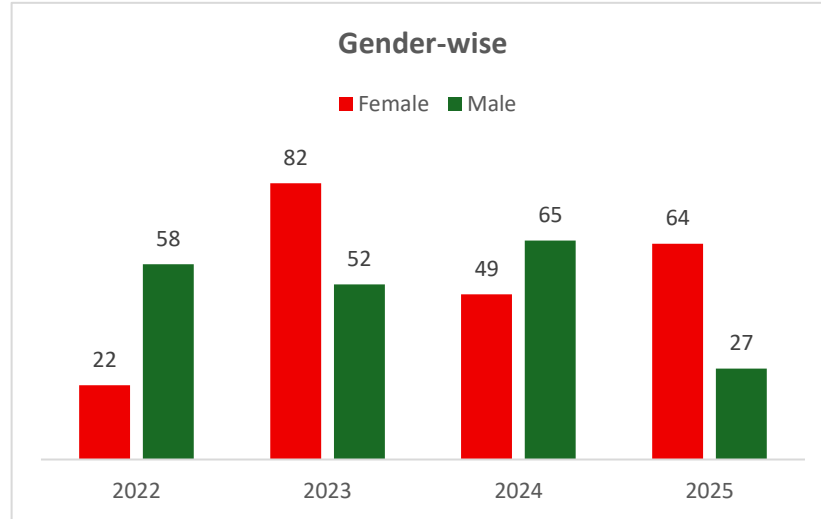
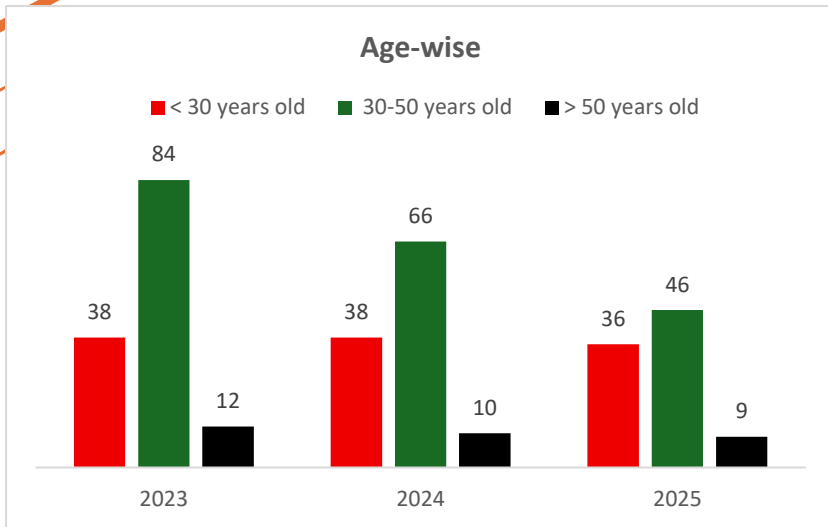
**DFM: S2.2, 2.3, 3.2 & 3.3**

Our employees remain fundamental to our operational resilience and customer service excellence. We continue to prioritize the attraction and retention of highly skilled professionals who demonstrate strong technical expertise, ethical conduct, and a commitment to continuous improvement. Al Sagr is committed to employment stability and long-term career development. All employees are engaged on permanent, full-time contracts, reinforcing job security, institutional knowledge retention, and cultural integration. By offering permanent employment arrangements, we promote workforce stability and strengthen employee engagement, while supporting structured career progression pathways.

Beyond recruitment, we actively foster a workplace environment that supports professional growth, inclusivity, and wellbeing. By investing in our people, we enhance organizational performance and reinforce our ability to deliver high-quality services to customers and stakeholders.

**Total New Hires**

**DFM: S3.4**



**Employee Benefits and Wellbeing**

Al Sagr offers a comprehensive benefits framework designed to support financial stability, health, and work-life balance, in full compliance with UAE Labor Law and regulatory requirements. These benefits include:




**Compensation Packages**



**Annual Travel Allowances**



**Medical Insurance Coverage**



**Life Insurance Coverage**



**Parental Leave**



**End-Of-Service Benefits**

## EMPLOYEE RECOGNITION AND ENGAGEMENT



We promote a culture that acknowledges employee contributions and encourages engagement across all levels of the organization. Initiatives such as the ***Employee of the Quarter*** program recognize exceptional performance and dedication. Team-building activities, corporate events, and internal engagement initiatives further strengthen collaboration and reinforce a strong sense of organizational belonging. These initiatives contribute to employee morale, productivity, and cross-functional alignment.

To enhance operational efficiency and employee experience, Al Sagr leverages the Asuretek Human Resources Management System, including its integrated Employee Self-Service (ESS) platform. This system supports

streamlined performance management, leave administration, and internal communication processes. We also conduct periodic reviews of our Human Resources Manual to ensure alignment with regulatory updates, evolving workforce expectations, and industry best practices.

### Performance-Driven Career Growth

Maintaining a high-performing workforce requires structured performance oversight and continuous development. Al Sagr implements a formal performance evaluation framework designed to identify talent potential, close skill gaps, and support professional advancement. Key components include:

- Annual performance reviews to assess competencies and define individualized development plans
- Structured probation evaluations with formal feedback discussions
- Career advancement pathways for high-performing employees
- Internal mobility opportunities to support leadership development and succession planning

This performance-driven framework ensures that growth opportunities are merit-based and aligned with organizational objectives.

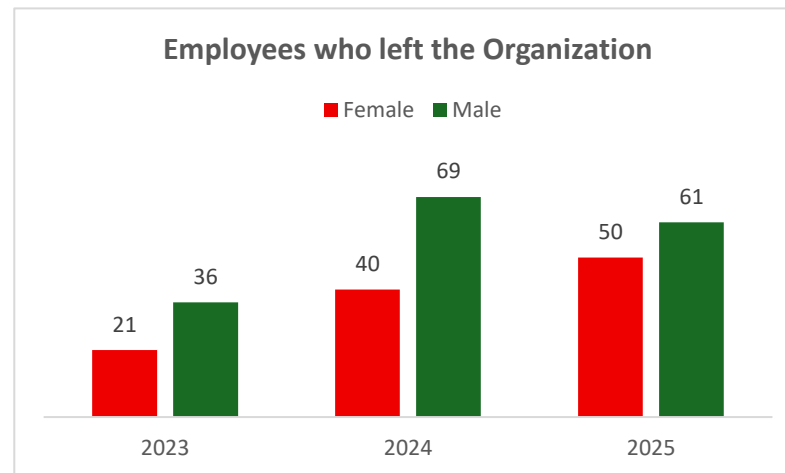
**100% employees** undergo annual performance evaluations, and in line with the approved succession plan, internal development plans are being implemented to build future leadership and strengthen organizational capability.

### Employee Turnover and Retention

Workforce stability remains a key indicator of organizational resilience, knowledge continuity, and operational effectiveness. In the insurance sector, where regulatory compliance and technical expertise are critical, retaining skilled professionals is essential.

During the current reporting period, we recorded an employee turnover rate of 36.04%. While this reflects ongoing workforce movement, it must be considered within the broader context of sector-wide competition for skilled professionals and shifting workforce expectations.

We recognize that turnover presents both operational risks and opportunities. While it may indicate external mobility and career progression trends, it also underscores the importance of robust retention planning and employee engagement strategies.



### Employee Turnover broken down by gender, age and seniority-level

**DFM: S3.1**

Year	Entry-Level			Mid-Level			Senior-to-Executive Level		
	<30 years old	30-50 years old	<50 years old	<30 years old	30-50 years old	<50 years old	<30 years old	30-50 years old	<50 years old
2023	13	18	1	7	14	2	0	0	2
2024	30	31	4	6	33	1	0	4	0
2025	28	48	2	5	22	3	1	2	0

### Strengthening Retention Strategies

To enhance workforce stability and employee satisfaction, Al Sagr continues to implement targeted retention initiatives designed to support employee wellbeing, professional growth, and a positive workplace culture.



#### Expanded Career Development Pathways

Structured career progression frameworks and leadership development programs are in place to support mid-career and high-potential employees, ensuring internal capability building and long-term talent retention.



#### Mentorship and Engagement Programs

Coaching and mentoring initiatives encourage knowledge transfer, strengthen collaboration, and align employee development with corporate objectives.



#### Work-Life Balance and Positive Workplace Culture

Recognizing that employee wellbeing is essential for operational continuity and sustained performance, the Company maintains high standards to promote a positive and inclusive work environment. Al Sagr actively fosters diversity across gender and nationalities and strictly complies with labour laws and regulatory requirements related to working hours and office timings. These measures enable employees to effectively balance professional responsibilities with personal commitments while contributing to organizational objectives. In addition, the Company encourages constructive relationships among colleagues, managers, and leadership to promote psychological wellbeing and a supportive workplace culture.



#### Data-Driven Retention Analysis

Comprehensive exit interviews and workforce analytics are conducted to identify the underlying causes of employee attrition and inform targeted corrective actions. Insights gathered from these analyses have led to policy improvements, including the amendment of the attendance policy in 2024 to introduce a 30-minute flexible morning attendance window, which can be compensated for later in the day to provide employees with greater flexibility.

# DIVERSITY, EQUITY AND INCLUSION

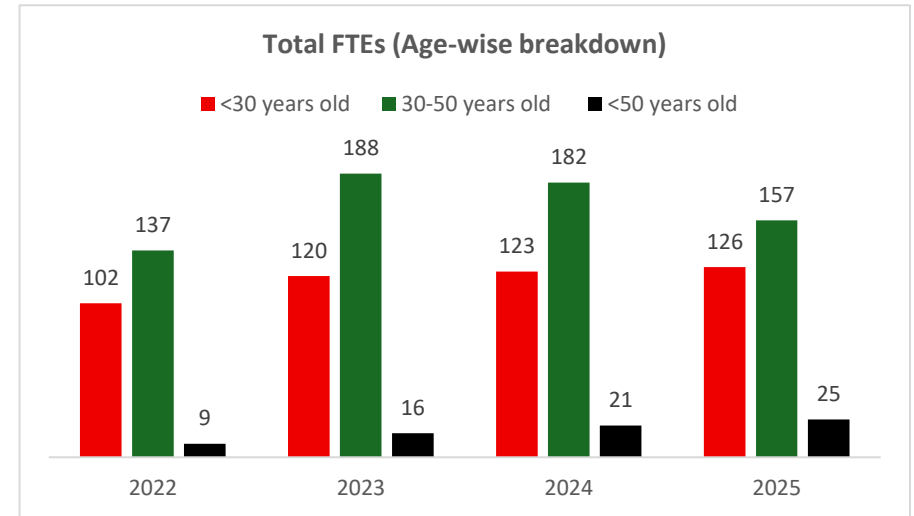
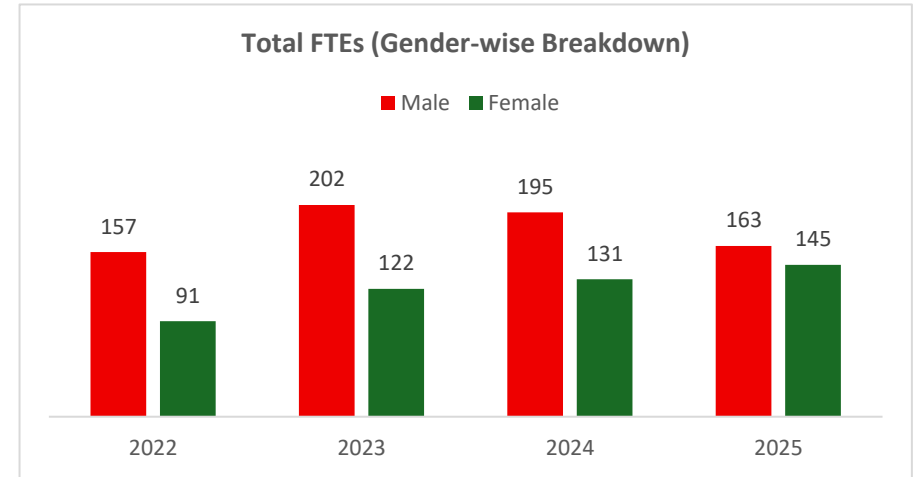
At Al Sagr, diversity, inclusion, and equal opportunity are embedded within our governance framework, recruitment philosophy, and leadership development strategy. We align our employment practices with the UAE’s constitutional principles of equality and Federal Decree-Law No. 33 of 2021 (UAE Labour Law), while supporting national gender balance and workforce participation objectives.

We believe that inclusive organizations are stronger, more resilient, and better positioned to serve a diverse customer base. By fostering a culture of fairness and meritocracy, we enhance organizational performance while reinforcing our social responsibility commitments under our ESG framework.

## DIVERSITY AND FEMALE PARTICIPATION

**DFM: S2.1, 4.1, 4.2, 4.3 & 4.5**

We actively promote gender equality in recruitment and career development. All candidates, regardless of gender, are given the opportunity to compete for positions based solely on merit, ensuring a fair and impartial selection process. Female employees are provided with equal access to training, development programs, and opportunities for advancement, including leadership and technical roles, contingent upon meeting the necessary qualifications. As of the reporting period, the company employs 19 women at the senior officer level and above, representing 25% of the total senior officer population across all genders.



**Total FTEs (Category-wise breakdown)**

Year	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Male	Female	Male	Female	Male	Female
2022	75	64	69	27	13	0
2023	104	95	87	27	11	0
2024	107	108	81	23	7	0
2025	83	127	74	18	6	0

Year	HQ	Abu Dhabi	Abu Hail	Ajman	Al Ain	Ras Al Khaimah	Sharjah	Sheik Zayed Road	TOTAL
2022	166	18	0	5	12	15	14	18	248
2023	200	27	10	11	17	15	22	22	324
2024	216	28	0	10	16	20	20	16	326
2025	183	27	0	0	20	42	23	13	308

Year	Entry-Level			Mid-Level			Senior-to-Executive Level		
	<30 years old	30-50 years old	<50 years old	<30 years old	30-50 years old	<50 years old	<30 years old	30-50 years old	Over 50 years old
2022	63	74	2	37	55	4	2	8	3
2023	85	107	7	33	73	8	2	8	1
2024	87	121	7	34	57	13	2	4	1
2025	95	109	6	30	45	17	1	3	2

## EQUAL OPPORTUNITY AND MERIT-BASED ADVANCEMENT

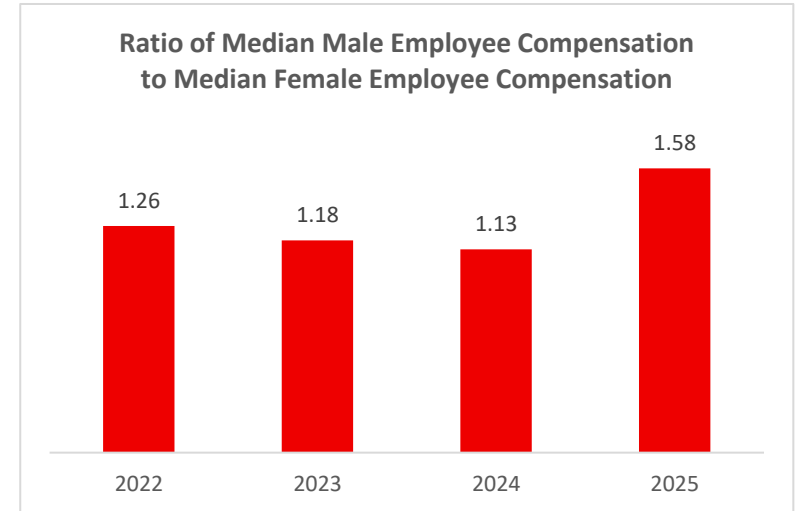
### 📍 DFM: S4.4

Al Sagr upholds strict non-discrimination principles in all employment practices. We attract qualified female and male talent by providing equal opportunity to compete for roles with complete impartiality and without gender-based discrimination.

Recruitment decisions are based exclusively on qualifications, competencies, professional experience, and business requirements. Similarly, promotion and advancement decisions are determined by merit, performance outcomes, and demonstrated leadership capability.

We provide equal access to training, professional development, and leadership programs. Female employees compete on equal footing with male colleagues for managerial, technical, and executive roles, provided the required qualifications and performance standards are met.

Our policies and procedures are aligned with UAE labor regulations and reflect our firm commitment to fairness, transparency, and workplace equality. We also remain committed to strengthening pay equity by ensuring that compensation structures are role-based, performance-driven, and consistently reviewed to promote fairness across comparable positions.



Our compensation structures are consistently reviewed to promote fairness across comparable positions.



# TRAINING AND DEVELOPMENT

In an increasingly dynamic and highly regulated insurance market, continuous learning and capability enhancement are essential to sustaining operational excellence and competitive advantage. At Al Sagr, we view training and development as a strategic investment in our human capital and a core pillar of our long-term sustainability strategy. By equipping our employees with technical expertise, regulatory knowledge, and leadership capabilities, we strengthen organizational resilience and enhance the quality of service delivered to our clients.

## Structured Onboarding and Integration

All newly hired employees participate in a comprehensive and structured onboarding program designed to ensure a smooth and effective transition into the organization. This program provides:

- A thorough introduction to the insurance sector, including regulatory frameworks, market dynamics, and Al Sagr's product portfolio.
- Detailed insights into internal operational processes, underwriting standards, claims management practices, and customer service protocols.
- Clear communication of our corporate values, ethical standards, governance principles, and compliance obligations.
- Assessment and feedback mechanisms to evaluate knowledge retention and confirm readiness for role-specific responsibilities.

This structured onboarding approach ensures that employees are aligned with organizational expectations from the outset and are equipped to contribute effectively to business objectives.



## ONGOING SKILL DEVELOPMENT AND PROFESSIONAL GROWTH



### Leadership Development

Recognizing the importance of strong managerial capability, we implemented a structured **Leadership Program for Managers**. This initiative aimed to enhance leadership effectiveness, decision-making skills, team management capabilities, and strategic thinking.

By investing in leadership development, we support succession planning and prepare our managers to lead teams effectively in a dynamic and evolving business environment.



### Technical and Operational Excellence

We continue to invest in strengthening core insurance competencies through targeted technical training programs. During the reporting period, employees participated in:

- **Technical Training for Underwriting and Claims:** Focused on improving underwriting accuracy, risk evaluation methodologies, policy interpretation, and claims assessment efficiency.
- **Task Management Tool Training:** Designed to enhance operational productivity, workflow management, collaboration, and accountability across departments.

These programs support service quality, operational efficiency, and disciplined risk selection in line with our underwriting strategy.



### Cybersecurity and Risk Awareness

To strengthen our digital resilience, we delivered Cybersecurity Awareness Training (Cywareness Training) across the organization. This program aimed to increase employee awareness of cyber threats such as phishing, malware, and social engineering attacks. By promoting responsible digital behavior and vigilance, we enhance our first line of defense against cybersecurity risks.



### Regulatory and Compliance Training

As a regulated entity operating within the UAE insurance sector, compliance remains a core priority. During the year, we conducted mandatory training programs to ensure alignment with applicable regulatory requirements and internal governance standards. These included:

- **AML & TFS Training (Anti-Money Laundering and Terrorist Financing Sanctions):** Designed to enhance employee awareness of financial crime risks, reporting obligations, and regulatory compliance requirements.
- **Data Privacy Training:** Focused on strengthening understanding of data protection responsibilities, confidentiality standards, and secure handling of personal and sensitive information.
- **EIF Training:** Supporting alignment with relevant regulatory or industry framework requirements applicable to our operations.

# EMIRATIZATION

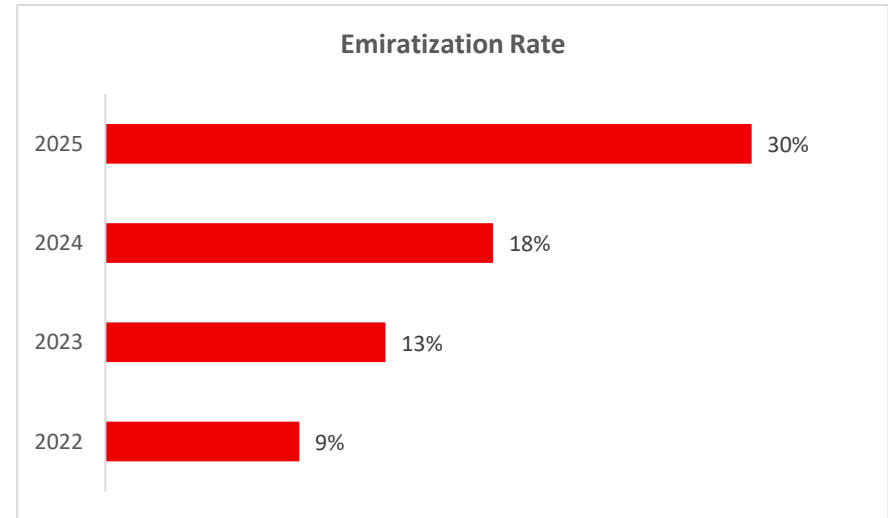


Al Sagr recognizes Emiratization as a national strategic priority and a cornerstone of the UAE’s long-term socio-economic vision. Our approach is closely aligned with the objectives of the Ministry of Human Resources and Emiratization (MOHRE) and the broader national agenda to strengthen private sector participation of UAE Nationals. We view Emiratization not only as a regulatory obligation, but as a strategic investment in national human capital, organizational sustainability, and long-term value creation.

As a responsible corporate entity, Al Sagr is fully compliant with all applicable Emiratization mandates and workforce nationalization

requirements issued by MOHRE and relevant authorities. We actively engage with government-led initiatives, including programs under Nafis, to enhance the competitiveness, employability, and career progression of Emirati professionals within the private sector. Our governance framework ensures continuous monitoring of Emiratization ratios, transparent reporting, and alignment with evolving regulatory benchmarks.

Our Emiratization strategy is delivering measurable progress. The proportion of Emirati employees increased 66.7% relatively compared to 2024, reflecting both accelerated recruitment efforts and strengthened



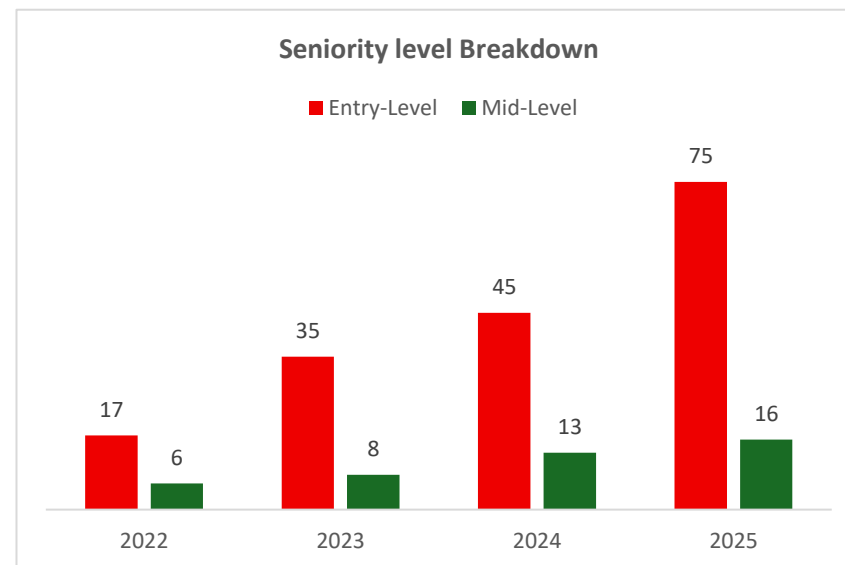
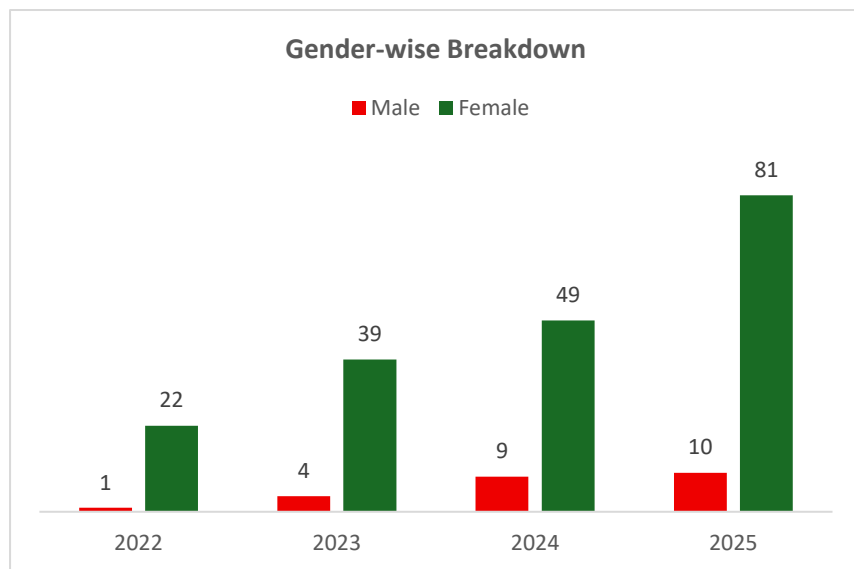
retention initiatives. Currently, Emirati employees are predominantly represented across entry-level and mid-level positions, with a increase in these categories between 2024 and 2025. This expansion reflects our structured focus on early-career integration, graduate recruitment, and

capability development programs designed to prepare UAE Nationals for long-term career advancement and future leadership roles.

To attract and retain top Emirati talent, Al Sagr offers a competitive and comprehensive benefits framework aligned with market best practices and national expectations. In addition to competitive remuneration, we provide enhanced employee benefits, including an optional pension scheme and structured development opportunities, supporting long-term financial security and professional growth. Through these initiatives, Al Sagr continues to reinforce its role as a proactive contributor to the UAE’s economic diversification agenda, supporting national workforce development while strengthening organizational resilience and performance.

**Total Number of UAE Nationals**

**📍 DFM: S2.4**



# COMMUNITY ENGAGEMENT



At Al Sagr, we believe that meaningful community engagement begins within our organization and extends outward to the broader society we serve. As a responsible corporate citizen in the UAE, we are committed to supporting initiatives that promote social well-being, public health, environmental responsibility, and employee engagement. Our community strategy aligns with the UAE leadership's vision for sustainable development and social cohesion

## STRENGTHENING COMMUNITY FROM WITHIN

We recognize that our employees are at the heart of our community engagement efforts. By fostering a culture built on collaboration, mutual respect, and shared purpose, we create a strong internal foundation that supports our broader social impact. During the reporting year, we focused on initiatives that directly benefit employee well-being and public health. These initiatives not only reinforce our people-centric values but also contribute to the wider community.

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES – 2025

In 2025, Al Sagr implemented the following CSR initiatives:

1. **Blood Donation Campaign – ASNIC Head Office**  
We organized a blood donation campaign at our Head Office, encouraging employees to voluntarily contribute to a life-saving cause. This initiative reflects our commitment to supporting national healthcare efforts and strengthening community solidarity. The campaign demonstrated strong employee participation and reinforced our culture of compassion and social responsibility.
2. **Staff Health Checkup and Flu Vaccination Program**  
As part of our commitment to employee well-being, we conducted a staff health checkup and flu vaccination drive. This initiative aimed to promote preventive healthcare, enhance awareness of personal health management, and ensure a safe and healthy work environment. By investing in the health of our employees, we also contribute to overall community resilience and productivity.

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