

INTEGRATED REPORT 2025

Salama - Islamic Arab Insurance Company (P.S.C.)



The Integrated Report of 2025

Islamic Arab Insurance Company – Salama (P.S.C.)

Islamic Arab Insurance Company - Salama (P.S.C.) is delighted to disclose its

Integrated Report of 2025 which contains the following:

1. Board of Directors Report
2. Auditor's Report
3. Annual Financial Statements And The Accompanying Notes
4. Corporate Governance Report
5. Environmental, Social and Governance Report
6. Shari'a Supervisory Committee Report

FINANCIAL REPORT 2025

Salama - Islamic Arab Insurance Company (P.S.C.)



**ISLAMIC ARAB INSURANCE CO.
(SALAMA) PJSC AND ITS
SUBSIDIARIES**

**REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2025

Islamic Arab Insurance Co. (SALAMA) PJSC and its subsidiaries

Consolidated financial statements

31 December 2025

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ISLAMIC ARAB INSURANCE COMPANY (SALAMA) PSC

Board of Directors' Report

For the year ended 31 December 2025

Introduction

The Board of Directors of Islamic Arab Insurance Company (SALAMA) (the “Company”) is pleased to present the 46th annual report and audited consolidated financial statements for the Company and its subsidiaries¹ (referred to collectively as the “Group”) for the year ended 31 December 2025.

The year marked an important phase in SALAMA’s strategic development as the Group strengthened its capital structure, enhanced financial discipline and advanced key transformation initiatives designed to set the Group’s clear agenda for sustainable long-term growth.

The Board remains focused on aligning the Company’s strategy with the evolving dynamics of the UAE insurance market, driving sustainable growth disciplined risk management and enhanced customer value.

The Board believes that the initiatives undertaken during the year have materially strengthened the Group’s financial and operational foundations, positioning SALAMA to pursue its next phase of disciplined growth and value creation.

During the year, the Group also strengthened both its Board of Directors and senior leadership team, reinforcing SALAMA’s corporate governance framework and supporting the execution of its long-term strategy.

Financial Highlights

For the year ended 31 December 2025, SALAMA delivered a resilient financial performance in 2025 while maintaining a disciplined approach to underwriting and risk management.

Total Takaful revenue of AED 1,004.9 million, reflecting the continued scale of the Group’s operations across its core markets. The Group generated net investment income of AED 195.6 million supported by the performance of its diversified investment portfolio.

The Group recorded a profit before tax of AED 16.8 million and net profit after tax of AED 11.2 million for the year. The underwriting result remained broadly balanced as management continued to prioritise underwriting discipline, strengthen risk selection and optimise portfolio quality across business lines. The year’s results also reflect improved receivable recoveries and strengthened credit management processes.

As at 31 December 2025, the Group maintained a solid financial position with total assets of approximately AED 3.24 billion. Total equity increased to approximately AED 360 million, supported by the impact of capital restructuring and positive movements in other comprehensive income (OCI) during the year.

¹ For a list of the Company’s subsidiaries, please see the company structure chart on page [17]

During the year, the Company implemented a comprehensive capital restructuring initiative aimed at strengthening the Group's financial position and improving balance sheet, with shareholders approving a capital reduction of AED 456.6 million on 16 October 2025, which became effective on the Dubai Financial Market on 9 January 2026. The restructuring involved the cancellation of 439.7 million shares and the utilisation of statutory reserves to offset accumulated losses. Following the restructuring, the Company's issued share capital stands at AED 483 million (483,021,183 shares).

Justification for the recommendation not to distribute dividends

The Board of Directors has carefully evaluated the Company's financial performance, capital position, and future capital requirements. In view of the ongoing capital optimisation initiatives and the strategic focus on strengthening the Group's solvency position and balance sheet, the Board has resolved not to propose a dividend distribution for the year ended 31 December 2025.

This approach reflects the Board's commitment to prudent capital management, ensuring adequate capital buffers to support growth, meet regulatory requirements and enhance long-term financial resilience.

The Board will continue to assess dividend distributions in future periods based on profitability, solvency and overall financial performance.

Zakat

The Company does not pay Zakat on behalf of its shareholders, and the responsibility of paying Zakat is that of the shareholders. Based on the methodology approved by the Internal Sharia Supervision Committee, the Zakat for the year ended 31 December 2025 is estimated at AED 0.027 per share.

Industry Environment

The UAE insurance sector continues to be dynamic, demonstrating resilience and long-term growth potential, supported by strong economic fundamentals, population growth and increasing awareness of insurance protection.

The Takaful segment remains an important component of the UAE insurance landscape. According to the IMF's October 2025 World Economic Outlook, the UAE economy is projected to grow by 4.8% in 2025 and 5% in 2026, providing a supportive environment for the continued development of insurance and Takaful solutions.

Strategic Priorities

During 2025, SALAMA continued to advance its strategic agenda with a focus on strengthening financial resilience, enhancing operational discipline and positioning the Group for sustainable long-term growth, through its own transformation and by unlocking market potential. Strengthening underwriting discipline through improved portfolio quality and risk selection.

Enhancing capital efficiency through disciplined capital deployment. Operational efficiency and digital enablement through investment in technology and automation. Strengthening governance and leadership capabilities in line with international best practices.

Recognition and Awards

SALAMA continued to receive recognition from regional and international industry platforms for its commitment to customer service, innovation and Shariah-compliant insurance solutions.

- Global Banking & Finance Review
- Best Insurance Website UAE 2025
- Best Life and Health Takaful Provider UAE 2025
- Best General Takaful Provider UAE 2025
- MEA Finance Industry Awards
- Best Takaful Provider
- Global Takaful Awards
- Best Family Takaful Company

Additional recognitions included:

- Leading Takaful Solution Provider UAE
- Most Trusted Islamic Insurance Brand
- Insurance Leader of the Year – Digital Insurance MENA
- Emirates Labour Market Award – Financial and Insurance Activities

Risk Management and Governance

Risk management remains a core pillar of SALAMA's operating framework. The Group maintains a comprehensive risk management structure designed to identify, assess and manage underwriting, investment and operational risks.

This framework is supported by strong governance structures, internal control processes and oversight from the Board and its committees.

Digital Transformation

Digital enablement remains a key strategic priority for SALAMA. The Group continues to invest in technology and automation to strengthen distribution capabilities, enhance customer engagement and improve operational efficiency.

Regulatory Environment

The regulatory environment for the UAE insurance sector continues to evolve. During the year, the UAE introduced Federal Decree Law No. 6 of 2025 strengthening the regulatory framework governing financial institutions and insurance activities.

SALAMA continues to work closely with the Central Bank of the UAE to ensure compliance with the evolving regulatory landscape.

Outlook

Looking ahead, SALAMA remains focused on strengthening underwriting discipline, enhancing capital efficiency and delivering sustainable and scalable profitability.

The Board believes that the strategic initiatives undertaken during the year provide a strong foundation for the Group's continued progress.

Closing Remarks

The Board of Directors would like to express its sincere appreciation to the Group's customers, shareholders, regulators and business partners for their continued trust and support.

The Board also extends its gratitude to the management team and employees whose dedication and professionalism continue to drive the Group's progress.

Board of Directors

Mr. Essa Ali Bin Salem Bin Jassim Alzaabi – Chairman of the Board

Mr. Fareed Lutfi Al Harmouzi – Vice Chairman of the Board

Mr. Rashed Mohammed Abdulrahman – Board Member

Mr. Buti Abdulla Aljumairi – Board Member

Mrs. Maha Abdul Majeed Al-Fahim – Board Member

Mr. Umair Nizami – Board Member

Mr. Parvaiz Siddiq – Board Member

On behalf of the Board:



Essa Ali Bin Salem Bin Jassim Alzaabi

Chairman of the Board of Directors

24 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Islamic Arab Insurance Co. (Salama) PJSC (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
<p><u>Accounting for takaful revenue for contracts measured under Premium Allocation Approach (PAA)</u></p> <p>During the year ended 31 December 2025, the Group has recorded takaful revenue from contracts measured under PAA amounting to AED 887,371 thousand (note 26).</p> <p>The Group has applied the PAA measurement model for its General and Group life products after conducting eligibility tests based on factors stated in IFRS 17. Under PAA, the revenue recognition follows a simplified approach where the revenue recorded is gross written premiums less movement in gross unearned premiums.</p> <p>The occurrence for takaful revenue for contracts measured under PAA can be overstated by changing the policy start/end dates whereby the policy starting post year end is recorded in the current year to improve profitability/ loss ratios or recording policies with overstated premiums. This can result in overstatement of takaful revenues and takaful receivables.</p> <p>Due to the complexities involved and risk of overstatement, this matter is to be considered as a key audit matter.</p>	<p>The work that we performed to address this key audit matter included the following procedures:</p> <ul style="list-style-type: none"> • We performed walkthrough of the revenue process and control testing over PAA premium underwriting and recording; • We engaged our actuarial specialists to review the methodology, assumptions and other key inputs and to test a sample of the calculations within the actuarial balances; • For a sample of revenue items that are recognized during the year, we performed the following; <ul style="list-style-type: none"> ○ Agreed to appropriate supporting documentation which included agreeing the policy premium and the agreed brokerage commission percentage to the signed slip for the policy; and ○ Traced the policies recorded to the underlying contracts. • Agreed the contribution expected in subledger(s) and/or reserving models to the general ledger control accounts, investigated any unusual items and tested other reconciling items based on the established testing threshold; • For revenue cut-off, we selected a sample of transactions close to the year end, and reviewed the policy inception dates for the revenue recognized to ensure that revenue is recorded in the correct period; and • Performed testing on the determination of liability for remaining coverage (LRC) and associated movements.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)**

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
<p><u>Valuation of takaful contract liabilities, retakaful contract assets and retakaful contract liabilities</u></p> <p>As at 31 December 2025, takaful contract liabilities, retakaful contract assets and retakaful contract liabilities amounted to AED 2,478,886 thousand, AED 437,121 thousand and 101,165 thousand respectively (note 13).</p> <p>The Group adopted the PAA model to value its general takaful and short-term life contracts.</p> <p>The Group adopted the General Measurement Model and Variable Fee Approach models to value its long-term life contracts.</p> <p>Any misstatement in relation to valuation of takaful contract liabilities would affect the liabilities under takaful contracts and related income statement accounts.</p> <p>Based on the above factors which involves significant judgements and estimation, this is to be considered as a key audit matter.</p>	<p>The work that we performed to address this key audit matter, included the following procedures:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's process for determining the key actuarial assumptions; • Performed risk assessment on the assumptions (economic and non-economic) and assessed the management's approach to deriving these assumptions; • Reviewed the method used by management in deriving the key assumptions by benchmarking to other market data; • On sample basis, performed claims testing on incurred claims to supporting documents such as reports from loss adjusters and confirmations obtained from lawyers; • We engaged our EY actuarial specialists to review the methodology, assumptions and other key inputs and to test a sample of the actuarial balances; • Evaluated the skills, qualifications, and competence of the Group's appointed actuary; • Assessed the management's determination of the split of expenses between qualifying and non-qualifying expenses by considering the nature of the expenses; • Reviewed management's analysis of changes in the reserves and tested the rationale given for key changes year on year; • Obtained an understanding of management's approach to determining the risk adjustment and evaluated that the approach used and derived risk adjustment are in line with the IFRS requirement; • Tested the application of the risk adjustment in management's models. • On a sample basis, developed a point estimate or range based on our understanding of the Group's business, and evaluated the differences between management's point estimate and our point estimate or range. • We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS.



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
<p>Valuation of goodwill</p> <p>As at 31 December 2025, the carrying value of goodwill amounted to AED 65,633 thousand which has arisen from historic acquisitions made by the Group. During the year, the Group has recorded no impairment on the same (note 6).</p> <p>Goodwill is allocated to cash generating units ('CGUs') for the purpose of impairment testing. Given the magnitude of the goodwill balance and the continued economic uncertainty in certain regions, it is important to ensure that the goodwill impairment review is approached in a robust manner to identify potential impairments, where necessary.</p> <p>The determination of the recoverable amount is complex and typically requires a high level of judgement, taking into account the different economic environments in which the Group operates. The most significant judgments arise from the selection of market-based metrics, such as comparable company multiples, market prices, and industry benchmarks, used in the market approach valuation models.</p>	<p>The work that we performed to address this key audit matter included the following procedures:</p> <ul style="list-style-type: none">• Obtained from management the goodwill valuation and the external consultant's report based on the market approach.• Evaluated the key assumptions used in the market approach for goodwill impairment testing, specifically focusing on comparable company multiples, recent market transactions, and fair value estimates.• Assessed the relevance and reliability of the market data and comparable companies used in the valuation by comparing them to external sources and forming our own assessment.• Engaged our internal specialists to assist in reviewing the appropriateness of the market approach methodology, including the selection of comparable companies and the calculation of valuation multiples.• Verified the integrity and mathematical accuracy of the goodwill impairment model under the market approach.• Considered the adequacy of the Group's disclosures in respect of its goodwill impairment testing based on the market approach. We also considered the adequacy of the Group's disclosures in respect of its goodwill impairment testing.

Other information

Other information consists of the information included in the Director's Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. 32 of 2021, as amended and the UAE Federal Decree Law No. (6) of 2025 and the related Financial Regulations for Insurance Companies, regarding the regulation of Insurance activities, Central Bank of the UAE Board of Directors' Decision No. (26) of 2014 pertinent to the Financial Regulations for Takaful Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)**

Report on the audit of the consolidated financial statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)**

Report on other legal and regulatory requirements

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

- i) the Company has maintained proper books of account;
- ii) we have obtained all the information we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. 32 of 2021, as amended;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Company;
- v) investments in shares and stocks during the year ended 31 December 2025, are disclosed in note 11 to the consolidated financial statements;
- vi) note 15 to the consolidated financial statements reflects material related party transactions and balances, and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Law No. 32 of 2021, as amended, or its Articles of Association, which would have a material impact on its activities or its financial position as of 31 December 2025; and
- viii) the Company has no social contributions made during the year.

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

Ernst & Young Middle East (Dubai Branch)



Ashraf Abu Sharkh
Registration No: 690

27 March 2026

Dubai, United Arab Emirates

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

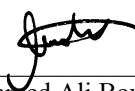
As at 31 December 2025

	<i>Notes</i>	31 December 2025 AED'000	31 December 2024 AED'000
ASSETS			
Property and equipment	5	47,469	46,721
Goodwill and intangibles	6	66,687	67,188
Investment properties	7	53,656	48,840
Right-of-use assets	8	5,915	6,525
Investment in associate	9	39,231	35,885
Statutory deposits	10	314,228	298,841
Investments	11	263,479	222,742
Participants' investments in unit-linked contracts	11	1,780,279	1,919,837
Deposits with takaful and retakaful companies	12	773	748
Retakaful contract assets	13	437,121	470,860
Other assets and receivables	16	33,543	39,996
Bank balances and cash	17	193,761	148,773
TOTAL ASSETS		3,236,142	3,306,956
LIABILITIES AND EQUITY			
Liabilities			
Family takaful reserve		80,986	71,846
Takaful contract liabilities	13	2,478,886	2,595,416
Retakaful contract liabilities	13	101,165	121,544
Other payables and accruals	18	209,075	177,567
Lease liabilities	8	6,006	6,203
Total liabilities		2,876,118	2,972,576
Equity			
Share capital	20	483,021	939,589
Treasury shares	21	-	(35,972)
Statutory reserve	22	401	4,124
Other reserves	23	(164,569)	(179,832)
Accumulated losses		(18,818)	(443,861)
Equity attributable to Owners of the Company		300,035	284,048
Non-controlling interest	24	59,989	50,332
Total equity		360,024	334,380
TOTAL LIABILITIES AND EQUITY		3,236,142	3,306,956

These consolidated financial statements were authorised for issue and approved by the Board of Directors on 24 March 2026 and signed on their behalf by:



 Essa Ali Bin Salem Bin Jassim Alzaabi
 Chairman of the Board of Directors



 Mohamed Ali Bouabane
 Group Chief Executive Officer

The attached notes 1 to 44 form part of these consolidated financial statements.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 AED'000	2024 AED'000
Takaful revenue	26	1,004,990	1,046,378
Takaful service expenses	27	(917,834)	(979,723)
Net expenses from retakaful contracts held		(86,786)	(41,038)
TAKAFUL SERVICE RESULT		370	25,617
Policyholders' investment income	25	144,277	106,489
Shareholders' investment income	25	51,301	52,695
NET INVESTMENT RESULT		195,578	159,184
Takaful finance expense for takaful contracts issued	28	(163,744)	(117,891)
Retakaful finance income for retakaful contracts held	28	12,845	1,317
NET TAKAFUL FINANCE EXPENSE		(150,899)	(116,574)
NET TAKAFUL AND INVESTMENT RESULT		45,049	68,227
Other operating income		11,732	26,640
Other operating expenses	37	(68,762)	(52,070)
Reversal of / (provision for) expected credit losses	36	28,761	(6,180)
PROFIT BEFORE TAX		16,780	36,617
Income tax expense	29	(5,583)	(12,028)
NET PROFIT AFTER TAX		11,197	24,589
Attributable to:			
Shareholders		4,014	13,091
Non-controlling interests		7,183	11,498
		11,197	24,589
Basic and diluted earnings per share (AED)	30	0.005	0.014

The attached notes 1 to 44 form part of these consolidated financial statements.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 AED'000	2024 AED'000
Net profit after tax		11,197	24,589
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>			
Net change in foreign exchange translation reserve	23.2	15,850	(43,723)
Share of other comprehensive income/ (loss) of associate	9	1,880	(63)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
Net changes in fair value of investments at FVOCI		(1,164)	(2,811)
TOTAL OTHER COMPREHENSIVE INCOME/ (LOSS)		16,566	(46,597)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		27,763	(22,008)
Attributable to:			
Shareholders		17,663	(14,083)
Non-controlling interest		10,100	(7,925)
		27,763	(22,008)

The attached notes 1 to 44 form part of these consolidated financial statements.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Accumulated losses AED'000	Regulatory reserve AED'000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2025	939,589	4,124	34,118	(188,067)	(33,271)	(35,972)	(443,861)	7,388	284,048	50,332	334,380
Profit for the year	-	-	-	-	-	-	4,014	-	4,014	7,183	11,197
<i>Other comprehensive loss</i>											
Net movement in foreign exchange translation reserve	-	-	-	12,942	-	-	-	-	12,942	2,908	15,850
Net changes in fair value of investments	-	-	-	-	(1,173)	-	-	-	(1,173)	9	(1,164)
Share of other comprehensive income of associate (note 9)	-	-	-	-	1,880	-	-	-	1,880	-	1,880
Total other comprehensive income	-	-	-	12,942	707	-	-	-	13,649	2,917	16,566
Total comprehensive income for the year	-	-	-	12,942	707	-	4,014	-	17,663	10,100	27,763
<i>Other equity movements</i>											
Capital Reduction (Note 1)	(456,568)	(4,124)	-	-	-	35,972	424,720	-	-	-	-
Board Remuneration (Note 15)	-	-	-	-	-	-	(1,676)	-	(1,676)	-	(1,676)
Dividend paid (Note 24)	-	-	-	-	-	-	-	-	-	(443)	(443)
Transfer to statutory reserve	-	401	-	-	-	-	(401)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	(1,614)	1,614	-	-	-
Balance at 31 December 2025	483,021	401	34,118	(175,125)	(32,564)	-	(18,818)	9,002	300,035	59,989	360,024

The attached notes 1 to 44 form part of these consolidated financial statements.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2025

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Accumulated losses AED'000	Regulatory reserve AED'000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2024	939,589	2,815	34,118	(163,767)	(30,397)	(35,972)	(452,391)	5,513	299,508	69,235	368,743
Profit for the year	-	-	-	-	-	-	13,091	-	13,091	11,498	24,589
<i>Other comprehensive loss</i>											
Net movement in foreign exchange translation reserve	-	-	-	(24,300)	-	-	-	-	(24,300)	(19,423)	(43,723)
Net changes in fair value of investments	-	-	-	-	(2,811)	-	-	-	(2,811)	-	(2,811)
Share of other comprehensive loss of associate (note 9)	-	-	-	-	(63)	-	-	-	(63)	-	(63)
Total other comprehensive loss	-	-	-	(24,300)	(2,874)	-	-	-	(27,174)	(19,423)	(46,597)
Total comprehensive loss for the year	-	-	-	(24,300)	(2,874)	-	13,091	-	(14,083)	(7,925)	(22,008)
<i>Other equity movements</i>											
Capital increase	-	-	-	-	-	-	-	-	-	300	300
Board Remuneration (note 15)	-	-	-	-	-	-	(1,377)	-	(1,377)	-	(1,377)
Dividend paid (Note 24)	-	-	-	-	-	-	-	-	-	(11,278)	(11,278)
Transfer to statutory reserve	-	1,309	-	-	-	-	(1,309)	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	(1,875)	1,875	-	-	-
Balance at 31 December 2024	939,589	4,124	34,118	(188,067)	(33,271)	(35,972)	(443,861)	7,388	284,048	50,332	334,380

The attached notes 1 to 44 form part of these consolidated financial statements.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before tax		16,780	36,617
Adjustments for:			
Depreciation on property and equipment	5	3,215	3,072
Depreciation on right of use assets	8	1,840	2,278
Amortisation of intangible assets	6	704	1,626
Finance Cost	8.2	305	231
Share of profit from associate	9	(3,159)	(2,135)
Unrealised (gain)/ loss on investment	25	(866)	19
Unrealised gain on investment properties	25	(2,925)	(4,502)
(Reversal of)/ charge for expected credit losses		(28,761)	6,180
Impairment on takaful receivables		3,551	-
Operating cash flows before changes in operating assets and liabilities		(9,316)	43,386
Decrease in deposits with takaful and retakaful companies	12	(25)	226
Changes in takaful contract assets	13	-	6,801
Change in retakaful contract assets	13	33,739	(122,398)
Changes in takaful contract liabilities	13	(116,530)	51,988
Change in retakaful contract liabilities	13	(20,379)	(40,506)
Change in other assets and receivables	16	6,453	40,398
Change in family reserves		9,140	(5,314)
Change in other payables		30,562	(8,250)
Income tax paid	29	(7,323)	-
Net foreign exchange difference		15,850	(43,723)
Net cash used in operating activities		(57,829)	(77,392)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment - net	5	(1,817)	(3,362)
Purchase of intangible assets - net	6	(197)	(1,025)
Purchase of investment property - net	7	-	(21)
Net movement in statutory deposits	10	(15,387)	(15,315)
Repayment of principal and profit on lease liability	8	(1,487)	(2,702)
Dividend income from associate	9	1,693	1,539
Change in Investments - net		(17,427)	14,181
Net movement in Participants' investments in unit-linked contracts	11	139,558	101,046
Change in term deposits under lien	17	(17,503)	6,056
Cash generated from investing activities		87,433	100,397
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in non-controlling interest		(443)	(10,978)
Board of Director's remuneration	40	(1,676)	(1,377)
Cash used in financing activities		(2,119)	(12,355)
NET INCREASE IN CASH AND CASH EQUIVALENTS		27,485	10,650
Cash and cash equivalents at 1 January		135,730	125,080
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 17)		163,215	135,730

The attached notes 1 to 44 form part of these consolidated financial statements.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Islamic Arab Insurance Co. (Salama) PJSC (“the Company”) is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O. Box 10214, Dubai, United Arab Emirates. The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari’ah principles and in accordance with the relevant Articles of the Company.

On 16 September 2025, Federal Decree-Law No. (6) of 2025 regarding the Central Bank, the Regulation of Financial Institutions and Activities, and Insurance Business was issued and came into effect. This new law repealed Federal Decree-Law No. 48 of 2023 concerning the Financial Regulations of Insurance Companies issued by the Central Bank of the United Arab Emirates. The Companies must within a period not exceeding twelve months from the date of the enforcement of its provisions from 16 September 2025 comply with the provisions of the UAE Federal Decree Law No (6) of 2025.

The Company and its subsidiaries are referred to as “the Group”. Tariic Holding B.S.C (Tariic), a subsidiary of the Company, is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in takaful and retakaful under Islamic Shari’ah principles:

Subsidiaries	Principal activities	Group’s ownership		Country of Incorporation
		2025	2024	
<i>Directly owned</i>				
Tariic Holding Company B.S.C	No operations, holding company	99.40%	99.40%	Kingdom of Bahrain
Misr Emirates Takaful Life Insurance Co.	Family Takaful	85.19%	85.19%	Egypt
Salama Immobilier	No takaful operations	84.25%	84.25%	Senegal
Salama Takaful Insurance – Egypt (formerly “Egyptian Saudi Insurance House”)	General Takaful	51.15%	51.15%	Egypt
<i>Through Tariic</i>				
Salama Assurances Algeria	General Takaful	96.98%	96.98%	Algeria

The shareholders have approved a reduction in the share capital at the General Assembly Meeting held on 16 October 2025. The capital reduction was undertaken to offset accumulated losses and cancel treasury shares. The total capital reduction amounted to AED 456,568 thousand (Note 20), which was implemented through the following actions:

- Extinguishment of accumulated losses amounting to AED 443,861 thousand through:
 - Cancellation of 439,737,326 ordinary shares of AED 1 each; and
 - Utilization of AED 4,124 thousand from the statutory reserve to offset the remaining portion of accumulated losses (Note 22).
- Cancellation of treasury shares amounting to 16,830,489 shares of AED 1 each (Note 21).

Following the completion of all regulatory and procedural requirements, the capital reduction was subsequently activated on the Dubai Financial Market on 9 January 2026.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

New and revised IFRS Accounting Standards adopted in the financial statement

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised IFRS effective in the year did not have any significant impact.

Lack of exchangeability – Amendments to IAS 21 1 January 2025

New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

New and revised IFRS Accounting Standards *Effective for annual periods beginning on or after*

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and comply with applicable requirements of UAE Federal Decree Law No. (32) of 2021, as amended, relating to commercial companies and the UAE Federal Decree-Law No (6) of 2025, regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business and the Insurance Authority Board of Directors’ Decision No. (26) of 2014 pertinent to the Financial Regulations for Takaful Companies.

Basis of measurement

The consolidated financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

- i) Financial assets at fair value through other comprehensive income (“FVOCI”);
- ii) Financial assets at fair value through profit or loss (“FVTPL”);
- iii) Investment properties at fair value through profit or loss; and
- iv) Owned property and buildings at fair value through revaluation model.

Functional and presentation currency

These consolidated financial statements are presented in UAE Dirham (AED), which is the functional currency of the Company. Except as otherwise indicated, financial information presented in UAE Dirham has been rounded to the nearest thousand.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

3. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture. Details of the Group's subsidiaries at 31 December 2025 are mentioned in Note 1.

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

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

a) Business combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed at the date of exchange, together with the fair value of any contingent consideration payable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

b) Investments in associates

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) Investments in associates (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

c) Family takaful reserves

The risk reserves are determined by the independent actuarial valuation of future policy benefits. Actuarial assumptions include a margin for adverse deviation and generally vary by type of policy, year of issue and policy duration. Mortality and withdrawal rate assumptions are based on experience. Adjustments to the balance of fund are affected by charges or credits to income.

d) Profit from deposits

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

e) Dividend income

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

f) Fee and commission income

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

g) Rental income

Rental income is recognized in the consolidated financial statements on an accrual basis in accordance with IFRS 16: Leases. It is recognized as income on a straight-line basis over the lease term.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

h) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The tax currently payable is calculated in accordance with fiscal regulations of Algeria and Egypt.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the consolidated statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

i) Foreign currencies

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

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

j) Employee benefits

Defined contribution plan

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

Provision for employees' end of service indemnity

Provision is also made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the U.A.E. Labour Law and is based on current remuneration and their period of service at the end of the reporting period. The provision relating to end of service indemnity is a non-current liability.

k) Property and equipment

Land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and any identified impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using the fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited in other comprehensive income to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Other property and equipment are carried at cost less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The estimated useful lives of these assets (except for land) are 4 – 10 years.

Capital work-in-progress is stated at cost incurred from the date of commencement of the project to the date on which it is capitalised. When capitalised, capital work-in-progress is transferred to the appropriate category of property and equipment and depreciated in accordance with the Group's accounting policies.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

l) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

m) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Computer Software

Intangible assets are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 3 - 5 years.

n) Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

p) Policyholders' fund

Any deficit in the policyholders' fund is financed by the shareholders through Qard-e-Hasan as per their undertaking. The Group maintains a full provision against such balances (note 19).

q) Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect profit on the lease liability (using effective profit method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating profit rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

q) Leases (continued)

The Group as lessee (continued)

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use of assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'General and administrative expenses' in the consolidated statement of comprehensive income.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

r) Financial Instruments

Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all the risks and rewards of the asset or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

r) Financial Instruments (continued)

Investments and other financial assets (continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit are measured at amortised cost. Profit income from these financial assets is calculated using the effective profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Net investment income' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income' in the consolidated statement of profit or loss.
- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Profit income from these financial assets is calculated using the effective profit rate method. Foreign exchange gains and losses are presented in 'Net investment income'.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of profit or loss and is presented net within 'Net investment income' in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'Net investment income' when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL except for unit linked investments are recognised in 'change in fair value of financial investments at FVTPL' included within 'Net investment income'. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's financial assets are subject to the expected credit loss model.

For other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the historical credit losses experienced. Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The impairment charge for debt investments at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Other receivables

Other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective profit method, less impairment provision. The Group holds the other receivables with the objective to collect the contractual cash flows.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

r) Financial Instruments (continued)

Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, profit bearing loans and borrowings are subsequently measured at amortised cost using the effective profit method.

Financial liabilities included in takaful and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Offsetting of financial assets and liabilities

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

Cash and cash equivalents

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

Deposits with banks with original maturities of more than three months

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

Investment contract Liabilities

Investment contract liabilities are recognized when contracts are entered into, and contributions are charged. These liabilities are initially recognized at fair value, being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, investment contract liabilities are measured at fair value through profit or loss. Deposits and withdrawals are recorded directly as an adjustment to the investment contract liabilities recorded in the Statement of Financial Position and are not recognised in the Statement of Comprehensive Income. Fair value adjustments are performed at each reporting date and are recognised in the Statement of Comprehensive Income in "Net investment result".

Unit-linked investment contracts

These represent portfolios maintained to meet the specific investment objectives of contract holders who bear the credit, profit rate, market and liquidity risks related to the investments. The liabilities are carried at fair value, which is determined by reference to the underlying financial assets. Changes in fair value are recorded in the profit and loss. Related assets for unit-linked investment contracts are designated at fair value through profit or loss in order to reduce measurement inconsistencies.

The costs of policy administration, asset management, surrender charges and certain contract holders' taxes assessed against the contract holders' account balances are recovered as policy fees and are recognised in the Statement of Comprehensive Income.

s) Operating segment

An operating segment is a component of the Group 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 Group's other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts

A takaful contract is a contract under which one party (the issuer) accepts significant takaful risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

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

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

Changes to classification and measurement

IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of takaful contracts issued and retakaful contracts held by the Group. The Group uses different measurement approaches, depending on the type of contracts, as follows:

<i>Nature of Contracts</i>	<i>Product classification</i>	<i>Measurement model</i>
<i>Unit Linked</i>	<i>Takaful contracts</i>	<i>Variable Fee Approach (“VFA”)</i>
<i>Term Life</i>	<i>Takaful contracts</i>	<i>General Measurement Model (“GMM”)</i>
<i>Group Life – Short Term</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach (“PAA”)</i>
<i>Group Life – Long Term</i>	<i>Takaful contracts</i>	<i>General Measurement Model</i>
<i>Engineering</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach</i>
<i>Fire</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach</i>
<i>General Accident</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach</i>
<i>Liabilities</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach</i>
<i>Marine</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach</i>
<i>Motor</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach</i>
<i>Health</i>	<i>Takaful contracts</i>	<i>Premium Allocation Approach</i>
<i>All retakaful contracts held other than long term individual and Group life</i>	<i>Retakaful contracts held</i>	<i>Premium Allocation Approach</i>
<i>Long term individual and Group life retakaful contracts held</i>	<i>Retakaful contracts held</i>	<i>General Measurement Model</i>

The key principles of IFRS 17 under the different measurement models, where applicable, are that the Group:

- Identifies takaful contracts as those under which the Group accepts significant takaful risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Divides the takaful and retakaful contracts into groups it will recognise and measure.
- Recognises profit from a group of takaful contracts over each period the Group provides takaful contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Changes to classification and measurement (continued)

The premium allocation approach (PAA) simplifies the measurement of takaful contracts in comparison with the general measurement model (GMM) in IFRS 17. The measurement principles of the PAA differ from the 'earned contribution approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects contributions received less deferred takaful acquisition cash flows and less amounts recognised in revenue for takaful services provided (takaful revenue for each period is the amount of expected contribution receipts for providing services in the period).
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred takaful expenses.

Measurement of the asset for remaining coverage (reflecting retakaful contributions paid for retakaful held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Under the GMM and the variable fee approach (VFA), the group recognises and measures groups of takaful contracts at:

- i. A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; and
- ii. An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)

The VFA is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating contracts.

The Group capitalises takaful acquisition cash flows for all takaful group of contracts. The Group allocates the acquisition cash flows to groups of takaful contracts issued using a systematic and rational basis. Takaful acquisition cash flows include those that are directly attributable to a group.

Changes to presentation and disclosure

IFRS 17 introduces a new way of presenting income and expenses relating to takaful contracts that moves away from a contribution based presentation approach for the statement of comprehensive income. It also introduces changes in the way takaful contract related account balances are presented in the statement of financial position.

In addition, IFRS 17 requires more granular and detailed disclosures to provide information on the composition and movements of the amounts recognized in the financial statements that arise from takaful contracts in the form of roll forward and reconciliation tables. The Group presents the following line items separately in the statement of financial position as required under IFRS 17:

- Portfolios of Takaful contracts that are assets.
- Portfolios of Takaful contracts that are liabilities.
- Portfolios of Retakaful contracts that are assets.
- Portfolios of Retakaful contracts that are liabilities.

The carrying amount of an takaful contract asset / liability is the sum of the liability of remaining coverage and the liability for incurred claims. Retakaful contracts held that are either assets or liabilities, comprise liability for remaining coverage and liability for incurred claims that correspond to the ceded business.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Takaful and retakaful contracts issued classification

The Group issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its policyholders. As the policies written by the Group transfer significant takaful risk, all the policies issued are within the scope of IFRS 17. The Group currently does not write any takaful policies that include embedded derivatives, provide warranties (similar to those provided by a manufacturer, dealer, or retailer) or include non-takaful distinct service components.

Level of Aggregation

While deciding on the portfolio level under IFRS 17, the Group has considered the criteria of “similar risk and managed together” while taking into account the materiality of each product/portfolio. In grouping takaful contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts.

Recognition

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

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

Separating components from insurance and reinsurance contracts

The Group assessed its takaful and retakaful contracts to determine whether they contained distinct components which must be accounted for under another reporting standard instead of IFRS 17.

The investment components included in the life takaful contracts are highly interrelated to the takaful component and are thus not distinct. Accordingly, the Group shall not unbundle the cash flows related to the investment component.

In the case of non-life policies / general takaful, roadside assistance is the only service component that is offered along with the motor policies. However, since the road-side assistance cover also ends once the policy expires, it is not distinct. Thus, the Group shall not unbundle the roadside assistance offered along with motor policies.

Contract boundary

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

Cash flows are within the boundary of an takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the contributions, or in which the Group has a substantive obligation to provide the policyholder with takaful contract services. A substantive obligation to provide takaful contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - i. The Group has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - ii. The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Measurement

The following table sets out the accounting policy choices adopted by the Group:

	Applicable Measurement Model	IFRS 17 options	Adopted approach
Takaful acquisition cash flows	PAA	In applying the premium allocation approach, an entity may choose to recognize any takaful acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year.	Group currently amortizes acquisition cash flows for all lines expected to be measured using the PAA. The company will use the same approach under IFRS 17 as this would not only ensure consistency with current practice but would also be consistent with the treatment under GMM.
LRC adjusted for financial risk and time value of money	PAA	The entity is not required to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk if, at initial recognition, the entity expects that the time between providing each part of the services and the related contribution due date is no more than a year.	The expected delay between provision of services and receipt of payment is small for contracts eligible to be run under the PAA. Hence, the Company does not expect significant financing component for LRC for these contracts.
LIC adjusted for time value of money	PAA	In applying PAA, an entity may choose to not adjust future cash flows for Liability of Incurred Claims (LIC) for the time value of money and the effect of financial risk if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.	For the majority of takaful contracts (except for medical and short-term Group Life) written by the Group, a significant portion of the claims is settled beyond 12 months from the date of loss. Accordingly, the Group has decided to discount the LIC computed under the PAA approach.
Insurance finance income and expense	All	IFRS 17 provides an accounting policy choice to an entity may decide to include takaful finance income/expense either in the P&L or systematically allocate it between P&L and OCI.	The Group has made an accounting policy choice to account for the insurance finance income or expenses in P&L instead of disaggregating it between P&L and OCI.
Disaggregation of risk adjustment	All	The Company can choose the option not to disaggregate the entire change in the risk adjustment for non-financial risk in the takaful service result. Or it can choose to split the amount between the takaful service result and takaful finance income or expenses.	For short term contracts, the Company has decided not to disaggregate the changes in the risk adjustment between the changes due to financial risks and non-financial risks, since, material impact of discounting on risk adjustment is not expected since most of the business is short tailed. For longer term, the company has decided to disaggregate the changes in the risk adjustment between the changes due to financial risks and non-financial risks.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Measurement (continued)

The following table sets out the accounting policy choices adopted by the Group:

	Applicable Measurement Model	IFRS 17 options	Adopted approach
Presentation of income / (expense) from retakaful contracts held	All	IFRS 17 allows options in presenting income or expenses from retakaful contracts held, other than takaful finance income or expenses. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the contribution paid (as retakaful expenses) in line items separate from takaful revenue and takaful service expenses.	The Group elected to present the Net expenses from retakaful contracts held as one line-item.

Takaful contracts measured under the premium allocation approach - Initial and Subsequent Measurement

The Group applies the premium allocation approach to all the takaful contracts (other than long term Individual and Group life takaful contracts) that it issues and retakaful contracts that it holds as:

- The coverage period of each contract in the group is one year or less, including takaful contract services arising from all contributions within the contract boundary; or
- For all the portfolios having contracts longer than one year, the Group expects the measurement of the liability for remaining coverage for the group does not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the group has decided to set the acceptable threshold for the comparison of LRC between PAA and GMM using a combination of relative and absolute materiality criteria.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- The contributions, if any, received at initial recognition;
- Minus any takaful acquisition cash flows at that date,
- Plus, or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of takaful contracts is recognised.

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

- Plus, contribution received in the period.
- Minus takaful acquisition cash flows
- Plus, any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group.
- Plus, any adjustment to the financing component, where applicable
- Minus the amount recognised as takaful revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment).

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Takaful contracts measured other than PAA - Initial and Subsequent Measurement

The Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts. Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort.

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

The CSM at the end of the reporting period represents the profit in the group of takaful contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of takaful contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group.
- For contracts measured under the GMM, profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM
- The amount recognised as takaful revenue because of the transfer of takaful contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

For direct participating contracts measured under the VFA, the Group adjusts the CSM for the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- A decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in takaful service expenses) and creating a loss component; or
- An increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in takaful service expenses).

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the contribution receipts (and any related cash flows such as takaful acquisition cash flows and takaful contribution taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to contributions received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Takaful contracts measured other than PAA - Initial and Subsequent Measurement (continued)

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of: (continued)

- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any takaful finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

For direct participating contracts measured under the VFA changes in fulfilment cash flows that relate to future services and adjust the CSM are measured at current discount rates and include the changes in the effect of the time value of money and financial risks that do not arise from underlying items.

Where, during the coverage period, a group of takaful contracts becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Group measures the carrying amount of a group of takaful contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprising the fulfilment cash flows related to past service allocated to the group at that date.

Retakaful contracts held

Retakaful contracts held are accounted for applying IFRS 17 when they meet the definition of an takaful contract. This includes the condition that the contract must transfer significant takaful risk.

Retakaful contracts transfer significant takaful risk only if they transfer to the reinsurer substantially all the takaful risk relating to the reinsured portions of the underlying takaful contracts, even if a retakaful contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

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

A group of retakaful contracts held is recognised at the earlier of the following:

- If the retakaful contracts provide proportionate coverage, the date the Group initially recognizes any underlying takaful contracts (onerous or not).
- In all other cases, at the beginning of the coverage period of the group of retakaful contracts. However, if the Group recognises an onerous group of underlying takaful contracts on an earlier date and the related retakaful contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer shall end when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The Group measures its retakaful assets for a group of retakaful contracts that it holds on the same basis as takaful contracts that it issues. However, they are adapted to reflect the features of retakaful contracts held that differ from takaful contracts issued. Where the Group recognises a loss on initial recognition of an onerous group of underlying takaful contracts or when further onerous underlying takaful contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful contracts held depicting the recovery of losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 Change in Accounting Policies (continued)

IFRS 17 Takaful Contracts (continued)

Modification and derecognition

The Group derecognises takaful 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. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

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

Allocation of Expenses

Group has prepared an expense allocation model, on the basis of which, operating expenses have been classified into the following categories:

- *Fully attributable expenses*
These are expenses which are directly related to fulfilling a takaful obligation. Expenses such as commission paid to the broker against a takaful contract, are considered fully attributable expenses.
- *Partially attributable expenses*
These are expenses which are partially related to fulfilling a takaful obligation. Of the total expense, the attributable portion will be allocated to the group of contracts, and the non-attributable portion will be booked as other operating expense.
- *Non attributable expenses*
Overhead expenses that would be incurred by any business organization, regardless of whether these expenses are utilized for fulfilment of takaful obligations would be expensed as part of 'other operating expenses' (i.e. out of scope of IFRS 17) – being considered predominantly corporate in nature, or any other expenses that cannot be allocated to group of contracts.

After the expenses were classified into attributable, partially attributable and non-attributable expenses, they are further classified into the following classes.

- Acquisition cost
- Claims related expenses
- Maintenance expenses

Discount rates

The Group adjusts the carrying amount of the takaful contracts liabilities and retakaful contracts assets 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 contracts.

Considering the investment portfolio and the takaful contracts written by the Group, the entity has decided to proceed with the bottom-up approach to compute the discount rates. Under the bottom-up 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 contribution'). The Group has determined illiquidity contribution using Replicating Portfolio technique.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of takaful 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 portfolios for which the company has adopted PAA simplification for the calculation of liability for remaining coverage, risk adjustment for LRC would only be estimated in case group of contracts recognized as onerous. For portfolios measured under general measurement model or the variable fee approach, risk adjustment would be required for the calculation of both LRC and LIC.

The Group reviewed a range of possible methodologies to estimate the RA for LRC and LIC. For RA LIC, under non-life and group life-lines of business, the Group has decided to use the Mack approach. For long-term life contracts, the company will use the Provision for Adverse Deviation approach or the e-forms approach for LRC RA. For LIC RA, the Group will use the same risk adjustment % as calculated for LRC. The Group has decided to use a 65th percentile for all lines of business.

Contractual service margin (CSM)

The CSM is a component of the asset or liability for the group of takaful contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of takaful contracts is recognised in profit or loss as takaful revenue in each period to reflect the takaful contract services provided under the group of takaful contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the takaful contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future.

The number of coverage units in a group is the quantity of takaful contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The coverage unit for both groups, unit linked life takaful contracts and other long term life groups of contracts, is net amount of risk. The total coverage units of each group of takaful contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For retakaful contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The coverage unit is net amount of risk ceded. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Onerosity determination

IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Group assesses the Onerosity considering the factors such as:

- a) the expected ratio of claims to contributions (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.
- b) economic or regulatory changes that can cause significant revisions in the expected cash flows; or
- c) significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its takaful obligations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.1 IFRS 17 Takaful Contracts (continued)

Contractual service margin (CSM) (continued)

Discounting

For cash flows that do not vary based on the returns on underlying items, an entity may determine the discount rate based on a liquid risk-free yield curve. This is adjusted to eliminate differences between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the takaful contract. The Group has elected to use the Bottom-up approach in determining the discount rates based on liquid risk-free yield curve.

Time value of money

The Group adjusts the carrying amount of the takaful contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cashflows of the group of contracts.

Under the bottom-up 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 contribution'). The risk-free curve itself will either be derived by the Group from risk free assets in the market, or the Group may choose to apply a published risk-free yield curve. The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

Liability for Incurred Claims

The Group will calculate the LFIC as follows:

- Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER.
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date.
- Adjustment for the time value of money.
- Risk adjustment for non-financial risks.

4.2 Critical Accounting Judgements and Key Sources Of Estimation Uncertainty

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

In preparing this consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024. Key judgments and estimates applied are as below.

Assessment of significance of takaful risk

The Group applies its judgement in assessing whether a contract transfers to the issuer significant takaful risk. A contract transfers significant takaful risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

CSM release pattern

The group applied significant judgements in the following aspects to the determination of CSM amounts that were recognized in profit or loss for GMM and VFA products.

The coverage units are based on the fixed death benefits in-force amounts (during the takaful coverage period) to the period in which takaful or investment management services are expected to be provided. In performing the above determination, management applied judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in profit or loss for the period.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty (continued)

Onerosity determination

IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Group assesses the Onerosity considering the factors such as:

- a) the expected ratio of claims to contributions (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.
- b) economic or regulatory changes that can cause significant revisions in the expected cash flows; or
- c) significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its takaful obligations.

Discounting

For cash flows that do not vary based on the returns on underlying items, an entity may determine the discount rate based on a liquid risk-free yield curve. This is adjusted to eliminate differences between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the takaful contract. The Group has elected to use the Bottom-up approach in determining the discount rates based on liquid risk-free yield curve.

Time value of money

The Group adjusts the carrying amount of the takaful contracts liabilities and retakaful contracts assets 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 contracts. Under the bottom-up 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 risk contribution'). The risk-free curve itself will either be derived by the Group from risk free assets in the market, or the Group may choose to apply a published risk-free yield curve. The approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield to compute illiquidity risk contribution which then along with risk free yield is used to calculate point in time curve.

Liability for Incurred Claims

The Group will calculate the LFIC as follows:

- Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER;
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date;
- Adjustment for the time value of money; and
- Risk adjustment for non-financial risks.

Measurement of the expected credit loss ("ECL") allowance

The measurement of the expected credit loss allowance for debt financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Critical Accounting Judgements And Key Sources Of Estimation Uncertainty (continued)

Classification of properties

In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment, property under development and property held for sale. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 2 – Inventories, IAS 16 – Property, plant and equipment, and IAS 40 – Investment Property, with regards to the intended use of the property.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension, automatic renewal options are only included in the lease term if the lease is reasonably certain to be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Depreciation of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. The Group employs a rigorous screening process to identify comparable companies within the Middle East and North Africa (MENA) region that demonstrate liquidity and align with key financial metrics relevant to the Investments. This includes factors such as gross written contribution (GWC) size, net profit margins, and return on equity.

To establish an equity value range for the Investments, the Group applies the average traded price-to-book (P/B) multiples of these comparable companies. The P/B multiple is a widely recognized valuation metric within the takaful and financial services sectors, as it effectively captures a company's capacity to leverage its balance sheet particularly its investments, typically recorded at fair value—to generate returns on capital.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease. Group discounted lease payments using the incremental borrowing rate of 4.5% per annum.

Revaluation of land and building

IAS 16 – Land and building require revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Management has estimated a period of 3 years as sufficient regularity for revaluation of land and building.

Valuation of investment properties

The fair value of investment properties were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers provide the fair value of the Group's investment properties portfolio annually.

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5. PROPERTY AND EQUIPMENT

	<i>Land</i> AED'000	<i>Building</i> AED'000	<i>Furniture and fixtures</i> AED'000	<i>Computer</i> AED'000	<i>Vehicles</i> AED'000	<i>Capital work in progress</i> AED'000	<i>Total</i> AED'000
Cost or valuation							
At 1 January 2024	10,813	32,275	13,911	8,809	2,196	443	68,447
Additions during the year	-	115	1,144	1,848	110	593	3,810
Foreign exchange translation	(75)	(539)	(939)	(724)	(143)	-	(2,420)
Disposals / transfer	-	198	(27)	(25)	-	(594)	(448)
At 31 December 2024	10,738	32,049	14,089	9,908	2,163	442	69,389
Additions during the year	-	-	407	179	12	1,242	1,840
Foreign exchange translation	501	1,537	560	318	75	(107)	2,884
Disposals / transfer	-	-	(23)	-	-	-	(23)
At 31 December 2025	11,239	33,586	15,033	10,405	2,250	1,577	74,090
Accumulated depreciation							
At 1 January 2024	-	-	11,558	7,524	1,998	-	21,080
Charge for the year	-	1,558	674	763	77	-	3,072
Foreign exchange translation	-	(5)	(690)	(663)	(74)	-	(1,432)
Disposals / transfer	-	-	(27)	(25)	-	-	(52)
At 31 December 2024	-	1,553	11,515	7,599	2,001	-	22,668
Charge for the year	-	1,647	704	805	59	-	3,216
Foreign exchange translation	-	103	361	231	66	-	761
Disposals / transfer	-	-	(23)	-	-	-	(23)
At 31 December 2025	-	3,303	12,557	8,635	2,126	-	26,622
Carrying amount							
At 31 December 2025	11,239	30,283	2,476	1,770	124	1,577	47,469
At 31 December 2024	10,738	30,496	2,574	2,309	162	442	46,721

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5. PROPERTY AND EQUIPMENT (continued)

Revaluation of the Group's land and building

The Group's land and building are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Group's land and buildings were last revalued as of 31 December 2023 by an independent valuer not related to the Group. The valuer has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards.

The fair value of land and building was determined based on depreciated replacement cost method of valuation for the existing structures and the comparable method of valuation for the underlying land. The revalued land and buildings are classified under Level 3 of fair value hierarchy as the valuation technique include significant unobservable inputs used in the fair value estimation.

6 GOODWILL AND INTANGIBLES

	<i>Goodwill</i> <i>AED'000</i>	<i>Computer software</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Cost			
At 1 January 2024	114,640	15,090	129,730
Additions	-	803	803
Effect of movements in exchange rates	-	(115)	(115)
	<hr/>	<hr/>	<hr/>
At 31 December 2024	114,640	15,778	130,418
	<hr/>	<hr/>	<hr/>
At 1 January 2025	114,640	15,778	130,418
Additions	-	197	197
Effect of movements in exchange rates	-	30	30
	<hr/>	<hr/>	<hr/>
At 31 December 2025	114,640	16,005	130,645
	<hr/>	<hr/>	<hr/>
Accumulated amortization and impairment losses			
At 1 January 2024	49,007	12,707	61,714
Charge for the year	-	1,626	1,626
Effect of movements in exchange rates	-	(110)	(110)
	<hr/>	<hr/>	<hr/>
At 31 December 2024	49,007	14,223	63,230
	<hr/>	<hr/>	<hr/>
At 1 January 2025	49,007	14,223	63,230
Charge for the year	-	704	704
Effect of movements in exchange rates	-	24	24
	<hr/>	<hr/>	<hr/>
At 31 December 2025	49,007	14,951	63,958
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2025	65,633	1,054	66,687
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2024	65,633	1,555	67,188
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Computer software licences acquired by the Group are capitalised on the basis of the costs incurred to acquire and bring into their internal use. The Group has performed the annual impairment test on goodwill in December 2025 and 2024. For impairment testing goodwill acquired through business combinations are allocated to the following subsidiaries which are considered as CGUs.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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As at 31 December 2025

6 GOODWILL AND INTANGIBLES (continued)

	<i>Salam Takaful Insurance- Egypt</i>		<i>Salama Assurances Algeria</i>		<i>Total</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Goodwill	7,420	7,420	58,213	58,213	65,633	65,633

This impairment is Nil for year ended 31 December 2025 (2024: AED Nil). For impairment testing, recoverable amount was based on fair value less cost of disposal, i.e. market approach which has been utilized to value the Company's equity stake in the Investments.

The Group conducted a screening process and identified 39 comparable companies in the Middle East and North Africa region that are liquid and exhibit similar financial metrics, such as gross written contribution (GWC) size, net profit margins, and return on equity, as the Investments. To determine the equity value range for the Investments, the Group utilized the average traded price-to-book (P/B) multiples of these comparable companies. This multiple is commonly employed to value firms in the insurance and broader financial services sectors, as it reflects a company's ability to utilize its balance sheet—specifically its investments, usually recorded at fair value—to generate returns on capital.

7. INVESTMENT PROPERTIES

Investment property portfolio of the Group represents land and building acquired by the Group directly and through its controlled subsidiaries.

Geographical representation of investment properties are as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Within U.A.E.	14,000	14,000
Outside U.A.E.	39,656	34,840
At 31 December	53,656	48,840

The fair value of plots of land was determined based on the acceptable approach that reflects recent transaction prices for similar properties. The fair value of buildings was determined using investment method. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 31 December 2025 (2024: Level 3). The rental income of properties amounts to AED 543 thousand in 2025 (2024: AED 786 thousand), there is no direct related expenses in respect of investment property. The Group investment property portfolio is being managed and maintained by a third-party administrator, and the rental income received from these properties are being set off with the administrative fees. The Group has fully provided impairment for an investment property amounting to AED 84.957 million which is under dispute due to ongoing litigation (refer to Note 31).

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Movement in investment properties		
Balance at 1 January	48,840	60,419
Addition	-	21
Unrealized gain on investment properties (note 25)	2,925	4,502
Disposal	-	(11,006)
Currency translation differences	1,891	(5,096)
	53,656	48,840

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8. LEASES

8.1 Right-of-use assets

	2025 AED'000	2024 AED'000
Balance as at 1st January	6,525	4,595
Additions	987	4,433
Depreciation charge for the year	(1,840)	(2,278)
Foreign exchange differences	243	(225)
Balance at 31 December	5,915	6,525

The average term of Group lease is ranging from 3 to 5 years.

8.2 Lease liabilities

	2025 AED'000	2024 AED'000
Balance as of 1 January	6,203	4,695
Finance cost	305	231
Additions	987	4,433
Payment during the year	(1,487)	(2,702)
Foreign exchange differences	(2)	(454)
	<u>6,006</u>	<u>6,203</u>

The Group have taken 4.5% (2024: 4.5%) as incremental borrowing rate. The maturity analysis of lease liabilities are as follows:

	2025 AED'000	2024 AED'000
Less than one year	2,119	2,189
Between one and five years	3,887	4,014
	<u>6,006</u>	<u>6,203</u>
Amount recognised in consolidated statement of profit or loss		
Depreciation	1,840	2,278
Finance cost on lease liabilities	305	231
Amount recognised in consolidated statement of cashflows		
Payment of lease liabilities	1,487	2,702

9. INVESTMENT IN ASSOCIATE

The principal associate of the Group which have 31 December as its year end is as follows:

Associate	Ownership		Country of incorporation	2025 AED'000	2024 AED'000
	2025	2024			
The Islamic Insurance Co. Jordan	20%	20%	Jordan	39,231	35,885

The associate company engages in several Takaful activities that complies with Islamic regulation including, motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contactor's plant and equipment insurance with accordance with Sharia' Islamic principles and Central Bank of Jordan regulations.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

9. INVESTMENT IN ASSOCIATE (continued)

	2025 AED'000	2024 AED'000
Movement during the year		
Balance at 1 January	35,885	35,352
Share of profit from associates (note 25)	3,159	2,135
Dividend received	(1,693)	(1,539)
Share of other comprehensive income/ (loss)	1,880	(63)
	<u>39,231</u>	<u>35,885</u>

Summarised financial information of the Group's Associate is set out below:

	2025 AED'000	2024 AED'000
Total assets	318,530	269,921
Total liabilities	(171,144)	(148,366)
Net assets	<u>147,386</u>	<u>121,555</u>
Revenue	<u>218,584</u>	<u>193,423</u>
Profit	<u>15,793</u>	<u>10,675</u>

10. STATUTORY DEPOSITS

	2025 AED'000	2024 AED'000
Islamic Arab Insurance Co. (Salama) PJSC		
- Bank deposit maintained in accordance with the Federal Decree-Law No. (6) of 2025	10,000	10,000
- Margin deposit against a bank guarantee issued in favor of Central Bank of UAE*	60,000	60,000
<i>Subsidiaries</i>		
Egyptian Saudi Insurance House	79,052	71,323
Salama Assurances Algeria	143,920	138,216
Misr Emirates Takaful Life Insurance Co.	21,256	19,302
	<u>314,228</u>	<u>298,841</u>

In accordance with the requirements of Federal Decree-Law No. (6) of 2025, the Group maintains a bank deposit of AED 10,000 thousand which cannot be utilised without the consent of the UAE Central Bank. The statutory deposit is held with a commercial bank in the UAE.

*The Group's bank has issued bank guarantees of AED 210,000 thousand (2024: AED 210,000 thousand) in favor of Central Bank of UAE to improve the solvency position and AED 60,000 thousand was deposited as margin deposit against these guarantees. Subsidiaries hold the investments and deposits, which are depending on the nature of takaful activities of takaful companies.

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As at 31 December 2025

11. INVESTMENTS

	31 December 2025			31 December 2024		
	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>
(a) Financial assets at fair value through profit or loss						
Shares and securities	366	5,346	5,712	-	723	723
(b) Fair Value through Other comprehensive Income						
Mutual fund and externally managed portfolios	4,969	69,558	74,527	4,640	75,659	80,299
Shares and securities	-	1,294	1,294	-	959	959
Less: allowance for expected credit losses	(1,066)	(58,245)	(59,311)	(1,066)	(58,245)	(59,311)
	3,903	12,607	16,510	3,574	18,373	21,947
(c) At amortized cost						
Sukuk and Government bonds	5,657	78,996	84,653	8,594	75,097	83,691
Wakalah certificates	27,219	-	27,219	54,094	-	54,094
Other Mudariba investments	-	65,738	65,738	-	65,738	65,738
Islamic placements	-	209,950	209,950	-	171,613	171,613
Less: allowance for expected credit losses	(25,985)	(120,318)	(146,303)	(54,609)	(120,455)	(175,064)
	6,891	234,366	241,257	8,079	191,993	200,072
	11,160	252,319	263,479	11,653	211,089	222,742
Quoted	366	5,346	5,712	-	723	723
Unquoted	10,794	246,973	257,767	11,653	210,366	222,019
	11,160	252,319	263,479	11,653	211,089	222,742

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

11. INVESTMENTS (continued)

Islamic Placements represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 5% (2024: 0.22% to 5%) and maturing in more than three months from date of acquisition.

The following investments are subject to an ongoing legal case as described in note 31 and management fully provided for these assets in prior years.

- Investment at fair value through other comprehensive income of AED 58,244 thousand (2024: AED 58,244 thousand); and
- Investments held at amortised cost of AED 111,627 thousand (2024: AED 111,627 thousand).

11.1 Participants' investments in unit-linked contracts

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Financial asset at fair value through profit or loss	1,780,279	1,919,837

Movement during the year is as follows:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Balance at 1 January	1,919,837	2,020,883
Movement due to subscription/ (surrenders), net	(283,782)	(207,455)
Fair value movement during the year	144,224	106,409
	1,780,279	1,919,837

12. DEPOSITS WITH TAKAFUL AND RETAKAFUL COMPANIES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Claim deposits	773	748

As per the relevant local regulations, the ceding Group retains a portion of unearned contributions and outstanding claims after net payments to the insurer.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES

Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for takaful contracts (LIC) as on 31 December 2025

Amount in AED'000	<i>Liability for remaining coverage</i>		<i>Liability for incurred claims (PAA)</i>			
	<i>Excluding loss component</i>	<i>Loss component</i>	<i>LIC for contracts not under under PAA</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	<i>Total</i>
Takaful contracts that are liabilities at beginning of year	(1,947,336)	(28,850)	(121,634)	(477,554)	(20,042)	(2,595,416)
Takaful contracts that are assets at beginning of year	-	-	-	-	-	-
Takaful contracts liabilities at beginning of year	(1,947,336)	(28,850)	(121,634)	(477,554)	(20,042)	(2,595,416)
Takaful revenue	1,004,990	-	-	-	-	1,004,990
Incurred claims and other directly attributable expenses	-	(5,642)	(43,995)	(539,964)	(7,422)	(597,023)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	(88,380)	9,229	(79,151)
Losses on onerous contracts and reversals of those losses	-	(5,934)	-	-	-	(5,934)
takaful acquisition cash flows amortisations	(235,726)	-	-	-	-	(235,726)
Takaful service expenses	(235,726)	(11,576)	(43,995)	(628,344)	1,807	(917,834)
Takaful service result	769,264	(11,576)	(43,995)	(628,344)	1,807	87,156
Finance expense from takaful contracts issued recognized	(146,461)	(299)	(892)	(15,383)	(709)	(163,744)
Forex adjustment to comprehensive income	728	-	-	(8,747)	(275)	(8,294)
Total amounts recognised in profit & loss and other comprehensive income	623,531	(11,875)	(44,887)	(652,474)	823	(84,882)
Investment component	514,266	-	(514,266)	-	-	-
Contribution received	(1,250,798)	-	-	-	-	(1,250,798)
Claims and other directly attributable expenses paid	-	-	562,162	636,333	-	1,198,495
Takaful acquisition cash flows	253,715	-	-	-	-	253,715
Total cash flows	(997,083)	-	562,162	636,333	-	201,412
Takaful contracts liabilities at end of year	(1,806,622)	(40,725)	(118,625)	(493,695)	(19,219)	(2,478,886)
Takaful contracts that are liabilities at end of year	(1,806,622)	(40,725)	(118,625)	(493,695)	(19,219)	(2,478,886)
Takaful contracts that are assets at end of year	-	-	-	-	-	-
Takaful contract net position at end of year	(1,806,622)	(40,725)	(118,625)	(493,695)	(19,219)	(2,478,886)

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for takaful contracts (AIC) as on 31 December 2025

Amount in AED'000	Remaining Coverage		LIC for contracts not under under PAA	Incurred claims		Total
	Excluding loss component	Loss recovery component		Present value of future cash flows	Risk adjustment for non- financial risk	
Retakaful contracts held that are liabilities at beginning of year	(121,544)	-	-	-	-	(121,544)
Retakaful contracts held that are assets at beginning of year	28,596	3,177	60,648	364,354	14,085	470,860
Retakaful contract net position at beginning of year	(92,948)	3,177	60,648	364,354	14,085	349,316
Retakaful expenses	(325,762)	-	-	-	-	(325,762)
Amortisation of Takaful acquisition cash flows-						
Incurring claims recovery	-	-	36,929	183,106	3,083	223,118
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	26,384	(6,426)	19,958
Income on initial recognition of onerous underlying contracts	-	562	-	-	-	562
Reversal of a loss-recovery component other than changes in the FCF of retakaful contracts held	-	(3,177)	-	-	-	(3,177)
Effect of changes in risk of reinsurers' non-performance	-	-	(313)	(1,172)	-	(1,485)
Net income/ (expenses) from retakaful contracts held	(325,762)	(2,615)	36,616	208,318	(3,343)	(86,786)
Finance income from retakaful contracts held	(1,395)	-	1,717	11,967	556	12,845
Forex adjustment to comprehensive income	(1,700)	-	-	2,413	121	834
Total amounts recognised in profit & loss and other comprehensive income	(328,857)	(2,615)	38,333	222,698	(2,666)	(73,107)
Cash flows						
Contributions paid net of ceding commissions and other directly attributable expenses	321,592	-	-	-	-	321,592
Recoveries from retakaful	-	-	(29,859)	(231,986)	-	(261,845)
Total cash flows	321,592	-	(29,859)	(231,986)	-	59,747
Retakaful contracts held assets/ (liabilities) at end of year	(100,213)	562	69,122	355,066	11,419	335,956
Retakaful contracts held that are liabilities at end of year	(101,165)	-	-	-	-	(101,165)
Retakaful contracts held that are assets at end of year	952	562	69,122	355,066	11,419	437,121
Retakaful contract net position at end of year	(100,213)	562	69,122	355,066	11,419	335,956

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of the liability of remaining coverage & liability for incurred claims for takaful contracts as at 31 December 2024

Amount in AED'000	<i>Liability for remaining coverage</i>		<i>LIC for contracts not under under PAA</i>	<i>Liability for incurred claims (PAA)</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss component</i>		<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Takaful contracts that are liabilities at beginning of year	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at beginning of year	6,801	-	-	-	-	6,801
Takaful contracts liabilities at beginning of year	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)
Takaful revenue	1,046,378	-	-	-	-	1,046,378
Incurred claims and other directly attributable expenses	-	(2,353)	(47,220)	(711,652)	(12,533)	(773,758)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	1,076	9,388	10,464
Losses on onerous contracts and reversals of those losses	-	(16,839)	-	-	-	(16,839)
Takaful acquisition cash flows amortisations	(199,590)	-	-	-	-	(199,590)
Takaful service expenses	(199,590)	(19,192)	(47,220)	(710,576)	(3,145)	(979,723)
Takaful service result	846,788	(19,192)	(47,220)	(710,576)	(3,145)	66,655
Finance expense from takaful contracts issued recognized	(97,120)	(103)	(2,187)	(17,636)	(845)	(117,891)
Forex adjustment to comprehensive income	17,573	583	1	26,733	883	45,773
Total amounts recognised in profit & loss and other comprehensive income	767,241	(18,712)	(49,406)	(701,479)	(3,107)	(5,463)
Investment component	496,985	-	(496,985)	-	-	-
Contribution received	(1,489,112)	-	-	-	-	(1,489,112)
Claims and other directly attributable expenses paid	-	-	543,193	649,463	-	1,192,656
Takaful acquisition cash flows	243,130	-	-	-	-	243,130
Total cash flows	(1,245,982)	-	543,193	649,463	-	(53,326)
Takaful contracts liabilities at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)
Takaful contracts that are liabilities at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)
Takaful contracts that are assets at end of year	-	-	-	-	-	-
Takaful contract net position at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful of the Asset for remaining coverage & asset for incurred claims for retakaful contracts as at 31 December 2024

<i>Amount in AED'000</i>	<i>Remaining coverage</i>			<i>Incurred claims</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss recovery component</i>	<i>LIC for contracts not under under PAA</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Retakaful contracts held that are liabilities at beginning of year	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at beginning of year	13,049	1,455	68,505	255,218	10,235	348,462
Retakaful contract net position at beginning of year	(149,001)	1,455	68,505	255,218	10,235	186,412
Retakaful expenses	(374,035)	-	-	-	-	(374,035)
Amortisation of Takaful acquisition cash flows-						
Incurring claims recovery	-	-	14,032	327,449	8,509	349,990
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	(12,783)	(4,729)	(17,512)
Income on initial recognition of onerous underlying contracts	-	2,704	-	-	-	2,704
Reversal of a loss-recovery component other than changes in the FCF of retakaful contracts held	4	(761)	1	-	-	(756)
Effect of changes in risk of reinsurers' non-performance	-	-	(262)	(1,168)	-	(1,430)
Net income/(expenses) from retakaful contracts held	(374,031)	1,943	13,771	313,498	3,780	(41,039)
Finance income from retakaful contracts held	(10,867)	-	624	10,998	562	1,317
Forex adjustment to comprehensive income	(5,257)	(221)	(1)	(10,107)	(492)	(16,078)
Total amounts recognised in profit & loss and Other comprehensive income	(390,155)	1,722	14,394	314,389	3,850	(55,800)
Cash flows						
Contributions paid net of ceding commissions and other directly attributable expenses	446,209	-	-	-	-	446,209
Recoveries from retakaful	-	-	(22,252)	(205,253)	-	(227,505)
Total cash flows	446,209	-	(22,252)	(205,253)	-	218,704
Retakaful contracts held assets/ (liabilities) at end of year	(92,947)	3,177	60,647	364,354	14,085	349,316
Retakaful contracts held that are liabilities at end of year	(121,544)	-	-	-	-	(121,544)
Retakaful contracts held that are assets at end of year	28,596	3,177	60,648	364,354	14,085	470,860
Retakaful contract net position at end of year	(92,948)	3,177	60,648	364,354	14,085	349,316

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 31 December 2025

<i>Amounts in AED'000</i>	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Takaful contracts liabilities at beginning of year	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Changes related to current services				
CSM recognized in profit and loss	-	-	47,793	47,793
Risk Adjustment recognized in profit and loss	-	15,656	-	15,656
Experience adjustments	10,983	(804)	-	10,179
Changes related to future services				
Contracts initially recognized in the period	7,011	(780)	(6,288)	(57)
Changes in estimates that adjust CSM	(57,786)	(12,156)	69,942	-
Changes in estimates that result in onerous contracts or reversal of losses	(19,134)	-	-	(19,134)
Takaful finance expenses through profit and loss	(43,497)	(1,683)	(102,473)	(147,653)
Takaful finance expenses through OCI	3,530	(91)	(440)	2,999
Total changes in statement of profit or loss and OCI	(98,893)	142	8,534	(90,217)
Contribution received	(392,123)	-	-	(392,123)
Claims paid	562,163	-	-	562,163
Acquisition cost paid	37,806	-	-	37,806
Total cash flows	207,846	-	-	207,846
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,416,476)	(39,917)	(397,998)	(1,854,391)
Takaful contract net position at end of year	(1,416,476)	(39,917)	(397,998)	(1,854,391)

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2025

<i>Amounts in AED'000</i>	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	54,742	5,906	-	60,648
Opening retakaful contract liabilities	(207,331)	25,028	60,758	(121,545)
Retakaful contracts held assets/(liabilities) at beginning of year	(152,589)	30,934	60,758	(60,897)
Changes related to current services				
CSM recognized in profit or loss	-	-	(6,490)	(6,490)
Risk Adjustment recognized in profit or loss	-	(1,890)	-	(1,890)
Experience adjustments	7,878	-	-	7,878
Contracts initially recognized in the period	-	-	1	1
Changes in estimates that adjust CSM	(16,280)	2,872	13,408	-
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(1,303)	(1,303)
Effect of changes in the risk of reinsurers non-performance	(313)	-	-	(313)
Takaful finance expenses through profit or loss	(5,134)	1,432	4,024	322
Takaful finance expenses through OCI	(4,074)	(350)	1,364	(3,060)
Total changes in statement of profit or loss and OCI	(17,923)	2,064	11,004	(4,855)
Contribution paid to retakaful net of commission	86,910	-	-	86,910
Recoveries from retakaful	(29,860)	-	-	(29,860)
Total cash flows	57,050	-	-	57,050
Closing retakaful contract assets	59,847	7,604	1,749	69,200
Closing retakaful contract liabilities	(173,308)	25,394	70,011	(77,903)
Retakaful contract net position at end of year	(113,462)	32,998	71,762	(8,702)

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities - Reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2024

<i>Amounts in AED'000</i>	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Takaful contracts liabilities at beginning of year	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Changes related to current services				
CSM recognized in profit and loss	-	-	55,129	55,129
Risk Adjustment recognized in profit and loss	-	17,736	-	17,736
Experience adjustments	14,922	(34)	-	14,888
Changes related to future services				
Contracts initially recognized in the period	4,698	(747)	(4,801)	(850)
Changes in estimates that adjust CSM	(30,523)	(10,896)	41,419	-
Changes in estimates that result in onerous contracts or reversal of losses	(14,016)	-	-	(14,016)
Takaful finance expenses through profit and loss	(31,333)	(3,395)	(64,682)	(99,410)
Takaful finance expenses through OCI	8,526	999	5,136	14,661
Total changes in statement of profit or loss and OCI	(47,726)	3,663	32,201	(11,862)
Contribution received	(468,707)	-	-	(468,707)
Claims paid	543,193	-	-	543,193
Acquisition cost paid	27,040	-	-	27,040
Total cash flows	101,526	-	-	101,526
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Takaful contract net position at end of year	(1,525,429)	(40,059)	(406,532)	(1,972,020)

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13 TAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2024

<i>Amounts in AED'000</i>	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	68,794	10,120	(10,409)	68,505
Opening retakaful contract liabilities	(228,394)	27,157	44,015	(157,222)
Retakaful contracts held assets/(liabilities) at beginning of year	(159,600)	37,277	33,606	(88,717)
Changes related to current services				
CSM recognized in profit or loss	-	-	(6,712)	(6,712)
Risk Adjustment recognized in profit or loss	-	(4,617)	-	(4,617)
Experience adjustments	(14,824)	-	-	(14,824)
Contracts initially recognized in the period	-	-	15	15
Changes in estimates that adjust CSM	(19,548)	(84)	19,632	-
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(86)	(86)
Effect of changes in the risk of reinsurers non-performance	(262)	-	-	(262)
Takaful finance expenses through profit or loss	(16,236)	2,889	3,103	(10,244)
Takaful finance expenses through OCI	(8,900)	(4,531)	11,200	(2,231)
Total changes in statement of profit or loss and OCI	(59,770)	(6,343)	27,152	(38,961)
Contribution paid to retakaful net of commission	89,033	-	-	89,033
Recoveries from retakaful	(22,252)	-	-	(22,252)
Total cash flows	66,781	-	-	66,781
Closing retakaful contract assets	54,742	5,906	-	60,648
Closing retakaful contract liabilities	(207,330)	25,028	60,758	(121,544)
Retakaful contract net position at end of year	(152,589)	30,934	60,758	(60,897)

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

14 OPERATING SEGMENT

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

- Underwriting of general takaful business incorporating all classes of general takaful including fire, marine, motor, general accident, engineering, medical. This business is conducted in the UAE, Egypt and Algeria.
- Underwriting of life takaful business incorporating individual and group life takaful. This business is conducted in UAE and Egypt.

Consolidated statement of profit or loss by business

	<i>For the year ended 31 December 2025</i>			<i>For the year ended 31 December 2024</i>		
	<i>General Takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>	<i>General Takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>
Takaful revenue	782,402	222,588	1,004,990	820,654	225,724	1,046,378
Takaful service expenses	(773,916)	(143,918)	(917,834)	(855,022)	(124,701)	(979,723)
Net expenses from retakaful contracts held	(60,515)	(26,271)	(86,786)	7,262	(48,300)	(41,038)
TAKAFUL SERVICE RESULT	(52,029)	52,399	370	(27,106)	52,723	25,617
Investment and other income			207,310			185,824
Net takaful finance (expenses)/income			(150,899)			(116,574)
Other operational expenses, impairment of goodwill and income tax			(45,584)			(70,278)
Net profit after tax			11,197			24,589

Consolidated statement of profit or loss by geography

	<i>For the year ended 31 December 2025</i>			<i>For the year ended 31 December 2024</i>		
	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>
Takaful revenue	252,489	752,501	1,004,990	211,340	835,038	1,046,378
Takaful service expenses	(257,084)	(660,750)	(917,834)	(187,891)	(791,832)	(979,723)
Net expenses from retakaful contracts held	(597)	(86,189)	(86,786)	(13,039)	(27,999)	(41,038)
TAKAFUL SERVICE RESULT	(5,192)	5,562	370	10,410	15,207	25,617
Investment and other income			207,310			185,824
Net Takaful finance (expenses)/income			(150,899)			(116,574)
Other operational expenses, impairment of goodwill and income tax			(45,584)			(70,278)
Net profit after tax			11,197			24,589

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

14 OPERATING SEGMENT (continued)

Consolidated statement of financial position by business as at 31 December 2025

	<i>General takaful</i> <i>AED'000</i>	<i>Family takaful</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Assets			
Property and equipment	44,837	2,632	47,469
Goodwill and intangibles	66,649	38	66,687
Investment properties	53,656	-	53,656
Right of use assets	5,814	101	5,915
Investments in associates	39,231	-	39,231
Deposits	292,461	21,767	314,228
Investments	209,948	53,531	263,479
Participants' investments in unit-linked contracts	-	1,780,279	1,780,279
Deposits with takaful and retakaful companies	773	-	773
Retakaful contract assets	362,922	74,199	437,121
Other assets and receivables	32,632	911	33,543
Bank balances and cash	109,076	84,685	193,761
	<u>1,217,999</u>	<u>2,018,143</u>	<u>3,236,142</u>
Liabilities and policyholders' fund			
Technical reserves	-	80,986	80,986
Takaful contract Liabilities	592,138	1,886,748	2,478,886
Retakaful contract Liabilities	23,263	77,902	101,165
Other payables and accruals	139,190	69,885	209,075
Lease liabilities	5,924	82	6,006
	<u>760,515</u>	<u>2,115,603</u>	<u>2,876,118</u>
Total liabilities	760,515	2,115,603	2,876,118
Policyholders' fund	-	-	-
	<u>457,484</u>	<u>(97,460)</u>	<u>360,024</u>
Financed by:			
Shareholders' equity			300,035
Non-controlling interest			59,989
			<u>360,024</u>

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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14 OPERATING SEGMENT (continued)

Consolidated Statement of financial position by business as at 31 December 2024

	<i>General takaful</i> <i>AED'000</i>	<i>Family takaful</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Assets			
Property and equipment	44,227	2,494	46,721
Goodwill and intangibles	66,456	732	67,188
Investment properties	48,840	-	48,840
Right of use assets	6,385	140	6,525
Investments in associates	35,885	-	35,885
Deposits	163,518	135,323	298,841
Investments	169,219	53,523	222,742
Participants' investments in unit-linked contracts	-	1,919,837	1,919,837
Deposits with takaful and retakaful companies	-	748	748
Retakaful contract assets	406,591	64,269	470,860
Other assets and receivables	36,628	3,368	39,996
Bank balances and cash	67,777	80,996	148,773
	<u>1,045,526</u>	<u>2,261,430</u>	<u>3,306,956</u>
Liabilities and policyholders' fund			
Technical reserves	-	71,846	71,846
Takaful contract Liabilities	590,712	2,004,704	2,595,416
Retakaful contract Liabilities	-	121,544	121,544
Other payables and accruals	155,770	21,797	177,567
Lease liabilities	6,061	142	6,203
	<u>752,543</u>	<u>2,220,033</u>	<u>2,972,576</u>
Total liabilities	752,543	2,220,033	2,972,576
Policyholders' fund	-	-	-
	<u>292,983</u>	<u>41,397</u>	<u>334,380</u>
Total equity	292,983	41,397	334,380
Financed by:			
Shareholders' equity			284,048
Non-controlling interest			50,332
			<u>334,380</u>

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

15. RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, collects contributions, settles claims and enters into other transactions with other businesses that fall within the definition of related parties contained in the International Accounting Standard ISA 24. The management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. The following are the details of significant transactions with related parties.

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Contribution	-	379
Claims paid	-	17
General and Administrative Expenses	-	132
	<u> </u>	<u> </u>
Compensation of key management personnel		
Short term benefits	4,179	6,007
Employees end of service benefits	120	159
	<u> </u>	<u> </u>
	4,299	6,166
	<u> </u>	<u> </u>
Board of Directors' remuneration	1,676	1,377
	<u> </u>	<u> </u>

16. OTHER ASSETS AND RECEIVABLES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Profit receivable	25,785	27,786
Deferred tax (note 29)	7,718	5,166
Others	52,183	59,187
Less: provision for credit losses (Note 36)	(52,143)	(52,143)
	<u> </u>	<u> </u>
	33,543	39,996
	<u> </u>	<u> </u>

The other assets and receivables include other receivables amounting to AED 33.639 million which was previously subjected to a legal case, which is disclosed in Note 31. The Group has fully provided an impairment for these assets in prior years.

The Group has provided full provision amounting to AED 14.873 million against profit receivable on investments (2024: AED 14.873 million).

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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As at 31 December 2025

17. BANK BALANCES AND CASH

	2025 AED'000	2024 AED'000
Cash in hand	101	84
Cash at bank	164,134	139,328
Term deposits (Note 17.1)	31,179	11,014
Less: provision for credit losses	(1,653)	(1,653)
	<u>193,761</u>	<u>148,773</u>
Bank balances and Cash	193,761	148,773
Less: term deposits under lien	(3,837)	(8,712)
Less: term deposits with maturity after three months	(26,709)	(4,331)
	<u>163,215</u>	<u>135,730</u>

Cash and bank balances – by geographical distribution

	2025 AED'000	2024 AED'000
Domestic	114,489	72,493
International	80,925	77,933
	<u>195,414</u>	<u>150,426</u>

17.1 Term deposits carried profit ranging from 0.22% to 0.85% per annum (2024: 0.22% to 0.85% per annum).

18. OTHER PAYABLES AND ACCRUALS

	2025 AED'000	2024 AED'000
Payable to suppliers	90,468	68,766
Staff related accruals	14,133	10,685
Provision against doubtful debts	52,005	48,454
Accrued expenses	18,060	15,651
Other provisions	5,978	2,975
Taxes payable (note 29)	23,469	22,226
Deferred tax liabilities (note 29)	243	4,091
ECL on retakaful share of outstanding claims (note 36)	548	548
ECL on Contributions and takaful balance receivables (note 36)	4,171	4,171
	<u>209,075</u>	<u>177,567</u>

19. POLICYHOLDERS' FUND

	2025 AED'000	2024 AED'000
Balance at 1 January	(151,119)	(107,265)
Net deficit attributable to policyholders for the year	(51,036)	(43,854)
Qard Hassan write-off	69	-
	<u>(202,086)</u>	<u>(151,119)</u>
Financed by shareholders	202,086	151,119
Policyholders' fund	<u>-</u>	<u>-</u>

The shareholders of the Group financed the policyholders' deficit in accordance with the takaful contracts between the Group and its Policyholders.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

20. SHARE CAPITAL

	2025 AED'000	2024 AED'000
<i>Issued and fully paid</i>		
483,021 thousand (2024: 939,589 thousand) ordinary shares of AED 1 each	<u>483,021</u>	<u>939,589</u>
	<i>Number of shares</i>	<i>Value AED'000</i>
Share capital as of 1 January 2025	<u>939,588,998</u>	<u>939,589</u>
Cancellation of shares	<u>(456,567,815)</u>	<u>(456,568)</u>
Balance as of 31 December 2025	<u>483,021,183</u>	<u>483,021</u>

21. TREASURY SHARES

In 2008, the Company bought back 21,669,790 shares amounting to AED 35,972 thousand. The treasury shares are debited as a separate category of shareholders' equity at cost. During the year ended 31 December 2023, due to the cancellation of share capital the treasury shares were reduced to 16,830,489 ordinary shares. On 16 October 2025, at the General Assembly Meeting, the shareholder approved the cancellation of 16,830,489 treasury shares of AED 1 each, which was subsequently completed on 9 January 2026.

22. STATUTORY RESERVE

In accordance with the U.A.E. Federal Decree Law No. 32 of 2021 and the Articles of Association of the Company, 10% of the net profit is required to be transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid-up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

During the year, the Group has utilised the AED 4,124 thousand to offset some of the accumulated losses of the Group. On 16 October 2025, at the General Assembly Meeting, the shareholder approved the utilization of statutory reserves, which was subsequently completed on 9 January 2026.

23. OTHER RESERVES

Other reserves include following:

	2025 AED'000	2024 AED'000
Revaluation reserve	34,118	34,118
Foreign exchange translation reserve	(175,125)	(188,067)
Investment fair value reserve	(32,564)	(33,271)
Regulatory reserve – UAE operations (note 23.1)	9,002	7,388
	<u>(164,569)</u>	<u>(179,832)</u>

23.1 Regulatory reserve – UAE operations

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. (23) of 2019 concerning instructions organizing reinsurance operations, the Group has allocated an amount equal to 0.5% of the total retakaful contributions ceded in all classes to retakaful reserve from the effective date of the said decision. This reserve shall be accumulated year after year and may not be disposed off without the written approval of the regulator.

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23. OTHER RESERVES (continued)

23.2 Appreciation / (Devaluation) of currency

The group owns two subsidiaries operating in Egypt and one subsidiary in Algeria and their functional currencies are Egyptian Pound EGP and Algerian Dinar DZD. The appreciation of their functional currencies during the year as compared to prior year devaluation impacted the Group's consolidated financial statements. Group recorded a gain of AED 15,850 thousand (2024: loss of AED 43,723 thousand) in the consolidated statement of changes in equity related to the translation of foreign operations into functional currency (AED).

24. NON-CONTROLLING INTEREST

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests (NCI) as at the reporting date, before any intra-group eliminations:

Egypt Saudi Insurance House

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Non-controlling interest share	48.85%	48.85%
Current assets	119,907	82,446
Non-current assets	92,921	83,296
Current liabilities	(125,074)	(112,309)
Carrying amount of non-controlling interest (A)	42,868	26,102
	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Profit	14,140	21,132
Total comprehensive (loss)/income	18,502	(17,089)
Profit/ (loss) allocated to non-controlling interest	9,038	(8,348)
Cash flows generated from operating activities	11,984	44,387
Cash flows used in investing activities	(38,921)	(49,609)
	(26,937)	(5,222)
Other subsidiaries	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Carrying amount of non-controlling interest (B)	17,121	24,230
Total Carrying amount of non-controlling interest (A+B)	59,989	50,332

During the year ended December 31, 2025, Salama Algeria paid dividend for AED 14.679 million (2024: AED 22.394 million) out of 3.02% paid to NCI according to their holding percentage for AED 0.443 million (2024: AED 0.692 million). During the year ended December 31, 2024, Salama Takaful Insurance (formerly Egyptian Saudi Insurance House) paid declared for AED 21.669 million out of 48.85% paid to NCI for AED 10.586 million. These dividends have been approved by their respective board of directors of the subsidiaries.

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25. INCOME FROM INVESTMENTS

	2025 AED'000	2024 AED'000
<i>Policyholders' income</i>		
Unrealised gain on unit-linked portfolio	144,224	106,409
Income from bank deposits	53	80
	<u>144,277</u>	<u>106,489</u>
<i>Shareholders' income</i>		
Unrealised gain/ (loss) on investment at FVTPL	866	(19)
Realised gain on investment at FVTPL	765	-
Fair value gain on investment properties (note 7)	2,925	4,502
Realized gain on investment properties	-	2,016
Income on deposits and wakala certificates	42,962	43,275
Share of profit from associate (note 9)	3,159	2,135
Others	624	786
	<u>51,301</u>	<u>52,695</u>
	<u>195,578</u>	<u>159,184</u>

26. TAKAFUL REVENUE

31 December 2025

	<i>Life</i> AED'000	<i>General</i> AED'000	<i>Total</i> AED'000
Amounts related to changes in LRC			
Expected incurred claims & other expenses	54,174	-	54,174
Change in risk adjustment	15,656	-	15,656
CSM recognized	43,523	-	43,523
Recovery of acquisition cash flows	4,266	-	4,266
	<u>117,619</u>	<u>-</u>	<u>117,619</u>
Contracts not measured under PAA	117,619	-	117,619
Contracts measured under PAA	104,969	782,402	887,371
Total takaful revenue	222,588	782,402	1,004,990

31 December 2024

	<i>Life</i> AED'000	<i>General</i> AED'000	<i>Total</i> AED'000
Amounts related to changes in LRC			
Expected incurred claims & other expenses	62,107	-	62,107
Change in risk adjustment	17,736	-	17,736
CSM recognized	54,126	-	54,126
Recovery of acquisition cash flows	3,827	-	3,827
	<u>137,796</u>	<u>-</u>	<u>137,796</u>
Contracts not measured under PAA	137,796	-	137,796
Contracts measured under PAA	87,928	820,654	908,582
Total takaful revenue	225,724	820,654	1,046,378

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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27. TAKAFUL SERVICE EXPENSES

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	<i>Life</i> <i>AED'000</i>	<i>General</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Incurring claims and other directly attributable expenses	78,310	518,713	597,023
Amortisation of Takaful Acquisition Cash Flows	37,409	198,317	235,726
Changes related to past service	9,007	70,144	79,151
Losses on onerous contracts and reversals of those losses	19,192	(13,258)	5,934
Total	143,918	773,916	917,834

31 December 2024

	<i>Life</i> <i>AED'000</i>	<i>General</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Incurring claims and other directly attributable expenses	75,958	697,800	773,758
Amortisation of Takaful Acquisition Cash Flows	29,948	169,643	199,591
Changes related to past service	3,930	(14,394)	(10,464)
Losses on onerous contracts and reversals of those losses	14,865	1,973	16,838
Total	124,701	855,022	979,723

28. NET TAKAFUL FINANCE RESULTS

31 December 2025

	<i>Gross</i> <i>AED'000</i>	<i>Retakaful</i> <i>AED'000</i>
Profit accreted to takaful contracts using current financial assumptions	(21,926)	9,762
Due to changes in profit rates & other financial assumptions	5,925	1,366
Fair value movement of Unit link product	(146,849)	-
Difference in increase in liability for incurred claims RA	(894)	1,717
	(163,744)	12,845

31 December 2024

	<i>Gross</i> <i>AED'000</i>	<i>Retakaful</i> <i>AED'000</i>
Profit accreted to takaful contracts using current financial assumptions	(19,943)	5,887
Due to changes in profit rates & other financial assumptions	13,542	(5,193)
Fair value movement of Unit link product	(109,303)	-
Difference in increase in liability for incurred claims RA	(2,187)	623
	(117,891)	1,317

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29. INCOME TAXES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Egypt and Algeria and are subject to income tax in these countries. The component of income tax recognised in the consolidated statement of profit or loss is as follows:

	2025 AED'000	2024 AED'000
Current income tax expense	7,339	8,015
Deferred taxes	(1,756)	4,013
	<u>5,583</u>	<u>12,028</u>

Reconciliation of tax expenses and accounting profit is not provided as majority of the earnings are not subject to tax.

	2025 AED'000	2024 AED'000
<i>Current Tax payable</i>		
As at 1 January	22,226	16,038
Provisions during the year	7,339	8,015
Less: payments	(7,323)	-
Exchange differences	1,227	(1,827)
Balance as at the end of the year	<u>23,469</u>	<u>22,226</u>

	2025 AED'000	2024 AED'000
<i>Deferred Tax Assets</i>		
As at 1 January	5,166	5,200
Provisions during the year	2,317	-
Exchange differences	235	(34)
Balance as at the end of the year	<u>7,718</u>	<u>5,166</u>

<i>Deferred Tax Liabilities</i>		
As at 1 January	4,091	121
(Reversal) / Provisions during the year	(4,073)	4,013
Exchange differences	225	(43)
Balance as at the end of the year	<u>243</u>	<u>4,091</u>

30. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

	2025	2024
Profit for the year attributable to shareholders (AED'000)	<u>4,014</u>	<u>13,091</u>
Weighted average of shares (in thousands)	<u>829,992</u>	<u>922,759</u>
Basic and diluted earnings per share (AED)	<u>0.005</u>	<u>0.014</u>

Basic earnings per share are calculated by dividing the profit for the year by the number of weighted average shares outstanding at the end of the reporting period after taking into account the treasury shares held. Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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As at 31 December 2025

31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2025 AED'000	2024 AED'000
Letter of Guarantees in favor of CBUAE	210,000	210,000
Other letter of guarantees	3,495	8,713
	<u>213,495</u>	<u>218,713</u>

Statutory Deposits (note 10) of AED 314,228 thousand (2024: AED 298,841 thousand) includes deposits amounting to AED 70,000 thousand (2024: AED 70,000 thousand) which are held as lien by the bank against the abovementioned letter of guarantees issued by bank in favor of the Central Bank of United Arab Emirates ("CBUAE").

Other letter of guarantee was issued during normal course of business against which term deposits of AED 3,837 thousand (2024: AED 8,712 thousand) (note 17) which are held as lien by the bank.

Ongoing legal case

Group's total assets includes Investment property with a carrying amount of AED 84,957 thousand (2024: AED 84,957 thousand) (note 7), Investment at fair value through other comprehensive income of AED 58,244 thousand (2024: AED 58,244 thousand) and investments held at amortised cost of AED 111,627 thousand (2024: AED 111,627 thousand) (note 11); and Other receivables with a carrying amount of AED 33,639 thousand (2024: AED 33,639 thousand) (note 16). Aforementioned assets are under dispute due to litigation between the Group and a Bank (previously a related party).

Group has initiated legal actions, including civil and criminal cases at Dubai Courts, to safeguard rights and reclaim contested assets. Additionally, Group is pursuing legal measures in other jurisdictions against the parties implicated in the criminal case. Legal consultants of the Group express confidence in Group's strong legal position in these disputes, based on the progress of actions taken to date, the positive legal rulings obtained, and those currently in progress. The Group has fully provided an impairment for these assets.

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by policyholders, cedants, takaful, retakaful operators and others in connection with policies issued and other activities in the normal course of the business. The management believes, based on independent legal counsel opinions, that the ascertainment of liabilities and their timing is highly subjective and dependent on the outcome of courts' decisions.

There are no significant capital commitments at 31 December 2025 (2024: nil).

32. OPERATING LEASE COMMITMENTS

Group as a lessee

The future minimum lease payments for contracts under non-cancellable operating lease are as follows:

	2025 AED'000	2024 AED'000
<i>Future minimum lease payments:</i>		
Due within one year	<u>2,161</u>	<u>2,189</u>

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33. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below shows a reconciliation between line items in the consolidated statement of financial position and categories of financial instruments.

<i>31 December 2025</i>	<i>FVTPL AED'000</i>	<i>FVOCI AED'000</i>	<i>Amortised cost AED'000</i>	<i>Total AED'000</i>
Financial assets				
Investments	5,712	16,510	241,257	263,479
Statutory deposits	-	-	314,228	314,228
Unit Linked investments	1,780,279	-	-	1,780,279
Deposits with takaful and retakaful companies	-	-	773	773
Other assets and receivables	-	-	21,153	21,153
Bank balances and cash	-	-	195,313	195,313
	<u>1,785,991</u>	<u>16,510</u>	<u>772,724</u>	<u>2,575,225</u>
Financial liabilities				
Other payables and accruals	-	-	176,883	176,883
Lease liabilities	-	-	6,006	6,006
	<u>-</u>	<u>-</u>	<u>182,889</u>	<u>182,889</u>
 <i>31 December 2024</i>				
Financial assets				
Investments	723	21,947	200,072	222,742
Statutory deposits	-	-	298,841	298,841
Unit Linked investments	1,919,837	-	-	1,919,837
Deposits with takaful and retakaful companies	-	-	748	748
Other assets and receivables	-	-	16,897	16,897
Bank balances and cash	-	-	150,342	150,342
	<u>1,920,560</u>	<u>21,947</u>	<u>666,900</u>	<u>2,609,407</u>
Financial liabilities				
Other payables and accruals	-	-	73,485	73,485
Lease liabilities	-	-	6,203	6,203
	<u>-</u>	<u>-</u>	<u>79,688</u>	<u>79,688</u>

34. FAIR VALUE OF FINANCIAL INSTRUMENT

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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34. FAIR VALUE OF FINANCIAL INSTRUMENT (continued)

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other contribution used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy of assets and liabilities measured at fair value

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

As at 31 December 2025

	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<i>Financial assets</i>				
<i>Financial asset at fair value through profit or loss</i>				
Shares and securities	5,712	-	-	5,712
Unit Linked investments	-	1,780,279	-	1,780,279
	<u>5,712</u>	<u>1,780,279</u>	<u>-</u>	<u>1,785,991</u>
<i>Financial asset at fair value through OCI</i>				
Mutual fund	-	-	74,527	74,527
Shares and securities	-	1,294	-	1,294
Less: provision for credit losses	-	-	(59,311)	(59,311)
	<u>-</u>	<u>1,294</u>	<u>15,216</u>	<u>16,510</u>
<i>Non-financial assets</i>				
Investment properties	-	-	53,656	53,656
	<u>-</u>	<u>-</u>	<u>53,656</u>	<u>53,656</u>

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34. FAIR VALUE OF FINANCIAL INSTRUMENT (continued)

As at 31 December 2024

	<i>Level 1</i> AED'000	<i>Level 2</i> AED'000	<i>Level 3</i> AED'000	<i>Total</i> AED'000
Financial assets				
<i>Financial asset at fair value through profit or loss</i>				
Shares and securities	723	-	-	723
Unit Linked investments	-	1,919,837	-	1,919,837
	<u>723</u>	<u>1,919,837</u>	<u>-</u>	<u>1,920,560</u>
<i>Financial asset at fair value through OCI</i>				
Mutual fund	-	-	80,299	80,299
Shares and securities	-	959	-	959
Less: provision for credit losses	-	-	(59,311)	(59,311)
	<u>-</u>	<u>959</u>	<u>20,988</u>	<u>21,947</u>
<i>Non-financial assets</i>				
Investment properties	-	-	48,840	48,840
	<u>-</u>	<u>-</u>	<u>48,840</u>	<u>48,840</u>

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	<i>2025</i> AED'000	<i>2024</i> AED'000
Movement in investment properties		
Balance at 1 January	48,840	60,419
Addition	-	21
Unrealized gain on investment properties (note 25)	2,925	4,502
Disposal / Transfer	-	(11,006)
Currency translation differences	1,891	(5,096)
	<u>53,656</u>	<u>48,840</u>

35. RISK MANAGEMENT

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

a) Introduction and overview

Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognises the critical importance of having efficient and effective risk management systems in place. The Group is in the phase of establishing a risk management function with clear terms of reference from the Board of Directors, its committees and the associated executive management committees.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. RISK MANAGEMENT (continued)

a) Introduction and overview (continued)

Capital management framework

The Group has an internal risk management framework for identifying risks to which each of its business units and the Group as a whole are exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

Regulatory framework

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

Asset liability management (ALM) framework

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

The Group's ALM framework also forms an integral part of the takaful risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from takaful and investment contracts. The Group is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and takaful liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its takaful and investment contracts. The most important components of risk management includes takaful risk and financial risk.

The vast majority of assets held by Salama relate to assets linked to liabilities for unit linked policies (through the Participant Investment Accounts – PIA). Policyholders bear all risks relating to PIA assets and liabilities, other than the operational risk of matching assets not being invested in after allocating units to policies.

A high-level review of the company's asset and liability cash flow profile suggests that the assets for different durations are sufficient to meet its corresponding liabilities.

ALM Committee

ALM Committee will be a sub-Committee of the Investment Committee. It comprises of at least 2 members which are appointed by the Committee. Committee is to have annual meetings alongside other informal meetings. The ALM Committee includes members of Local senior management (CFO, Risk Head and Head of Actuarial function, if applicable) and a member representative of the SALAMA Board. The CFO is responsible for reporting the proceedings of the meetings of the ALM Committee to the Investment Committee which will be included in the Investment Committee report to the Board of Directors.

The responsibilities of the committee include validating the strategic asset allocation and ensuring compliance on risk appetite limits, regulatory and other accounting constraints. ALM is also responsible for monitoring liquidity position and exploring alternative funding sources.

b) Takaful risk

Takaful risk is where the Group agrees to indemnify the insured parties against happening of unforeseen future insured events. The frequency and severity of claims are the main risk factors. As per the practices adopted by the Group, actual claim amounts can vary marginally compared to the outstanding claim reserves but are not expected to have a material impact.

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35. RISK MANAGEMENT (continued)

b) Takaful risk (continued)

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Group underwrites property, engineering, motor, miscellaneous accident, marines and personal accident classes. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span. This helps to mitigate takaful risk.

Property

For property takaful contracts, the main perils are fire damage and other allied perils and business interruption resulting there from. These contracts are underwritten either on replacement value or indemnity basis with appropriate values for the interest insured. The cost of rebuilding or repairing the damaged properties, the time taken to reinstate the operations to its pre-loss position in the case of business interruption and the basis of takaful are the main factors that influence the level of claims.

Engineering

For engineering takaful contracts, the main elements of risks are loss or damage to insured project works and resultant third party liabilities, loss or damage to insured plants, machinery and equipment and resultant business interruption losses. The extent of the loss or damage is the main factor that influences the level of claims.

Motor

For motor takaful contracts, the main elements of risks are claims arising out of death and bodily injury and damage to third party properties as well as that of insured vehicles. The potential court awards for death and bodily injury and the extent of damage to properties are the key factors that influence the level of claims.

Miscellaneous accident

For miscellaneous accident classes of takaful such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third party liability and professional indemnity are underwritten. The extent of loss or damage and the potential court awards for liability classes are the main factors that influence the level of claims.

Marine

In marine takaful the main risk elements are loss or damage to insured cargo and hull due to various mishaps resulting in the total or partial loss claims. The extent of the loss or damage is the main factor that influences the level of claims.

Family takaful contracts

Underwriting is managed at each business unit through a dedicated underwriting department, with formal underwriting limits and appropriate training and development of underwriting staff. The underwriting policy is clearly documented, setting out risks which are unacceptable and the terms applicable for non-standard risks.

Health selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as 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 results from what was expected. This confirms the appropriateness of assumptions used in underwriting and pricing.

Retakaful risk

In line with other takaful and retakaful companies, in order to minimise net loss exposure arising from large claims, the Group, in the normal course of business, enters into agreements with other parties for retakaful purposes. Such retakaful arrangement provides for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

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

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35. RISK MANAGEMENT (continued)

b) Takaful risk (continued)

Retakaful risk (continued)

Assets, liabilities, income and expense arising from ceded retakaful contracts are presented separately from assets, liabilities, income and expense from the related takaful contract because the retakaful ceded contracts do not relieve the Group from its obligations and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the retakaful fails to meet the obligations under the retakaful agreements.

Concentration of takaful risk

The Group has certain single takaful contracts which it considers as risks of high severity but very low frequency. The Group cedes substantial part of these risks and its net retention on any one single event is limited to AED 1 million (2024: AED 1 million).

Terms and conditions of takaful contracts

Takaful is based on uncertainty of event. As such the terms and conditions of takaful contracts varies but are normally based on the international guidance and policy wordings as followed by all takaful companies in the market.

Normally a takaful contract contains the coverage of the subject of takaful, the exclusions and obligations of the insured and the insurers. Deviations are reported forthwith to the insurer by the insured and any accident event to be reported immediately. Long tail business is generally that where the time period to ultimately finalise and settle claims could take a number of years.

The Group's estimates for reported and unreported losses and establishing resulting provisions and related retakaful recoverables are continually reviewed and updated, and adjustments resulting from this review are reflected in the consolidated statement of profit or loss. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future claims.

Reserving risks are addressed by ensuring prudent and appropriate reserving for business written by the Group, thus ensuring that sufficient funds are available to cover future claims. Reserving practises for the General Takaful and Individual Family Takaful Portfolio involve the use of actuarial analysis from an independent actuary.

c) Financial risks

The Group has exposure to the following primary risks from its use of financial instruments:

- Credit risk,
- Liquidity risk,
- Market risk, and
- Operational risk.

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.

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group has been established and policies and procedures are in place to mitigate the Group's exposure to credit risk. 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 Group, other than those relating to retakaful contracts, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the consolidated financial position date.

Retakaful is placed with reinsures and retakaful companies approved by the management, which are generally international companies that are rated by international rating agencies or other GCC companies.

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35. RISK MANAGEMENT (continued)

c) Financial risks (continued)

i) Credit risk (continued)

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

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

The Group monitors concentrations of credit risk by sector and by geographic location.

Credit risk is controlled through terms of trade for receipt of contributions. Most of the counterparties are takaful companies that are generally not rated. However, they are selected on their standing in the market, rating, relationship experience and length of association. All retakaful counterparties are rated.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the year is disclosed.

31 December 2025

	<i>Credit ratings</i>			<i>Total</i> AED '000
	<i>A+ to A-</i> AED '000	<i>BBB+ to</i> <i>BBB-</i> AED '000	<i>Below</i> <i>BBB- or</i> <i>not rated</i> AED '000	
Assets				
Investments held at amortised cost	75,454	32,009	280,097	387,560
Investments carried at FVTPL	-	-	5,712	5,712
Investments carried at FVOCI	11,313	-	64,508	75,821
Statutory deposits	70,000	19,361	224,867	314,228
Other receivables and prepayments	20,369	-	52,927	73,296
Deposits with takaful and retakaful companies	773	-	-	773
Cash and cash equivalents	61,170	72,644	61,499	195,313
Less: Allowance for expected credit losses	(1,364)	(771)	(257,275)	(259,410)
	<u>237,715</u>	<u>123,243</u>	<u>432,335</u>	<u>793,293</u>

31 December 2024

	<i>Credit ratings</i>			<i>Total</i> AED '000
	<i>A+ to A-</i> AED '000	<i>BBB+ to</i> <i>BBB-</i> AED '000	<i>Below</i> <i>BBB- or</i> <i>not rated</i> AED '000	
Assets				
Investments held at amortised cost	59,898	24,339	290,899	375,136
Investments carried at FVTPL	-	-	723	723
Investments carried at FVOCI	17,816	-	63,442	81,258
Statutory deposits	70,000	15,298	213,543	298,841
Other receivables and prepayments	16,879	-	52,143	69,022
Deposits with takaful and retakaful companies	748	-	-	748
Cash and cash equivalents	70,221	2,189	77,932	150,342
Less: Allowance for expected credit losses	(1,364)	(771)	(286,036)	(288,171)
	<u>234,198</u>	<u>41,055</u>	<u>412,646</u>	<u>687,899</u>

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

35. RISK MANAGEMENT (continued)

c) Financial risks (continued)

i) Credit risk (continued)

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

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Statutory deposits	314,228	298,841
Investments held at amortised cost	241,257	200,072
Investments carried at FVOCI	16,510	21,947
Investments carried at FVTPL	5,712	723
Participants' investments in unit-linked contracts	1,780,279	1,919,837
Deposits with takaful and retakaful companies	773	748
Retakaful contract assets	437,121	470,860
Other assets and receivables	21,153	16,879
Bank balances	193,660	148,689
	3,010,693	3,078,596

For more detail on the maximum exposure to credit risk for each class of financial instrument, references have been added to the specific notes. The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties.

At 31 December 2025

	<i>Neither past due nor impaired</i>			
	<i>Investment grade AED'000</i>	<i>Non-investment grade AED'000</i>	<i>Past due or impaired AED'000</i>	<i>Total AED'000</i>
Investments held at amortised cost	107,463	280,097	-	387,560
Participants' investments in unit-linked contracts	1,780,279	-	-	1,780,279
Investments carried at FVTPL	-	5,712	-	5,712
Investments carried at FVOCI	11,313	64,508	-	75,821
Retakaful contract assets	437,121	-	-	437,121
Other receivables and prepayments	20,369	52,927	-	73,296
Deposits with takaful and retakaful companies	773	-	-	773
Statutory deposits	89,361	224,867	-	314,228
Bank balances	132,262	63,051	-	195,313
	2,578,941	691,162	-	3,270,103
Less: Allowance for expected credit losses	(2,135)	(257,275)	-	(259,410)
	2,576,806	433,887	-	3,010,693

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

35. RISK MANAGEMENT (continued)

c) Financial risks (continued)

i) Credit risk (continued)

At 31 December 2024

	<i>Neither past due nor impaired</i>			<i>Total AED'000</i>
	<i>Investment grade AED'000</i>	<i>Non-investment grade AED'000</i>	<i>Past due or impaired AED'000</i>	
Investments held at amortised cost	84,237	290,899	-	375,136
Participants' investments in unit-linked contracts	1,919,837	-	-	1,919,837
Investments carried at FVTPL	-	723	-	723
Investments through other comprehensive income	17,816	63,442	-	81,258
Retakaful contract assets	470,860	-	-	470,860
Other receivables and prepayments	16,879	52,143	-	69,022
Deposits with takaful and retakaful companies	748	-	-	748
Takaful contract assets	-	-	-	-
Statutory deposits	85,298	213,543	-	298,841
Bank balances	72,410	77,932	-	150,342
	<u>2,670,948</u>	<u>698,682</u>	<u>-</u>	<u>3,369,630</u>
Less: Allowance for expected credit losses	(2,135)	(286,036)	-	(288,171)
	<u><u>2,668,813</u></u>	<u><u>412,646</u></u>	<u><u>-</u></u>	<u><u>3,081,459</u></u>

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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 summarizes the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notices were to be given immediately.

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

35. RISK MANAGEMENT (continued)

c) Financial risks (continued)

ii) Liquidity risk

Maturity profiles (continued)

At 31 December 2025

	<i>Less than one year AED'000</i>	<i>More than one year AED'000</i>	<i>Total AED'000</i>
Assets			
Held at amortised cost	288,927	98,633	387,560
Investments held at fair value through OCI	60,432	15,389	75,821
Investments carried at FVTPL	5,712	-	5,712
Other receivables and prepayments	73,296	-	73,296
Deposits with takaful and retakaful companies	773	-	773
Statutory deposits	171,106	143,122	314,228
Cash and bank balances	195,313	-	195,313
Less: Provision for expected credit losses	(193,396)	(66,014)	(259,410)
Total assets	602,163	191,130	793,293
Liabilities			
Lease liabilities	2,119	3,887	6,006
Total liabilities	2,119	3,887	6,006

31 December 2024

	<i>Less than one year AED'000</i>	<i>More than one year AED'000</i>	<i>Total AED'000</i>
Assets			
Held at amortised cost	284,944	90,192	375,136
Investments held at fair value through OCI	60,223	21,035	81,258
Investments carried at FVTPL	723	-	723
Other receivables and prepayments	69,022	-	69,022
Deposits with takaful and retakaful companies	748	-	748
Statutory deposits	168,663	130,178	298,841
Cash and bank balances	150,426	-	150,426
Less: Provision for expected credit losses	(222,014)	(66,157)	(288,171)
Total assets	512,735	175,248	687,983
Liabilities			
Lease liabilities	2,293	4,857	7,150
Total liabilities	2,293	4,857	7,150

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

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

35. RISK MANAGEMENT (continued)

c) Financial risks (continued)

iii) Market risk (continued)

Currency risk

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

The significant financial assets and liabilities exposed to currency risk in equivalent thousands of Dirham are as under:

<i>31 December 2025</i>	<i>Financial assets AED'000</i>	<i>Financial liabilities AED'000</i>	<i>Net AED'000</i>
Currency			
USD	659,409	(183,523)	475,886
EGP	158,321	(103,448)	54,873
CFA	13,498	(4,072)	9,426
DZD	360,805	(140,443)	220,362
Others	55,720	-	55,720
<i>31 December 2024</i>	<i>Financial assets AED'000</i>	<i>Financial liabilities AED'000</i>	<i>Net AED'000</i>
Currency			
USD	673,899	(189,199)	484,700
EGP	154,377	(101,863)	52,514
CFA	12,980	(4,193)	8,787
DZD	341,415	(133,289)	208,126
Others	66,046	(11)	66,035

The analysis below is performed for reasonably possible movements in foreign exchange rate with all other assumptions held constant showing the impact on net profit or equity. The sensitivities carried out for subsidiaries only as the impact of currency risk on the Group's own assets and liabilities is considered insignificant.

<i>31 December 2025</i>	<i>Change in exchange rates</i>	<i>Profit or loss AED'000</i>	<i>Other comprehensive Income AED'000</i>
Financial assets	+5%	-	+62,388
	-5%	-	-62,388
Financial liabilities	+5%	-	+21,574
	-5%	-	-21,574
<i>31 December 2024</i>	<i>Change in exchange rates</i>	<i>Profit or loss AED'000</i>	<i>Other Comprehensive Income AED'000</i>
Financial assets	+5%	-	+62,436
	-5%	-	-62,436
Financial liabilities	+5%	-	+21,427
	-5%	-	-21,427

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES
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As at 31 December 2025

35. RISK MANAGEMENT (continued)

35.1 Claims development process

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Group has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

<i>Takaful claims-gross</i>						
<i>Underwriting year</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>Total</i>
<i>(cumulative amounts)</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Development year 1	211,986	230,016	595,312	531,154	513,943	513,943
Development year 2	382,027	612,499	522,552	538,091	-	538,091
Development year 3	515,580	647,872	905,639	-	-	905,639
Development year 4	844,897	661,559	-	-	-	661,559
Development year 5	523,391	-	-	-	-	523,391
Current estimate of cumulative claims (A)	523,391	661,559	905,639	538,091	513,943	3,142,623
Cumulative payments to date (B)	(504,671)	(620,170)	(777,108)	(465,629)	(292,757)	(2,660,335)
	<u>18,720</u>	<u>41,389</u>	<u>128,531</u>	<u>72,462</u>	<u>221,186</u>	<u>482,288</u>
Provision for prior years						<u>36,776</u>
Total reserve included in the consolidated statement of financial position as part of the gross claim (excluding family takaful reserve)						519,064
Effect of discounting						(21,287)
Effect of risk adjustment for non-financial risk						24,159
Others*						109,603
Total Gross Liability for Incurred Claims						631,539

* Others include Takaful claims and other related payables

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

35. RISK MANAGEMENT (continued)

35.1 Claims development process (continued)

Takaful claims-net

<i>Underwriting year (cumulative amounts)</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2023 AED'000</i>	<i>2024 AED'000</i>	<i>2025 AED'000</i>	<i>Total AED'000</i>
Development year 1	86,769	93,826	118,297	84,496	293,345	293,345
Development year 2	90,424	206,569	308,109	252,380	-	252,380
Development year 3	118,297	228,830	456,216	-	-	456,216
Development year 4	202,793	321,232	-	-	-	321,232
Development year 5	248,675	-	-	-	-	248,675
Current estimate of cumulative claims (A)	248,675	321,232	456,216	252,380	293,345	1,571,848
Cumulative payments to date (B)	(242,901)	(308,452)	(425,477)	(243,561)	(172,383)	(1,392,774)
	<u>5,774</u>	<u>12,780</u>	<u>30,739</u>	<u>8,819</u>	<u>120,962</u>	<u>179,074</u>
Provision for prior years						11,425
Total reserve included in the consolidated statement of financial position as part of the gross claim (excluding family takaful reserve)						190,499
Effect of discounting						(2,422)
Effect of risk adjustment for non-financial risk						4,705
Others*						3,150
Total Gross Liability for Incurred Claims						195,932

* Others include Takaful claims and other related payables

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

35. RISK MANAGEMENT (continued)

35.2 Sensitivity analysis

Sensitivity analysis for contracts measured under PAA

	31 December 2025		31 December 2024	
	LIC	Impact on LIC	LIC	Impact on LIC
Takaful Contract Liabilities	512,914	-	497,596	-
Takaful Contract Assets	(366,485)	-	(378,438)	-
	<u>146,429</u>	<u>-</u>	<u>119,158</u>	<u>-</u>
5% increase LIC				
Takaful Contract Liabilities	538,559	(25,646)	522,476	(24,880)
Takaful Contract Assets	(384,809)	18,324	(397,361)	18,921
	<u>153,750</u>	<u>(7,322)</u>	<u>125,115</u>	<u>(5,959)</u>
5% decrease LIC				
Takaful Contract Liabilities	487,268	25,646	472,716	24,880
Takaful Contract Assets	(348,161)	(18,324)	(359,517)	(18,922)
	<u>139,107</u>	<u>7,322</u>	<u>113,199</u>	<u>5,958</u>

Sensitivity analysis for contracts not measured under PAA

	31 December 2025		31 December 2024	
	LIC	Impact on LIC	LIC	Impact on LIC
Takaful Contract Liabilities	118,625	-	121,634	-
Retakaful Contract Assets	(69,122)	-	(60,647)	-
	<u>49,503</u>	<u>-</u>	<u>60,987</u>	<u>-</u>
5% increase LIC				
Takaful Contract Liabilities	124,557	(5,931)	127,716	(6,082)
Retakaful Contract Assets	(72,578)	3,456	(63,680)	3,032
	<u>51,979</u>	<u>(2,475)</u>	<u>64,036</u>	<u>(3,050)</u>
5% decrease LIC				
Takaful Contract Liabilities	112,694	5,931	115,553	6,082
Retakaful Contract Assets	(65,666)	(3,456)	(57,615)	(3,032)
	<u>47,028</u>	<u>2,475</u>	<u>57,938</u>	<u>3,050</u>

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35. RISK MANAGEMENT (continued)

35.3 Concentration of takaful risk

The Group's underwriting business is mainly based within GCC countries.

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

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

The Group's Takaful contract liabilities classified based on business segment is noted below.

	<i>31 December 2025</i>			<i>31 December 2024</i>		
	<i>Non-Life AED '000</i>	<i>Life AED '000</i>	<i>Total AED '000</i>	<i>Non-Life AED '000</i>	<i>Life AED '000</i>	<i>Total AED '000</i>
Takaful contract liabilities – net	(592,138)	(1,886,748)	(2,478,886)	(590,712)	(2,004,704)	(2,595,416)
Retakaful contract assets – net	339,660	(3,704)	335,956	406,591	(57,275)	349,316

36. PROVISION FOR EXPECTED CREDIT LOSSES

	<i>Notes</i>	<i>ECL recorded on 1 Jan 2025 AED'000</i>	<i>Reversal recorded during the year AED'000</i>	<i>Closing Balance AED'000</i>
<i>ECL on Financial Assets</i>				
Investments - Financial instruments at FVOCI	11	59,311	-	59,311
Investments at Amortized Cost	11	175,064	(28,761)	146,303
Retakaful share of outstanding claims	18	548	-	548
Contributions and takaful balance receivables	18	4,171	-	4,171
Other assets and receivables	16	52,143	-	52,143
Bank balances and cash	17	1,653	-	1,653
Total		292,890	(28,761)	264,129

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

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As at 31 December 2025

37. OTHER OPERATING EXPENSES

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Staff costs	28,773	28,222
Depreciation	1,872	2,136
Rent	1,096	1,021
Movement in family takaful reserves	9,140	(5,313)
Software Licenses	2,136	2,386
Professional Services Fee	1,954	2,569
Others	23,791	21,049
	68,762	52,070

38. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- To comply with the capital requirements required by UAE Federal Law No. (6) of 2025 Regarding the Central Bank, Regulation of Financial Institutions and Activities, and Takaful Business
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

In UAE, the local takaful regulator specifies the minimum amount and type of capital that must be held by the Group in addition to its takaful liabilities. The minimum required capital (presented below) must be maintained at all times throughout the year. The Group is subject to local takaful solvency regulations with which it has complied during the year. The below summaries the minimum regulatory capital of the Group and the total held.

	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Minimum regulatory capital	100,000	100,000
Total shareholders' equity	300,035	284,048

Section 2 of the Financial Regulations for Takaful Companies (the "Regulations") issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to takaful liabilities. The solvency margin must be maintained at all times throughout the year. The Group acknowledges its responsibility to comply with relevant regulations and is actively undertaking measures. Corrective actions are being implemented to ensure ongoing and complete adherence to regulatory requirements.

The UAE Insurance Authority has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing a takaful firm and AED 250 million for a retakaful firm. The resolution also stipulates that at least 51 percent of the capital of takaful companies established in the UAE should be owned by UAE or Gulf Cooperation Council national individuals or corporate bodies. The Company is complying with the above requirements.

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As at 31 December 2025

38. CAPITAL RISK MANAGEMENT (continued)

The Group is subject to solvency regulations which require Solvency Margin to be maintained at all times throughout the year. The Group is in non-compliance with the solvency regulations during the year and continuously assesses and monitors the solvency requirements and position by incorporating necessary policies and procedures.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund ("MGF") and Solvency Capital Requirement ("SCR") of the Group and the total capital held at the Group level to meet the required Solvency Margins in line with the requirements of the Central Bank of UAE. The Group has disclosed the solvency position as of 31 December 2025 as following:

	<i>31 December 2025 AED'000</i>	<i>31 December 2024 AED'000</i>
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	170,681	169,463
Minimum Guarantee Fund (MGF)	150,179	154,740
Basic Own Funds	19,026	(18,398)
Ancillary Own Funds	140,000	140,000
MCR Solvency Margin - surplus/(deficit)	-	-
SCR Solvency Margin - surplus/(deficit)	(41,168)	(58,662)
MGF Solvency Margin - surplus/(deficit)	(20,666)	(43,938)
Subordinated Liabilities (limited)	80,974	118,398

39. FEES AND PENALTIES

During the year ended 31 December 2025, Group has paid fees and penalties amounting to AED 2 thousand (2024: AED 24 thousand).

40. DIVIDEND AND BOARD REMUNERATION

At the annual general meeting held on 30 April 2025, the shareholders have approved the Directors Remuneration fee subject to compliance with the rules and regulation. Subsequently, the Group has paid BOD remuneration of AED 1,676 thousand for the year ended 31 December 2024 (31 December 2023: AED 1,377 thousand). No dividend was approved for the year ended 31 December 2024 and 31 December 2023.

41. AUDIT REMUNERATION

Auditors' remuneration for the statutory audit of the Group's consolidated financial statements for the year ended 31 December 2025 amounts to AED 720 thousand (2024: AED 850 thousand). Auditors' remuneration for the review of the Group's interim condensed consolidated financial statements during the year ended 31 December 2025 amounts to AED 300 thousand (2024: AED 350 thousand). Fee for other statutory and other audit related services provided by the auditors to the Group amounts to AED thousand 240 thousand (2024: AED 255 thousand).

42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 24 March 2026.

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As at 31 December 2025

43. GROSS TAKAFUL PREMIUM

As per the Central Bank of UAE reporting requirements, the following disclosures are provided which are not prepared under IFRS 17.

2025

<i>Description</i>	<i>Life Takaful (Without Medical & Fund Accumulation)</i>			<i>Property & Liability (Without Medical)</i>	<i>All Types of Business Combined</i>
	<i>AED'000</i>	<i>Fund Accumulation AED'000</i>	<i>Medical Insurance AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(A)</i>	<i>(B)</i>	<i>(C)</i>	<i>(D)</i>	<i>(E)=(A)+(B)+(C)+(D)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Direct Written Contributions	490,249	-	295,632	177,623	963,504
Assumed Business	-	-	-	-	-
Foreign	-	-	-	-	-
Local	-	-	-	491	491
Total Assumed Business	-	-	-	491	491
Gross Written Contributions	490,249	-	295,632	178,114	963,995

2024

<i>Description</i>	<i>Life Takaful (Without Medical & Fund Accumulation)</i>			<i>Property & Liability (Without Medical)</i>	<i>All Types of Business Combined</i>
	<i>AED'000</i>	<i>Fund Accumulation AED'000</i>	<i>Medical Insurance AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(A)</i>	<i>(B)</i>	<i>(C)</i>	<i>(D)</i>	<i>(E)=(A)+(B)+(C)+(D)</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Direct Written Contributions	542,708	-	378,351	167,835	1,088,894
Assumed Business	-	-	-	-	-
Foreign	-	-	-	-	-
Local	-	-	-	3,500	3,500
Total Assumed Business	-	-	-	3,500	3,500
Gross Written Contributions	542,708	-	378,351	171,335	1,092,394

44. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, Salama entered into two subscription arrangements with related parties, Humana Holding Limited (“Humana”) and Eshraq Investments P.J.S.C (“Eshraq”), for the issuance of mandatorily convertible sukuk certificates (“MCS”) through Amana SPV Ltd, a special purpose vehicle established in Abu Dhabi Global Market.

Humana Subscription Agreement:

On 4 March 2026, Salama executed a subscription agreement with Humana for MCS totaling AED 88,175,000, representing approximately 18% of the Company’s share capital.

Under the terms of the MCS, the instruments will be mandatorily exchanged and converted into new shares of the Company at a conversion price of AED 0.46 per share, based on a pre-agreed conversion formula and subject to regulatory approvals. The MCS are non-transferable, and the resulting shares will be subject to a 12-month lock-up period upon conversion.

44. EVENTS AFTER THE REPORTING PERIOD (continued)

Eshraq Subscription Agreement:

On the same date, Salama entered into a similar subscription arrangement with Eshraq, under which Eshraq subscribed to MCS with a total value of AED 66,825,000, representing approximately 14% of the Company's share capital.

The MCS issued to Eshraq will be mandatorily converted into new shares at a conversion price of AED 0.46 per share, in accordance with a pre-agreed formula and subject to obtaining all necessary regulatory approvals. These MCS are non-tradable, with the resulting shares also subject to a 12-month lock-up period upon conversion.

Purpose and Strategic Impact

The proceeds generated from the issuance of the MCS instruments will be received through a commodity Murabaha transaction between Amana SPV Ltd (acting as trustee on behalf of the certificate holders) and the Company. The funds will be applied toward general corporate purposes, including capital optimization initiatives, and are intended to support the Company's strategy toward restoring profitability and positioning for sustainable growth.

Following an evaluation conducted by management, the Company's financial advisor, and the Board of Directors, it was concluded that these transactions will significantly enhance the Company's solvency ratios in accordance with CBUAE regulatory requirements, strengthen its capital base, and support long-term value creation for shareholders. The arrangements were independently assessed by third party valuation company, who confirmed that the terms are fair, reasonable, and in the best interest of shareholders.





Corporate Governance Report 2025

Salama - Islamic Arab Insurance Company (P.S.C.)

For the year ended on 31/12/2025



Corporate Governance Report

1. A statement describing the measures adopted during 2025 to complete and enhance the Company's corporate governance framework, and how such measures were implemented.

The Board of Directors of Islamic Arab Insurance (P.S.C.) - Salama recognises that strong corporate governance is essential to ensuring disciplined and internationally aligned management of the Company. It establishes the responsibilities and duties of the Board of Directors and the Executive Management of the Company, while protecting the rights of Shareholders and other Stakeholders, this contributes to achieve high and sustainable growth rates. The Board has the responsibility to implement the Corporate Governance framework on the organisation level. These principles include the provision of an effective control environment, development of an effective internal control framework with active participation by the Independent Members, formation of an Audit Committee, granting the Internal Control Function full necessary independence and powers, abstention from participation in transactions where a conflict of interest exists, and introduction of the code of professional conduct.

The Board endeavours to ensure regulatory compliance with the instructions and regulations issued by the various regulatory authorities, ensuring the adequacy and effectiveness of the Internal Audit & Corporate Governance Compliance Program, approve investments, business plan budgets, and financial statements of the company, ensuring adequacy of the human resources required to implement the Company's strategies, ensure that the shareholders receive accurate and proper information at the right time, and ensuring adherence to the standards of disclosure and transparency. Salama is fully committed to establishing and maintaining a corporate governance framework that is compliant with all corporate governance requirements that are applicable to public joint stock companies in the UAE and consistent with Corporate Governance Regulation for Insurance Companies and accompanying Standards (the 'Regulation'), issued by CBUAE under Circular No. 24/2022, and Standard Re Shari'ah Governance for Takaful Insurance Companies Notice No: 4496/2023 Dated: 08 September 2023 and securities and commodities authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning approval of Joint Stock Companies Governance Guide, other relevant resolutions issued from time to time by the competent authorities and industry best practice.

The company's governance framework is built on the principles of good conduct and ethics, fairness, and transparency, whilst driven by a vision to achieve long-term sustainable value. By adhering to these principles, the company aims to maximise the benefits of governance, improve risk management, enhance operational efficiency to maintain a strong competitive advantage. To achieve these objectives, the company is committed to full compliance with governance-related laws and regulations, adopting best local and international corporate governance practice and managing risks and change in alignment with approved strategic goals.

The company also ensures that all employees adhere to best practices through a suite of policies and procedures designed to reinforce accountability, transparency, and integrity in all transactions. This approach helps build trust with stakeholders and achieve the highest levels of compliance with corporate governance standards.

Salama operates within a robust corporate governance framework that clearly defines the responsibilities and accountability of The Board of Directors and its Management Committees, Compliance, Risk Management, and Internal Audit functions.

The Board of Directors serves as the primary authority overseeing the management of the company. It ensures the effectiveness and adequacy of the compliance and risk management programs, internal audit, and the corporate governance framework necessary for implementing Salama's strategy, the timely and accurate dissemination of relevant information to shareholders, fostering transparency and trust. The Board is supported by its specialised committees, which enhance governance effectiveness and ensure alignment with regulatory standards and best practices.

Salama's Board of Directors, Executive management, and employees are committed to upholding the highest standards of ethics and professional conduct in all business operations. The company maintains a zero-tolerance policy toward any activities or behaviors that contradict its core values and principles. This steadfast commitment ensures a corporate culture built on integrity, accountability, and transparency.

Salama continually strengthens its governance framework by incorporating international best practices, enhancing risk management strategies, and fostering a culture of good conduct and ethical leadership. By doing so, the company maintains sustainable growth, legal and regulatory compliance, a competitive edge in the insurance sector, and reputational excellence in the communities which Salama serves.

2. A statement detailing the ownership of, and transactions in, the Company's securities during 2025 by Board members, their spouses, and their children, using the table below:

S. No.	Name	Position / Kinship	Owned shares as on 31/12/2025	Total sale	Total purchase
1	Mr. Essa Ali Bin Salem Bin Jassim Alzaabi	Chairman Election Date: 06/10/2025	17,083	None	None
2	Mr. Fareed Lutfi Ali Hussain Harmouzi	Vice Chairman Appointed Date: 09/11/2023	No shares registered under his name, or the name of his wife or children	None	None
3	Ms. Maha Abdulmajeed Ismaeel Ali AlFahim	Member Election Date: 24/04/2023	No shares registered under his name, or the name of his wife or children	None	None
4	Mr. Buti Abdulla Mohammed Aljumairi	Member Election Date: 06/10/2025	No shares registered under his name, or the name of his wife or children	None	None
5	Mr. Umair Nizami Zulfiqar Ali	Member Election Date: 06/10/2025	No shares registered under his name, or the name of his wife or children	None	None
6	Mr. Parvaiz Siddiq	Member Election Date: 06/10/2025	No shares registered under his name, or the name of his wife or children	None	None
7	Mr. Rashed Mohammed Ali Abdulrahman	Member Election Date: 06/10/2025	No shares registered under his name, or the name of his wife or children	None	None
8	Mr. Fahad Abdulqader Qassim Abdulla Al Qassim	Chairman From: 22/07/2024 to 06/10/2025	No shares registered under his name, or the name of his wife or children	None	None
9	Mr. Saeed Bin Mohammad Bin Ahmad AlQassimi	Member From: 02/09/2019 to 06/10/2025	270,858	1,933,715	None
10	Mr. Ahmad Mohammad al Sadah	Member From: 02/09/2019 to 14/02/2025	No shares registered under his name, or the name of his wife or children	None	None
11	Mr. Mohamed Al Sayed Mohamed Ebraheem Alhashmi	Member From: 29/03/2024 to 06/10/2025	No shares registered under his name, or the name of his wife or children	None	None
12	Mr. Ammar Ali Mohamed Jaber	Member From: 22/07/2024 to 06/10/2025	No shares registered under his name, or the name of his wife or children	None	None

3. Board Formation:

A. A statement setting out the current composition of the Board, including the names of members appointed and those who resigned, using the table below:

S. No.	Name	Category (executive/non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
1	Mr. Essa Ali Bin Salem Alzaabi	Non-executive Member and independent	<p>Academic & Professional Qualification</p> <ul style="list-style-type: none"> Executive MBA – IMD Business School, Switzerland (2023) International MBA – EHSAL Management School (2009) BSc in Economics & International Business University of Louisville, USA (1999) Executive Education – Harvard Business School, Cranfield University, IMD <p>Professional Experience</p> <ul style="list-style-type: none"> Tanmyah Consultancies personalized HR & Management Consultancy - Chief Executive Officer Dubai Chamber of Commerce & Industry Senior Vice President – Entrepreneurship & Support Services (2013–2023) <ul style="list-style-type: none"> Established Dubai Startup Hub, positioning Dubai as a regional hub for entrepreneurship. Drove national talent development initiatives and built international partnerships. Led modernised of internal functions (HR, IT, Finance) to enhance institutional efficiency. 	3 months from 06/10/2025	None	None

S. No.	Name	Category (executive/non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
			<ul style="list-style-type: none"> • Emirates Institute of Finance (EIF) Deputy General Manager (2009–2013) <ul style="list-style-type: none"> ◦ Advanced training and capacity-building aligned with UAE’s financial sector agenda. ◦ Forged strategic alliances with local and international institutions. • Dubai World Trade Centre Vice President – Human Capital (2006–2009) <ul style="list-style-type: none"> ◦ Transformed HR into a strategic human capital function across multiple verticals. ◦ Implemented frameworks for workforce engagement and performance management. • Tanmia – National HR Authority (MOHRE) Director & Leadership Roles (2000–2006) <ul style="list-style-type: none"> ◦ Pioneered Emiratisation initiatives and workforce readiness programs. ◦ Built sustainable employment partnerships with industry and academia. 			
2	Mr. Fareed Lutfi Ali Hussain Harmouzi	Non-executive Member and independent	<ul style="list-style-type: none"> • Member of the Chartered Institute of Insurance (London) since 1982 • Completed Special Insurance Program: College of Insurance, New York, NY (1982) • Training in London Insurance/Reinsurance Markets: London, England (1982) • Insurance Studies: Swiss Insurance Training Centre, Zurich, Switzerland (1986) 	2 year and 2 months from 09/11/2023	None	<ul style="list-style-type: none"> • Secretary General of the Emirates Insurance Association and the Gulf Insurance Federation since 2005

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Member- ships and Positions in Other Joint Stock Com- panies	Positions Held in Oth- er Important Regulatory, Governmental, or Commercial Positions
			<p>Fareed possesses over 40 years of extensive experience in the insurance field, holding leadership positions in various prominent government and private institutions across the UAE and the region. This includes the Secretary-General position of the Emirates Insurance Association and the Gulf Insurance Federation, board memberships in several insurance and reinsurance companies, and serving as an Executive Advisor for leading organisations. He evidently boasts a distinguished track record and deep industry knowledge, and his views are well-respected amongst his peers.</p> <p>Previous Positions and Experience:</p> <ul style="list-style-type: none"> • Executive Advisor at Marsh Emirates Insurance Brokers and Consultancy • Board Member of UTMOST International Middle East, DIFC • Advisory Board Member of Risk Exchange, DIFC • Vice Chairman and Committee Member of National Health Insurance (DAMAN), Abu Dhabi • Former Director of Insurance Services at Dubai Holdings • Former President of Dubai Insurance Group, part of Dubai Group • Former Managing Director - Insurance with Dubai Financial Group, part of Dubai Group 			<ul style="list-style-type: none"> • Elected Higher Committee Board Member of Insurance Business Group (IBG) • Member of Planning Committee for DCCI Insurance Group • Member of Financial Services and Banking Program Advisory Committee - Dubai United Kingdom Trade and Economic Committee (DUKTEC)

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Member- ships and Positions in Other Joint Stock Com- panies	Positions Held in Oth- er Important Regulatory, Governmental, or Commercial Positions
			<ul style="list-style-type: none"> • Member of the Steering Committee formed by Du- bai Executive Council for establishing Dubai Health Insurance Scheme • Served as an Independent Board Member of Gulf Warranties, Bahrain • Served as a Board Member of Al Fajr Re, Kuwait • Served as a Board Member and Chairman of the Audit Committee at Emirates Retakaful Company in DIFC • Former Chairman and Senior Executive Officer of DHIS (a captive company based in DIFC) • Served as Vice Chairman and Member of Reinsur- ance Committee of Dubai Group Sigorta, Turkey • Former Board Member, Audit Committee Member, and HR Committee Member of Oman National In- vestment Corporation Holding, Oman • Former Board Member and Chairman of the Audit Committee of National Life & General Insurance Company, Oman • Former Board Member of Gulf Assist, Bahrain • Served as a Member of the National Committee for the World Trade Organization of the Ministry of Economy and Commerce • Former Board Member, Dubai International Finan- cial Centre (DIFC) 			<ul style="list-style-type: none"> • Member of the finance working group - Work Pass- port Program, Abu Dhabi Chamber of Commerce & Industry

S. No.	Name	Category (executive/non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
			<ul style="list-style-type: none"> Served as General Manager and then Consultant of Dubai Islamic Insurance and Reinsurance Company (AMAN) which he established while in the role as General Advisor for Dubai Islamic Bank and The Investment Office, Dubai Chief Executive Officer and Board Member of Alliance Insurance, Dubai <p>His career began as a reinsurer with ARIG – Arab Insurance Group in 1981 through 1996, setting up and managing the London Contact office from 1982 to 1986.</p>			
3	Ms. Maha Abdul-majeed Ismaeel Ali Alfahim	Non-executive Member and independent	<ul style="list-style-type: none"> University of Michigan, Ann Arbor, MI (April 2012) Bachelor of Arts, Double Major in Political Science and International Comparative Studies (Honors) Minor in Middle Eastern and North African Studies. <p>Investment and Venture Capital:</p> <ul style="list-style-type: none"> Over 9 years of experience in the financial industry, with roles at leading institutions like ADIA, High Water Venture Partners, and the Supreme Council for Financial & Economic Affairs. Proven track record in investment management, with experience across fixed income, macro research, and venture capital. Demonstrated ability to source, evaluate, and manage investments across various asset classes and sectors. 	2 year and 9 months from 24/04/2023	None	<ul style="list-style-type: none"> Abu Dhabi Investment Authority (ADIA) Abu Dhabi. Research Specialist, Macro Research, Fixed Income and Treasury Department

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Member- ships and Positions in Other Joint Stock Com- panies	Positions Held in Oth- er Important Regulatory, Governmental, or Commercial Positions
			<ul style="list-style-type: none"> • Possesses strong financial modeling, analytical, and research skills. <p>Public Policy and International Relations:</p> <ul style="list-style-type: none"> • Double major in Political Science and International Comparative Studies, with a minor in Middle Eastern and North African Studies. • Experience working on public policy issues at the American Enterprise Institute and the Canadian House of Commons. • Deep understanding of geopolitical and economic dynamics, particularly relevant to the MENA region. • Skilled in research, analysis, and communication of complex political and economic issues. <p>Additional Qualifications:</p> <ul style="list-style-type: none"> • Awarded highest rank in ADIA's First Year Graduate Program and recognised with UC Berkeley's Certificate of Data Science & Analytics. • Active member and Secretary of One Planet Sovereign Wealth Fund, showcasing leadership potential and global engagement. • Recipient of the BlackRock Strategic Asset Allocation Award, highlighting analytical and investment skills. 			

S. No.	Name	Category (executive/non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
4	Mr. Buti Abdulla Mohammed Aljumairi	Non-executive Member and independent	<p>Academic & Professional Qualifications</p> <ul style="list-style-type: none"> MBA, American University of Sharjah (2003) BSc in Finance, California State University, Long Beach (2000) <p>Professional Experience</p> <ul style="list-style-type: none"> Current Occupation: Executive Director – Corporate Support, Islamic Affairs & Charitable Activities Department, Dubai Over 25 years of leadership experience in government and government-related enterprises, collaborating closely with Boards of Directors, governing bodies, sovereign wealth funds, and commercial entities. Extensive experience in strategic roles including private equity, business transformation, corporate restructuring, post-merger integration, risk management, governance and reporting, audit and fraud advisory, valuation, and business modeling. Chief Financial Officer – National Bonds Company (2006–2009) <p>Board Appointments</p> <ul style="list-style-type: none"> Current: <ul style="list-style-type: none"> Board Member – Awqaf Dubai Board Member – OBS Group Previous: <ul style="list-style-type: none"> Board Member – Deyaar Properties Board Member – Madaares/Taaleem 	3 months from 06/10/2025	None	<ul style="list-style-type: none"> Endowment And Minors’ Trust Foundation (Awqaf Dubai)

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
5	Mr. Umair Nizami Zulfiqar Ali	Non-executive Member and independent	<p>Experience and Qualifications Mr. Umair is a seasoned executive with extensive experience in the healthcare, insurance, and investment sectors, bringing more than two decades of leadership experience across private equity, venture capital, and corporate management.</p> <p>Current Roles Mr. Umair currently serves as Chairman and Chief Executive Officer of Nur Capital (since 2012), where he leads a private equity and real estate investment firm with a strong track record in healthcare and insurance acquisitions and exits. He also serves as Managing Director of Dawn Ventures (since 2020), a venture capital platform focused on investments in healthtech and insurtech companies at the Seed and Series A stages.</p> <p>Previous Executive Roles Mr. Umair previously served as Board Member and Chief Executive Officer of Neuron (2014–2023) and Chief Executive Officer of NAS Administration Services (2019–2023). During his tenure, he led the acquisition and merger of two of the UAE’s largest third-party administrators, establishing one of the largest private medical payer platforms in the UAE with nearly two million beneficiaries and annual premiums of approximately \$ 2 billion. The combined entity was successfully exited in 2023 through a strategic sale to a Fortune 20 global insurance company.</p>	3 months from 06/10/2025	None	None

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Member- ships and Positions in Other Joint Stock Com- panies	Positions Held in Oth- er Important Regulatory, Governmental, or Commercial Positions
			<p>Mr. Umair also served as Owner (Non-Executive) of Medicentres Polyclinics Group (2013–2024), where he established and expanded a network of five clinics serving more than 60,000 patients annually and employing over 50 doctors. The group was successfully exited in 2024 through a strategic sale to a leading Saudi healthcare group.</p> <p>Earlier Professional Experience Earlier in his career, Mr. Umair served as Chief Executive Officer of Dubai Wing (2009–2012), managing a royal family office with responsibility for asset management and senior leadership recruitment. Prior to that, he was Director of Strategic Investments at National Bonds Corporation (2006–2009), where he was part of the founding team responsible for establishing the asset allocation strategy and managing direct investments.</p> <p>Mr. Umair also worked as a Manager at Ernst & Young, Dubai (2004–2006), providing advisory services including feasibility studies, market research, and capital-raising support. Earlier in his career, he served as a Financial Analyst at Rockwell Automation, Chicago (2001–2004), where he was responsible for financial planning, budgeting, and reporting for the contactcentre division.</p> <p>Educational Qualifications Mr. Umair holds a Master of Science in Global Healthcare from Oxford University, UK (2025). He holds a Bachelor of Science in Economics from University of London (1996–1999).</p>			

S. No.	Name	Category (executive/non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
6	Mr. Rashed Mohammed Ali Abdulrahman	Non-executive Member and independent	<p>Professional Experience: Over 15 years of experience managing large-scale and prestigious real estate projects in Dubai, UAE. Currently serving as Chief Real Estate Officer at WASL Asset Management, the real estate development and asset management arm of the Dubai Government, overseeing 79 active projects with a capital expenditure pipeline of AED 25 billion.</p> <p>Education:</p> <ul style="list-style-type: none"> • Bachelor’s Degree, School of Architecture and Design, American University of Sharjah (2002) <p>Key Experience and Board Roles:</p> <ul style="list-style-type: none"> • Senior board-level and real estate development executive • Held board and advisory positions with Dubai Sports Corporation, Emirates NBD (REIT), Dubai Chamber (DREDG), and private investment offices • Extensive leadership roles at Dubai Properties Group and WASL Asset Management, including Director and General Manager positions • Broad exposure to real estate master planning, asset management, hospitality, and investment strategy 	3 months from 06/10/2025	None	None
7	Mr. Parvaiz Siddiq	Non-executive Member and independent	<p>Last Executive Role: Chief Executive Officer – Islamic Arab Insurance Company – Salama (P.S.C), UAE (2016–2021)</p> <p>Professional Experience: Over 30 years in the insurance industry across Pakistan, Saudi Arabia, and the UAE</p>	3 months from 06/10/2025	None	None

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Member- ships and Positions in Other Joint Stock Com- panies	Positions Held in Oth- er Important Regulatory, Governmental, or Commercial Positions
			<p>Educational Background:</p> <ul style="list-style-type: none"> • MBA, London Business School (2013) • MBA, Institute of Business Administration (IBA), University of Karachi (1992) <p>Professional Qualifications:</p> <ul style="list-style-type: none"> • Fellow, Chartered Insurance Institute (FCII), UK • Chartered Property & Casualty Underwriter (CPCU), USA • Associate – Life Management Institute (ALMI) <p>Experience and Skills Assessment:</p> <p>Industry Expertise: Extensive knowledge in insurance underwriting, actuarial practices, regulatory compliance, marketing, sales, and distribution</p> <p>Leadership and Governance: Successfully led multiple organisations, including SALAMA and Noor Takaful, through market volatility, digital transformation, and post-acquisition transitions. Demonstrates collaborative and ethical leadership while working effectively with Boards of Directors and stakeholders</p> <p>Strategic Vision: Proven track record in establishing new ventures and driving sustainable growth</p> <p>Regulatory Knowledge: Strong understanding of regional and international insurance regulations.</p>			

S. No.	Name	Category (executive/non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
8	Mr. Fahad Abdulqader	Non-executive	<ul style="list-style-type: none"> • MBA in Finance from Monash University in Melbourne, Australia • Bachelor's (Hons) Degree in Applied Computing from Leeds Metropolitan University in the UK • Higher Diploma in Electronics Engineering from Higher Colleges of Technologies in the UAE <p>Mr. Alqassim is the Director General of the Abu Dhabi Endowments' and Minors' Funds Authority. He is also the Chairman of Eshraq Investments PJSC, the Chairman of Salama Insurance PJSC and a board member of Aramex PJSC.</p> <p>Mr. Alqassim has over 25 years of experience in the investment banking, government and commercial sectors.</p> <p>Mr. Alqassim has served as CEO of Healthcare, Pharma and Financial Services at ADQ from 2021 until July 2024 and prior to that as CEO of Emirates NBD Capital, where he was responsible for investment banking activities across the region.</p> <p>Mr. Alqassim was also previously the Managing Director and Head of Principal Investments at Waha Capital, managing over AED 6 billion of proprietary investments and overseeing private equity investments across several sectors. Prior</p>	1 year and 2 months from 22/07/2024 to 06/10/2025	Chairman of the Board Member of Eshraq Investments PJSC. Board Member and Chairman of Audit Committee at Aramex PJSC	Director General – Endowments' and Minors' Funds Authority.

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
			<p>to that, he served at the Executive Council of the Government of Dubai, Dubai Islamic Bank and Dubai Aluminium Company.</p> <p>He is a graduate of the Mohammed Bin Rashid Leadership Programme.</p>			
9	Mr. Saeed Bin Mohammad Alqassimi	Non-executive Member and independent	<ul style="list-style-type: none"> • Bachelor of Science and Administration with minor Philosophy, Suffolk University, Boston, Massachusetts, USA. • Master of Science Administrative Studies Multi-national Commerce, Boston University, Boston, Massachusetts, USA. <p>A seasoned leader with a profound understanding of business, technology, and investments, Mr. Saeed Al Qassimi has been instrumental in driving the success of the UAE company. Since 2010, he has served as the founding partner of Easy Lease Motorcycle Rental PJSC, showcasing his entrepreneurial spirit and dedication to establishing a sustainable venture.</p> <p>Additional Board Memberships:</p> <ul style="list-style-type: none"> • Board Member, UAE Shooting Federation (UAE) • Board Member, Urban Landscaping (UAE) • Board Member, The Captain Boats and Ships Trading (UAE) • Easy Lease Motorcycle Rental. 	5 years and 1 month Since 02/09/2020 to 06/10/2025	Easy Lease Motorcycle Rental PJSC	None

S. No.	Name	Category (executive/non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
10	Mr. Mohamed Al Sayed Mohamed Ebrahim Alhashmi	Non-executive Member and independent	<ul style="list-style-type: none"> Master's Degree in Business Management & Finance from Harvard University (with Distinction), Bachelor of Science in Business Administration (Cum Laude). Extensive executive experience in leadership roles including COO, Deputy CEO, and CFO with strong focus on finance, investment, strategy, and operational excellence. 	1 year and 6 months from 29/03/2024 to 06/10/2025		
11	Mr. Ammar Ali Mohamed Jaber	Non-executive Member and independent	<ul style="list-style-type: none"> MBA in General Business (Canadian University of Dubai), Certificate of Finance (London Business School), Higher Diploma in Banking and Financial Services. Over 15 years of experience in Global Markets, Treasury, and ALM. 	1 year and 2 from 22/07/2024 to 06/10/2025	Group Treasurer and Head of Global Markets – Emirates NBD, former Head of Group ALM & International GM&T, Managing Director – Group ALM, and Head of Treasury & Markets – Emirates NBD	None

S. No.	Name	Category (executive/ non-executive and independent)	Experience and Qualifications	Period Served as Board Member (From the Date of First Election)	Memberships and Positions in Other Joint Stock Companies	Positions Held in Other Important Regulatory, Governmental, or Commercial Positions
12	Mr. Ahmad Mohammad al Sadah	Non-executive Member and independent	<ul style="list-style-type: none"> Bachelor of Multimedia Studies & Diploma in Business from Central Queensland University <p>For over 13 years, Mr. Ahmad Al Sadah has served as a driving force in the mobility sector, spearheading the growth of various entities under his leadership. He is known for his commitment to:</p> <ul style="list-style-type: none"> Leveraging technology: Mr. Al Sadah prioritises leveraging technology to streamline operations, drive business growth, and achieve operational excellence for sustained success. Strategic partnerships: As a visionary leader, he emphasises forging strategic partnerships to create lasting impact within the industry. <p>Mr. Al Sadah's leadership has been recognised by numerous government and regulatory entities in the UAE through various awards.</p> <p>Additional Board Memberships:</p> <ul style="list-style-type: none"> Chairman: <ul style="list-style-type: none"> The Captain Boats and Ships Trading (UAE) Qube Parking Management (UAE) Board Member: Eco Drive (UAE) 	4 years and 1 month Since 02/09/2020 to 14/02/2025	Easy Lease Motorcycle Rental PJSC	None

B. A statement indicating the percentage of female representation on the Board during 2025:

The Board of Directors of Salama currently includes one female member out of seven, representing 14.3% of the total board composition in 2025. Recognising the importance of diversity in strengthening board effectiveness, Salama is committed to increasing female representation and promoting female participation in decision-making.

In the 2023 elections, the board proactively identified two qualified female candidates and presented them to the shareholders, resulting in the appointment of the first female director to the Company's Board of Directors. This milestone marked a significant step towards achieving gender balance, fostering a more inclusive and effective governance environment.

The Board of Directors, facilitated by the Nominations and Remuneration Committee (NRC), actively promotes this goal by:

- ✓ Fostering a culture of inclusion and mutual respect.
- ✓ Regularly assessing the board's diversity aspirations to ensure ongoing progress.
- ✓ Recommending effective initiatives to support and increase female representation.
- ✓ Encouraging qualified female candidates to participate in the nomination process, ensuring they are part of the pool of candidates considered for board membership.

Salama remains dedicated to building a diverse and inclusive Board of Directors that reflects the broader community, enhancing its ability to make well-informed and effective decisions that support the company's sustainability and growth.

C. Statement of the reasons for the absence of any female candidate for the Board membership:

Not applicable

1. A statement of bonuses, allowances, and fees received by Board members, including:

Total remuneration paid during 2024:

In 2025, Salama's shareholders approved a total remuneration of AED: 1,365,574 which was paid to the members of the Board of Directors for 2024.

2. Total proposed remuneration for 2025, to be submitted to the Annual General Meeting for approval:

The Board has proposed a total remuneration for the year ended 31 December 2025, to be paid in 2026, subject to approval by the Annual General Assembly, of AED 200,000 for each Board member, in addition to AED 10,000 for attending committees meeting.

3. Allowances paid for attending Board committee meetings during 2025, using the table below:

S. No.	Name	Allowances for attending sessions of committees of the Board of Directors		
		Committee Name	Allowance Value	Number of Meetings
1	Mr. Mohamed Al Sayed Alhashmi	Audit Committee	20,000	2
2	Mr. Fareed Lutfi Al Harmouzi	Audit Committee	30,000	3
3	Mr. Ahmad Mohammad Alsayed Ibrahim Alsadah	Audit Committee	20,000	2
4	Mrs. Maha Abdul Majeed Al-Fahim	Audit Committee	30,000	3
5	Mrs. Maha Abdul Majeed Al-Fahim	Nomination and Remuneration Committee	10,000	1
6	Mr. Saeed bin Mohammed Al Qassimi	Nomination and Remuneration Committee	10,000	1
7	Mr. Ammar Ali Mohamed Jaber	Investment Committee	50,000	5
8	Mr. Maha Abdul Majeed Al-Fahim	Investment Committee	50,000	5
9	Mr. Mohamed Al Sayed Alhashmi	Investment Committee	20,000	2
10	Mr. Saeed bin Mohammed Al Qassimi	Investment Committee	30,000	3
11	H.E. Mohammed AlShehhi	Investment Committee	10,000	1
12	Mr. Saeed bin Mohammed Al Qassimi	Risk Committee	10,000	1
13	Mr. Ammar Jaber	Risk Committee	10,000	1

4. Details of any additional allowances, salaries, or fees paid - other than attendance allowances - together with the reasons for such payments:

In 2025, the Company's Board members did not receive any additional allowances, salaries, or fees other than committee attendance allowances.

E. A statement indicating the number and dates of Board meetings held during 2025, including in-person attendance and attendance by proxy. The names of Board members corresponds to those disclosed under point number 3 above, using the table below:

S. No.	Date of meeting	Number of attendees	Number of attendees by proxy	Names of absent members
1	14/02/2025	6	None	Mr. Ahmad Alsada - Resignation
2	26/03/2025	6	None	-
3	14/05/2025	6	None	-
4	08/08/2025	5	None	Mr. Fareed Lutfi
5	21/10/2025	7	None	-
6	12/11/2025	7	None	-
7	25/12/2025	7	None	-

F. A statement indicating the number of Board Decisions issued by Circulation. The names of Board members corresponds to those disclosed under point number 3 above, using the table below:

S. No.	The number of board decisions issued by circulation	Date of the decision
1	First decision	24/06/2025
2	Second decision	11/09/2025
3	Third decision	24/11/2025

4. Board Committees

To support the Board in executing its responsibilities prudently and effectively, it has the authority to form committees and delegate mandates and authorities as outlined in approved terms of reference. However, regardless of any delegation to a committee, the Board remains accountable for the decisions and actions undertaken by that committee. Reflecting the company's dedication to upholding Corporate Governance standards and discipline, the Board has established the following committees:

- ✓ Audit Committee
- ✓ Remuneration & Nomination Committee
- ✓ Investment Committee
- ✓ Risk Management Committee

Based on the election of the Board of Directors at the Annual General Assembly held on 24 April 2023, and the subsequent election of the Board of Directors at the General Assembly meeting held on 06 October 2025, as well as the discussions held during the Board meetings and the reconstitution of the Board committees at the Board meeting held on 21 October 2025 following the resignation of four Board members, the Board resolved to form its committees and grant them the authorities stipulated in the Company's policies, Articles of Association, Chairman of the Authority's Resolution No. (3/R.M) of 2020 concerning the Corporate Governance Guide for Public Joint Stock Companies, and the Corporate Governance Regulation for Insurance Companies issued by the Central Bank of the United Arab Emirates pursuant to Circular No. 24/2022.

First: The Audit committee:

a. A declaration by the Chair confirming responsibility for the Committee operating framework, review of its procedures, and assurance of its effectiveness.

Mr. Buti Abdulla Mohammed Aljumairi, Audit Committee Chairman, acknowledges his responsibility for the committee in the Company, review of its work mechanism and ensuring its effectiveness.

b. A statement setting out the names of members, their competencies, and assigned responsibilities.

S. No.	Name of the Member	Designation	Comments
1	Mr. Mohamed Al Sayed Alhashmi	Chairman	-
2	Mr. Fareed Lutfi Al Harmouzi	Member	-
3	Mr. Ahmad Al Sadah	Member	Until February 14, 2025

Current Audit Committee Members (after 21/10/2025)

S. No.	Name of the Member	Designation
1	Mr. Buti Abdulla Mohammed Aljumairi	Chairman
2	Mr. Fareed Lutfi Al Harmouzi	Member
3	Mr. Rashed Mohammed Ali Abdulrahman	Member

◦ The Committee is tasked with responsibilities outlined in the terms of reference of the Audit Committee, which are formulated in accordance with articles 60, 61 and 62 of the Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020 regarding the Approval of Joint Stock Companies Governance Guide, as well as the standards of the corporate governance framework for insurance companies issued by the Central Bank. Key Responsibilities as per the following: The Audit Committee supports the Board of Directors in overseeing the Company’s financial reporting, internal controls, and audit processes. Its responsibilities include reviewing quarterly and year-end financial statements, ensuring compliance with financial reporting standards and regulatory requirements, and assessing the effectiveness of internal policies, procedures, and controls. The Committee also monitors the performance and independence of both internal and external auditors, evaluates audit issues, and recommends improvements. Additionally, it reviews the Company’s risk management framework, internal audit performance, and internal control systems, while ensuring compliance with relevant governance standards. The Committee investigates potential violations, ensures proper reporting of related party transactions, and supports corrective actions where necessary

c. Number of meetings held by the Audit Committee during 2025 and their dates to discuss the matters related to financial statements and any other matters and demonstrating the members’ personal attendance times in the held meetings:

S. No.	Name of the Member	First Meeting Date March 24 2025	Second Meeting Date May 13 2025	Third Meeting Date August 6 2025	Fourth Meeting Date August 18 2025	Fifth meeting November 5, 2025	Sixth meeting November 12, 2025	Seventh meeting December 16, 2025
1	Mr. Mohamed Al Sayed Alhashmi	Present	Present	Present	Present	Resigned	Resigned	Resigned
2	Mr. Fareed Lutfi AlHarmouzi	Present	Present	Present	Present	Present	Present	Present
3	Mr. Ahmad al Sadah	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	Resigned
4	Mr. Buti Abdulla Mohammed Aljumairi	N/A	N/A	N/A	N/A	Present	Present	Present
5	Mr. Rashed Mohammed Ali Abdulrahman	N/A	N/A	N/A	N/A	Present	Present	Present

d. Annual Audit Committee report:

1. Key Matters Considered in Relation to Financial Statements

The Audit Committee has reviewed the financial statements for the year and considered potentially material issues which may affect their accuracy. The Committee engaged with management and external auditors to ensure these matters were appropriately addressed.

2. Evaluation of External Audit Process

The Audit Committee assessed the independence, objectivity, and effectiveness of the external audit process, considering:

- The audit firm's tenure and past performance;
- Compliance with regulatory requirements;
- The quality of reports provided; and
- The selection and reappointment process, ensuring alignment with governance standards.

3. Recommendation on Appointment/Reappointment of External Auditor

- The Committee recommended the reappointment of Ernst and Young as the external auditor for the upcoming financial year.

4. Independence of the External Auditor

To safeguard auditor independence, the Committee reviewed non-audit services provided by the external auditor and confirmed that:

- Non-audit fees were within permissible limits;
- There was no conflict of interest; and
- The auditor adhered to ethical and professional guidelines.

5. Actions on Internal Control Deficiencies

The Committee monitored identified deficiencies and ensured that appropriate corrective actions were taken to enhance governance, improve control measures, and strengthen financial and operational oversight.

6. Review of Internal Audit Reports

The Committee reviewed high-risk internal audit reports, assessing whether they indicated significant control weaknesses. No major failures were identified, and corrective actions were implemented where necessary.

7. Corrective Actions for Material Deficiencies

The Committee oversaw corrective measures for material deficiencies, ensuring:

- Implementation of enhanced monitoring systems;
- Adequate follow-up actions by management; and
- Continuous improvements in governance practices.

8. Review of Related Party Transactions

The Committee reviewed all transactions with related parties to ensure compliance with applicable laws and transparency. No material concerns were identified, and all transactions were conducted at arm's length.

Second: The Nominations and Remuneration Committee:

a. The Nomination and Remuneration Committee Chairman's acknowledgment of her responsibility for the Committee within the Company, her review of its work mechanism and ensuring its effectiveness.

Mrs. Maha Al Fahim, Nomination and Remuneration Committee Chairman acknowledges her responsibility for the committee in the Company, her review of its work mechanism and ensuring its effectiveness.

b. Names of the Nomination and Remuneration Committee members and clarifying their competencies and tasks assigned to them:

Previous Nominations and Remuneration Committee Members (before 06/10/2025)

S. No.	Name of the Member	Designation	Comments
1	Mrs. Maha Al Fahim	Chairman	-
2	Mr. Ahmad al Sadah	Member	Until 14 February 2025
3	Mr. Saeed A Qasimi	Member	-

Current Nominations and Remuneration Committee Members (after 21/10/2025)

S. No.	Name of the Member	Designation
1	Mrs. Maha Al Fahim	Chairman
2	Mr. Umair Nizami	Member
3	Mr. Parvaiz Siddiq	Member

- The Committee is responsible for tasks and duties as per terms of reference of Nominations and Remuneration Committee that is formulated based on article 59 of Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide as well as the standards of the corporate governance system for insurance companies issued by the Central Bank. Key Responsibilities as per the following: The Committee plays an effective role in reviewing the Company’s recruitment, retention, training and termination policies including determining the role and capabilities required for appointments at senior management level. Moreover, the Committee develops and implements the plans and initiatives for employing UAE Nationals and for providing best service to the Company’s clients through Strategic Planning.

c. A statement indicating the number and dates of meetings held during 2025, including meetings attended in person.

S. No.	Name of the Member	First Meeting Date 26 December 2025
1	Mrs. Maha Al Fahim	Present
2	Mr. Umair Nizami	Present
3	Mr. Parvaiz Siddiq	Present

Third: Insider Trading Monitoring and Oversight Committee:

Its duties were included under the powers of the audit committee according to a decision taken by the Board of Directors during its meeting No. 03/2020 held on: 05/21/2020.

Fourth: The Investment Committee:

a. Acknowledgment by the Chairman of the committee or the person authorised to be responsible for the committee in the company and for reviewing its work mechanism and ensuring its effectiveness.

“Mr. Umair Nizami, Chairman of the Investment Committee, acknowledges his responsibility for the committee in the company and for his review of its work mechanism and ensuring its effectiveness.”

b. Names of members of the Investment Committee and clarifying their competences and tasks assigned to them.

Previous Investment Committee Members: before 06/10/2025:

S. No.	Name of the Member	Designation
1	Mr. Ammar Jaber	Chairman
2	Mrs. Maha Al Fahim	Member
3	Mr. Mohamed Al Sayed Alhashmi	Member

New Investment Committee Members: after 21/10/2025:

S. No.	Name of the Member	Designation
1	Mr. Umair Nizami	Chairman
2	Mrs. Maha Al Fahim	Member
3	Mr. Parvaiz Siddiq	Member

- The Committee is responsible for tasks and duties as per terms of reference of Investment Committee that is formulated based on Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide as well as the standards of the corporate governance system for insurance companies issued by the Central Bank. Key Responsibilities as per the following: Develop the investment strategy and policy for approval by the Board of Directors, set the foundations of investment including the allocation of assets, review and monitor investments, exercise oversight on strategic investment activities related to capital utilisation.

d. The number of meetings and dates of the meetings held by the Investment Committee throughout the year to discuss matters related to the financial statements and any other matters, and the number of attendances in person by the members in the meetings held:

S. No.	Name of the Member	The First Meeting Date: 08/05/2025	The Second Meeting Date: 23/06/2025
1	Mr. Ammar Jaber	Present	Present
2	Mrs. Maha Al Fahim	Present	Present
3	Mr. Mohamed Al Sayed Alhashmi	Present	Present
4	Mr. Umair Nizami	N/A	N/A
5	Mr. Parvaiz Siddiq	N/A	N/A

Fifth: Risk Management Committee:

- c. **Acknowledgment by the Chairman of the committee or the person authorised to be responsible for the committee in the company and for reviewing its work mechanism and ensuring its effectiveness.**

“Mr. Parvaiz Siddiq, Chairman of the Risk Management Committee, acknowledges his responsibility for the committee in the company and for his review of its work mechanism and ensuring its effectiveness.”

- d. **Names of members of the Risk Management Committee and clarifying their competences and tasks assigned to them.**

Previous Risk Management Committee Members: before 06/10/2025:

S. No.	Name of the Member	Designation
1	Mr. Fareed Lutfi	Chairman
2	Mr. Saeed Al Qassimi	Member
3	Mr. Ammar Jaber	Member

Previous Risk Management Committee Members: before 06/10/2025:

S. No.	Name of the Member	Designation
1	Mr. Parvaiz Siddiq	Chairman
2	Mr. Umair Nizami	Member
3	Mr. Essa Alzaabi	Member

- The Committee is responsible for tasks and duties as per terms of reference of Risk Committee that is formulated based on Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide as well as the standards of the corporate governance framework for insurance companies issued by the Central Bank. Key Responsibilities as per the following: Overseeing the Company’s risk management framework. Ensuring risks are identified, assessed, and managed within the defined risk appetite, including monitoring risk exposures across underwriting, reserving, market, liquidity, credit, and operational risks. Ensuring appropriate diversification and mitigation strategies including alignment with long-term profitability objectives. Compliance with regulatory requirements and promoting a proactive risk management culture. Providing independent advice to the Board on risk policies. Monitoring emerging risks, including climate change, technological disruptions, cybersecurity, and regulatory changes, while enhancing transparency and governance processes.

- e. The number of meetings and dates of the meetings held by the Risk Management Committee throughout the year to discuss matters related to the financial statements and any other matters, and the number of attendances in person by the members in the meetings held:

S. No.	Name of the Member	The First Meeting Date: 20th May 2025	The Second Meeting Date: 10th November 2025
1	Mr. Fareed Lutfi	Present	N/A
2	Mr. Saeed Al Qassimi	Present	N/A
3	Mr. Ammar Jaber	Present	N/A
4	Mr. Parvaiz Siddiq	N/A	Present
5	Mr. Umair Nizami	N/A	Present
6	Mr. Essa Alzaabi	N/A	Present

- f. A statement describing any delegation of powers or responsibilities by the Board to a Board member or to executive management during 2025, including the duration and scope of such delegation, using the table below:

S. No.	The name of the authorised person	Power of authorisation	Duration of authorisation
1	Mr. Mohamed Ali Bouabane - Group Chief Executive Officer	Power of Attorney granted by the Board empowers him to sign documents pertaining to the Company's operations, execute contracts of various kinds, undertake all legal actions including litigation, submit reports and receipts, engage in arbitration proceedings and settlements, authorise legal experts, attorneys, and advisors, and delegate some or all of these powers to others.	3 Years

- g. Statement of the details of transactions made with the related parties (Stakeholders) during 2025, provided that it shall include Statement of related parties, clarifying the nature of relationship, Type of transaction, Value of transaction the year for each of those parties:

There were no related party transactions during the year.

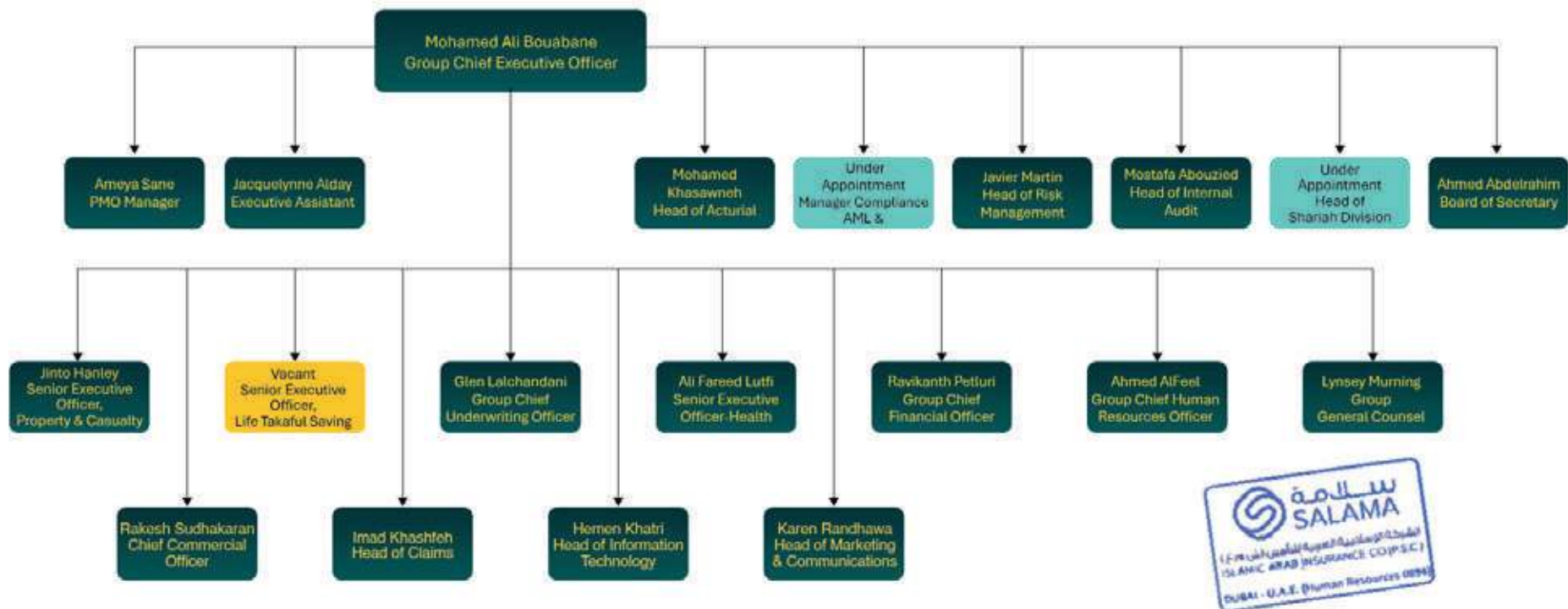
5. Assessment of the Board of Directors:

The Board of Directors, its members, and committees, were evaluated for the year 2025 by the external independent company **Nasdaq Corporate Solutions International Limited**. The company analysed performance based on structured criteria aligned with regulatory requirements and corporate governance best practice. The evaluation identified key strengths as well as areas for enhancement. Accordingly, the committee recommended that the Board of Directors review the proposed recommendations to ensure continuous improvement.

The Nomination and Remuneration Committee will oversee the implementation of the recommendations and monitor progress through subsequent periodic evaluations.

6. Organisational Structure & Executive Management:

The Company's organisational structure, identifying senior management positions, including the Managing Director, General Manager and/or Chief Executive Officer, Deputy General Manager, Chief Financial Officer, and other departmental heads:



A statement detailing first- and second-level executives in accordance with the Company's organisational structure, indicating job titles, appointment dates, and total annual salaries and remuneration paid to each of them separately, using the table below.

S. No.	Position	Date of Appointment	Total of the Salaries and Allowances paid for 2025 (in AED)	Total of Bonuses paid for 2025 (in AED)	Any other bonuses in cash/in-kind for 2025 or due in the future
1	Group Chief Executive Officer	03/03/2025	1,536,737	TBD	TBD
2	Senior Executive Officer, Property & Casualty	08/07/2025	530,180	TBD	TBD
3	Group Chief Financial Officer	08/09/2025	422,990	TBD	TBD
4	Group Chief Human Resource Officer	22/02/2022	861,387	TBD	TBD
5	Head of Actuarial	21/09/2021	667,337	TBD	TBD
6	Chief Commercial Officer	15/07/2024	750,779	TBD	TBD
7	Head of Claims	15/04/2024	524,300	TBD	TBD
8	Head of IT	01/02/2024	486,600	TBD	TBD
9	Head of Marketing	29/04/2024	463,867	TBD	TBD
10	Head of Risk Management	04/09/2023	641,932	TBD	TBD
11	Head of Internal Audit	10/01/2021	816,802	TBD	TBD

7. The External Auditor:

a. A brief profile of the external auditor:

EY is one of the largest professional services networks in the world. It primarily provides assurance (which includes Financial Audit), tax, consulting and advisory services to its clients. has 312,250 employees in over 700 offices in more than 150 countries.

b. A statement of audit fees and any non-audit fees, using the table below:

Name of the Auditing Office	Ernst & Young Middle East
The name of the partner auditor	Mr. Ashraf Abu-Sharkh
Number of years he served as the company external auditor	Ernst & Young was appointed for the year 2021 first time. This is their Fifth year of Audit
The number of years that the partner auditor spent auditing the company's accounts	Two years
Total audit fees for 2025 in (AED)	AED 1,455,000
Details and nature of the other services provided by the company's auditor (if any). If there are no other services, this matter shall be stated expressly.	-
The value of fees and costs for other special services other than auditing the financial statements for the year 2025 (AED), if any. In the event that there are no other fees, this is explicitly mentioned.	-
Statement of other services that an external auditor other than the company auditor provided during 2025 (if any). In the event that there are no services provided by another external auditor, this shall be stated explicitly.	Auditor name: Grant Thornton Details of provided services: Goodwill impairment testing

c. A statement of any reservations expressed in the interim and annual financial statements for 2025. If none, this must be expressly stated.

There are no reservations.

8. The Internal Control Framework:

a. A declaration by the Board confirming responsibility for the internal control system, review of its operating framework, and assurance of its effectiveness.

The Board of Directors acknowledges responsibility for the implementation, review, and effectiveness of the internal control systems.

b. A statement setting out the name, qualifications, and date of appointment of the Head of Internal Control Department:

Name: Mostafa Abouzied

Designation: Head of Internal Audit

Date of appointment with Salama: 10 January 2021

Qualification: Bachelor's degree Finance, Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Information System Auditor (CISA)

c. A statement setting out the name, qualifications, and date of appointment of the Compliance Officer:

Name: Zeinab Morsy

Designation: Compliance Manager

Date of appointment with Salama: 18/09/2024 until May 2025.

Qualification: Certified Internal Auditor, Enterprise Risk Management, Governance, Risk, and Compliance, Money Laundering Reporting Officer.

d. A statement describing how material issues identified by the Internal Control Department, or disclosed in reports and annual statements, were addressed. Where no material issues arose, this must be expressly stated:

There were no major issues during 2025.

e. A statement indicating the number of internal control reports submitted to the Board during 2025.

The Internal Control Department submitted 20 reports to the company's Board of Directors during 2025.

9. A statement detailing violations committed during 2025, including their causes and the remedial measures taken to prevent recurrence:

Details of the violations	Amount (AED)	Reasons	How they are treated and avoided in the future
UAE National Pension Penalty 2025	1,996	The penalty arose because a UAE National employee, who had exited the company, remained registered in the pension system. Removal from the system requires personal action by the employee via the pension portal. The employee was abroad for an extended period and unable to access the portal due to the system requiring a UAE-based IP address.	The company promptly paid the penalty to settle the matter. Implementing a proactive follow-up procedure for employees exiting the company, including coordination to ensure timely completion of personal steps in the pension system. Consider liaising with the pension authority for possible alternative verification methods for employees abroad.

Details of the violations	Amount (AED)	Reasons	How they are treated and avoided in the future
<p>Violation issued by the Department of Health – Abu Dhabi (Ref: VIO-2025-057) relating to non-compliance with the provisions of Federal Law No. (32) of 2010 concerning Private Healthcare Facilities and its amendments, as well as the related implementing regulations, particularly in relation to the management of contractual arrangements with healthcare providers and adherence to approved regulatory requirements</p>	<p>10,000</p>	<p>Non-compliance with certain regulatory requirements governing the management of relationships with healthcare providers in accordance with applicable legal and regulatory frameworks.</p>	<p>The violation amount has been fully settled. The Company has undertaken a review and update of the relevant internal procedures, strengthened compliance controls, and reinforced adherence to Department of Health regulatory requirements. Awareness sessions were also conducted for the concerned departments to prevent recurrence.</p>
<p>Violation issued by the Department of Health – Abu Dhabi relating to non-compliance with applicable health insurance laws and regulations, including Law No. (23) of 2005 and its amendments, Law No. (4) of 2014, and related executive regulations, particularly concerning claims management processes and/or engagement with healthcare providers.</p>	<p>100,000</p>	<p>Deficiencies in compliance with certain regulatory requirements related to claims management processes or implementation of approved regulatory controls.</p>	<p>The violation amount has been fully settled. Corrective actions have been implemented, including enhancement of internal control systems, improvement of claims review processes, updating of relevant policies and procedures, and training of concerned staff to ensure full compliance and prevent recurrence.</p>

10. A statement of cash and in-kind contributions made by the Company during 2025 to community development and environmental initiatives. If none, this must be expressly stated:

The Company made no contribution during 2025.

11. General Information:

- a. Statement of the company share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2025:

The Month	The Highest	The Lowest	The Closing
Jan 2025	0.448	0.409	0.440
Feb 2025	0.466	0.399	0.400
Mar 2025	0.409	0.381	0.390
Apr 2025	0.406	0.351	0.400
May 2025	0.400	0.365	0.379
Jun 2025	0.421	0.368	0.404
Jul 2025	0.455	0.397	0.441
Aug 2025	0.450	0.422	0.432
Sep 2025	0.442	0.386	0.395
Oct 2025	0.433	0.372	0.387
Nov 2025	0.440	0.380	0.408
Dec 2025	0.438	0.385	0.401

- b. Statement of the Company comparative performance with the general market index and sector index to which the Company belongs during 2025:

First: the performance of the Share compared to the DFM Index:

Month	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025
Salama	0.440	0.400	0.390	0.390	0.379	0.404	0.441	0.432	0.395	0.387	0.408	0.401
DFMGI	5180.37	5317.63	5096.24	5307.15	5480.51	5705.76	6159.15	6063.61	5839.64	6059.43	5836.89	6047.09

Second: the performance of the Share compared to the Insurance Sector:

Month	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025
Salama	0.440	0.400	0.390	0.390	0.379	0.404	0.441	0.432	0.395	0.387	0.408	0.401
Insurance	3597.35	3724.21	3441.05	3645.11	3806.57	3984.16	4465.32	4305.85	4196.04	4377.01	4120.18	4327.88

c. A statement of share ownership distribution as at 31 December 2025, classified by shareholder category (individuals, corporate entities, and government entities) and by nationality (local, GCC, Arab, and foreign), using the table below:

S.No	The Category of the Shareholder	The shares owned			
		Individuals	Companies	Governments	Total
1	Local	41.1552%	34.6380%	-	75.8014%
2	GCC countries	2.5315%	1.2839%	-	3.8154%
3	Arab	6.6516%	0.2992%	-	6.9862%
4	Foreign	11.8148%	1.5821%	-	13.3969%
5	Total	61.9937%	38.0063%	-	100%

d. Statement of shareholders owning 5% or more of the Company's capital as on 31/12/2025 according to the following schedule:

S.No	Name	Number of the shares owned	Percentage of the shares owned in the Company's capital
1	Eshraq Investments PJSC	101,998,458	10.8556%
2	Goldilocks Investment Holding 1 Limited	131,424,000	13.9874%

e. A statement of the distribution of shareholders by size of shareholding as at 31 December 2025, using the table below:

S.No	Shareholding (the share)	The number of shareholders	The number of shares owned	Percentage of the shares owned in the Company's capital
1	Less than 50,000	5,677	38,992,264	4.1499%
2	From 50,000 to less than 500,000	741	13,9874%	12.2884%
3	From 500,000 to less than 5,000,000	139	186,363,131	19.8345%
4	Over 5,000,000	21	598,773,102	63.7271%
	Total	6,578	939,588,998	100%

f. Investor relations queries can be addressed to:

Mr. Ahmad Abdelrahim

Tel: +971 4 404 0223

Fax: +971 4 357 6996

Mobile No: +971 56 3988865

Email: Ahmad.abdelrahim@Salama.ae

The investor relations section of the Company's website can be found here: <https://salama.ae/investor-relations/>

g. A statement of special resolutions presented to the Annual General Meeting held in 2025 and the actions taken:

The General Assembly, held on 16 October 2025, resolved by Special Resolution to approve the following:

1. Approved to reduce the issued capital of the Company from AED 939,588,998 (nine hundred thirty-nine million, five hundred eighty-eight thousand, nine hundred ninety-eight UAE dirhams) to AED 483,021,183 (four hundred eighty-three million, twenty-one thousand, one hundred eighty-three UAE dirhams), after the capital reduction, to be divided into 483,021,183 (four hundred eighty-three million, twenty-one thousand, one hundred eighty-three) shares with a par value of AED 1.00 (one UAE dirhams) and thus by reducing the share capital of the Company with an amount of AED 456,567,815 (four hundred fifty-six million, five hundred sixty-seven thousand, eight hundred fifteen UAE dirhams) through:
 - a. The extinction of all the accumulated losses amounting up to AED 443,861,155 (four hundred forty- three million, eight hundred sixty one thousand, one hundred fifty five UAE dirhams) through the cancellation, on a pro rata basis, of up to 439,737,326 (four hundred thirty-nine million, seven hundred thirty seven thousand, three hundred twenty six) shares and the utilisation of an amount of AED 4,123,829 (four million, one hundred twenty-three thousand eight hundred twenty-nine UAE dirhams) from the statutory reserve to offset the remaining portion of the accumulated losses; and the cancellation of up to 16,830,489 (sixteen million, eight hundred thirty thousand, four hundred eighty-nine) treasury shares, as reflected in the audited financial statements of the Company as of 31 December 2024.

2. Approved to amend the articles of association of the Company after obtaining the approvals of the regulatory authorities to reflect the capital reduction as follows:

Article 6 (post- amendment):

The issued share capital of the Company was set at AED 483,021,183 (four hundred eighty-three million, twenty-one thousand, one hundred eighty-three UAE dirhams), divided into 483,021,183 (four hundred eighty-three million, twenty-one thousand, one hundred eighty-three) shares with a nominal value of AED 1 each. All the shares of the Company are of the same class and rank pari passu with each other in rights and obligations.

3. Approved to grant authority to the Board of Directors of the Company to implement the process of reducing the share capital of the Company; and to authorise and appoint any of the members of the Board of Directors of the Company to solely represent the Company and to sign, execute and submit the documents, contracts, agreements and letters related to the reduction of capital and the amendment of the articles of association to reduce the share capital, and to finalise all procedures and deal with all regulatory authorities including without limitation the Dubai Department of Economy and Tourism, the Notary Public, the Securities and Commodities Authority and the Dubai Financial Market.
4. Subject to completing the capital reduction process, and subject to obtaining all required approvals including the approval of the United Arab Emirates Central Bank (“UAECB”), approved:
 - a. The issuance of Mandatory Convertible Sukuk (“MCS”) with an aggregate value of up to AED 175,000,000 (one hundred seventy-five million UAE Dirhams) through a special purpose vehicle to be established by the Company in an appropriate jurisdiction, in accordance with Article 231 of UAE Federal Law by Decree No. 32 of 2021 for Commercial Companies (the “Commercial Companies Law”) and SCA Resolution No. 22 of 2024 concerning the Regulation of the Private Offering of Debt Securities, Sukuks and Securitised Financial Instruments (the “Private Offering Regulations”). The MCS shall be issued through a special purpose vehicle to be established by the Company in any appropriate jurisdiction to be determined by the Board of Directors of the Company. Such MCS shall be issued to Professional Investors and Counterparties as defined in the Chairman of the Authority’s Board of Directors’ Resolution No. (13/ Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularisation Mechanisms, and will have a conversion feature to be exercised by the Company which will allow mandatory conversion and exchange of the Sukuk certificates into new issued shares in the Capital of the Company at a pre-determined conversion formula or conversion price, which is expected to be immediately following issuance, subject to receiving required corporate approvals. Based on independent valuation, the conversion price shall not be lower than AED 0.44 per share and not higher than AED 0.49 per share, as determined by the Board of Directors of the Company. Each new Share in the Company issued on conversion shall be treated as fully paid. No cash payment shall be paid in respect of the MCS as per the terms and conditions of the Sukuk;the cancellation of up to 16,830,489 (sixteen million, eight hundred thirty thousand, four hundred eighty-nine) treasury shares, as reflected in the audited financial statements of the Company as of 31 December 2024.

- b. For the purposes of converting/exchanging the MCS into ordinary shares in the Company, the increase of the Company's capital by up to AED 175,000,000 (one hundred seventy-five million UAE Dirhams) by issuing up to 398,633,257 shares at a discount to nominal value, and the creation of a negative equity reserve of up to AED 223,633,257 in the Company's balance sheet and in accordance with Article 198(1)(b) of the Commercial Companies Law;
- c. The amendment of Article (6) of the articles of association of the Company after obtaining regulatory approvals to reflect the new shares issued upon conversion / exchange of the MCS; and

The granting of authority to the Board of Directors of the Company to implement the process of issuing the MCS (including determining and using appropriate assets of the Company to structure the MCS in a Sharia compliant manner), establish a special purpose vehicle in any jurisdiction to issue the MCS, convert / exchange the same into shares in the Company at a conversion price determined by the Board of Directors of the Company and which shall not be lower than AED 0.44 per share and not higher than AED 0.49 per share, to agree to the terms and conditions of the MCS, the terms of any transaction documents to be entered into by or on behalf of the Company, and the information memorandum (if any) and agree if applicable any lock-up period on the converted or exchanged shares at their sole discretion; and authorise and appoint any of the board members of the Company to solely represent the Company and to sign, execute and submit the documents, contracts, agreements and letters related to the establishment of the special purpose vehicle and the issuance of the MCS, the process of converting / exchanging the MCS into shares in the Company, applying any lock-up period on the converted / exchanged shares, agree to the terms and conditions of the MCS, any transaction document to be entered into by or on behalf of the Company and the information memorandum (if any) and the amendment of the articles of association to increase the share capital, and to finalise all procedures and deal with all regulatory authorities including without limitation Dubai Department of Economy and Tourism, the Notary Public, the Securities and Commodities Authority and the Dubai Financial Market.

h. A statement setting out the name and date of appointment of the Board Secretary

Previous:

Name of the rapporteur of the Board meetings: Motaz Kraishan

The date of appointment: December 2024.

His qualifications and experience: Bachelor's degree in Law , University of Jordan, 1994

Statement of his duties during the year: In addition to being the General Counsel of the Company, Motaz handles board secretarial work.

Current:

Name of the rapporteur of the Board meetings: Ahmad Abdelrahim

The date of appointment: 08/08/2025.

His qualifications and experience: Holds a Master's degree in Private Law and has been registered with the Palestinian Bar Association since 2017. Mr. Ahmad Abdulrahim has extensive legal experience of more than 15 years in the insurance industry.

Statement of his duties during the year: In addition to being the Senior Manager, Legal & Compliance of the Company, Ahmad handles board secretarial work.

i. A statement detailing material events and disclosures concerning the Company during 2025:

- Resignation of the following members from the Company’s Board of Directors: Mr. Ahmed Mohammed Al Sayed Al Sadah – Board Member, H.E. Fahad Al Qassim – Chairman of the Board, Mr. Mohamed Al Sayed Alhashmi – Board Member, and Mr. Ammar Ali Mohamed Jaber – Board Member.
- Appointment of Mr. Mohamed Ali Bouabane as Group Chief Executive Officer.
- Election of Mr. Essa Ali Bin Salem Alzaabi, Mr. Buti Abdulla Aljumairi, Mr. Rashed Mohammed Abdulrahman, Mr. Umair Nizami, and Mr. Parvaiz Siddiq to the Company’s Board of Directors by the shareholders.
- Election of Mr. Essa Ali Bin Salem Alzaabi as Chairman of the Board, and the reconstitution of the Board’s committees.
- Resignation of the Chief Financial Officer, Mr. Fadi Aboul Hosn.
- Amendment of the foreign ownership limit on the Dubai Financial Market to reflect the Company’s approved ownership structure, whereby the ownership of non-UAE nationals shall not exceed 49% of the Company’s issued share capital, and the ownership of UAE nationals and citizens of the Gulf Cooperation Council (GCC) countries, whether individuals or legal entities wholly owned by GCC nationals, shall not be less than 51% of the Company’s capital.

j. A statement of the transactions carried out by the company during the year 2025 that are equal to 5% or more of the company’s capital.

No transaction carried out by the company during the year 2025 that are equal to 5% or more of the company’s capital.

k. A statement indicating Emiratisation percentages at the end of 2023, 2024, and 2025, excluding employees of construction companies:

Year	Emiratisation percentage
2023	10.9%
2024	12.7%
2025	11.55%

l. Statement of innovative projects and initiatives carried out by the company or being developed during 2025.

During the financial year ended 31 December 2025, Islamic Arab Insurance Company – SALAMA PSC implemented a number of initiatives and projects aimed at enhancing operational efficiency, strengthening digital capabilities, improving customer engagement, and supporting employee collaboration, in line with the Company’s strategic objectives.

1. Workplace Development Initiative

The Company initiated a renovation project for its headquarters to create a more collaborative and efficient working environment. The project included redesigning office layouts, upgrading meeting facilities, and improving customer-facing areas to enhance collaboration, operational efficiency, and employee productivity.

2. Digital Marketing and Customer Engagement Initiatives

During 2025, the Company implemented several digital marketing and awareness campaigns across its social media and digital platforms aimed at promoting insurance awareness, strengthening brand presence, and supporting customer engagement. These campaigns addressed a range of topics including road safety, financial literacy, health awareness, and seasonal insurance solutions.

The Company also participated in financial awareness initiatives organised by the Central Bank of the United Arab Emirates, including Global Money Week, in order to promote financial literacy and responsible financial planning within the community.

3. Internal Digital Platform – “Salama Connect”

During the year, the Company launched “Salama Connect”, a bilingual internal intranet platform designed to enhance communication and collaboration among employees. The platform provides centralised access to corporate resources, internal communications, HR information, and operational tools.

4. Media and Public Communication Initiatives

During 2025, the Company issued a number of press releases relating to financial results, management appointments, and strategic developments, which were circulated across regional and international media outlets in order to enhance transparency and public awareness regarding the Company’s activities.

5. Strategic Partnerships

The Company expanded its strategic partnership with Policybazaar.ae to enhance the distribution of life Takaful products and expand digital access to insurance solutions in the United Arab Emirates.

6. Industry Recognition

During the year, the Company received a number of awards from regional and international institutions recognising its initiatives in digital transformation, customer experience, and insurance services. In addition, the Company was shortlisted in several categories at regional insurance industry awards.



Signature of the Board Chairman Mr. Essa Ali Bin Salem Alzaabi	Signature of Audit Committee Chairman Mr. Buti Abdulla Aljumairi	Signature of Nomination and Remuneration Committee Chairman Mrs. Maha Abdul Majeed	Signature of Internal Control Department Director Mr. Mostafa Abouzied
Date: 30/03/ 2026	Date: 30/03/ 2026	Date: 30/03/ 2026	Date: 30/03/ 2026





Environmental, Social & Governance Report 2025

Salama - Islamic Arab Insurance Company (P.S.C.)



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1. About this Report

1.1. Report Overview

This report details the Environmental, Social, and Governance (“ESG”) performance of Islamic Arab Insurance (P.S.C.) (Salama) (“Salama” or the “Company”) for the 2025 fiscal year. It provides a comprehensive analysis of the Company’s operational data, key initiatives, and strategic progress, offering stakeholders an objective assessment of its ESG priorities. Unless otherwise specified, the information and data in this report relates to Salama’s operations in the UAE only and does not include its subsidiaries and the wider Group.

The disclosures in this report demonstrate the integration of Salama’s sustainability commitment and journey across the Company’s core operations, corporate governance, and long-term value-creation strategy.

1.2 Reporting Period and Frameworks

This report details Salama’s annual ESG performance for the period effective 1 January 2025 to 31 December 2025.

To ensure transparency and international alignment, their disclosures adhere to the following frameworks:

- Global Reporting Initiative (GRI): Reported in accordance with the GRI 2021 Universal Standards.
- Dubai Financial Market (DFM) ESG Guidance: Compliant with the DFM’s ESG Disclosure Guidance for listed companies.
- United Nations Sustainable Development Goals (UN SDGs): All disclosures are mapped against the UN SDGs to demonstrate their contribution to global sustainability targets.

1.3 Assurance

The sustainability report has been thoroughly reviewed internally by relevant functions and departments. The financial statements have been independently audited by an independent and reputable external firm.

1.4 Forward-looking statements

Forward-looking statements involve uncertainty, given the many external factors that could impact the business environment in which Salama operates. The company is not obliged to publicly update or revise forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations. It is therefore not within the scope of the internal audit team to form an opinion on these forward-looking statements.

1.5 Contact Point

Stakeholders are invited to engage with Salama regarding its sustainability disclosures. The Company maintains a transparent reporting process and welcomes inquiry into its ESG performance.

For specific technical clarifications or discussions regarding this report, the dedicated teams may be contacted directly:

Sustainability and General Enquiries: **Administration Department, Admin.Dept@salama.ae or Hanan Sulaiman at +971 404 0139**



Mr. Essa Ali Bin Salem Alzaabi
Chairman of the Board of Directors

2. Message from Our Chairman

At Salama, our purpose is deeply rooted in the principles of takaful - mutual cooperation, shared responsibility, transparency, and ethical stewardship. These principles are not only the foundation of our Shari'ah-compliant business model; they are the drivers of our sustainability journey and long-term value creation. As a UAE-based takaful leader, we recognise that sustainable growth is inseparable from responsible conduct. Our responsibility extends beyond financial performance to encompass the well-being of our shareholders, policyholders, employees, regulators, and the communities we serve. We are committed to building a resilient organisation that balances disciplined underwriting, prudent investment, and sound governance with meaningful social and environmental impact.

Embedding Sustainability into Strategy

The sustainability landscape continues to evolve rapidly, shaped by climate change, regulatory developments, digital transformation, and rising stakeholder expectations. These dynamics present both risks and opportunities. Climate-related exposures, cybersecurity threats, and regulatory complexity require proactive risk management and forward-looking governance. At the same time, growing demand for ethical financial solutions, sustainable investments, and digital insurance services creates significant opportunities for innovation and responsible growth. In response, we have strengthened ESG integration within our enterprise risk management framework, underwriting processes, and investment screening practices. Sustainability considerations are increasingly embedded in decision-making at both Board and executive levels, ensuring alignment between strategy, risk oversight, and long-term value creation.

Progress in 2025

During 2025, we made important strides in advancing our ESG agenda. We enhanced Board-level oversight of ESG matters, improved transparency and data quality in our reporting processes, and refined our responsible investment approach in line with Shari'ah and ESG principles. We also accelerated digital transformation initiatives, improving customer experience while reducing operational inefficiencies and paper consumption. Internally, we deepened employee engagement in sustainability initiatives and expanded community outreach efforts focused on financial literacy and health awareness. While we are proud of this progress, we recognise that our journey is ongoing. Enhancing ESG data systems, integrating climate scenario analysis into risk modelling, and strengthening supply chain sustainability standards remain key priorities. The lessons of 2025 have reinforced the importance of measurable targets, accountability, and continuous improvement.

Culture as the Foundation

Delivering on our sustainability ambitions depends fundamentally on our organisational culture. At Salama, conduct, ethics and accountability are not abstract ideals—they are embedded in our governance structures, Code of Conduct, and Shari'ah supervisory framework. We are committed to fostering a workplace that promotes integrity, inclusion, professional development, and employee well-being. By empowering our people and reinforcing responsible business conduct at every level, we ensure that sustainability is not confined to policy statements but reflected in everyday actions.



Mr. Essa Ali Bin Salem Alzaabi
Chairman of the Board of Directors

Strengthening Stakeholder Trust

Trust is central to the takaful model. We maintain transparent communication with our policyholders, uphold fairness in claims management, and continuously enhance our service delivery through digital innovation. Beyond our customers, we engage actively with regulators, investors, employees, and community partners to align our sustainability agenda with stakeholder expectations. Through responsible underwriting, ethical investments, and targeted community initiatives, we contribute to economic resilience and broader socio-economic development in the UAE.

Looking Ahead

As we move forward, our sustainability priorities are clear:

- Deepen ESG integration across underwriting, investments, and risk management.
- Strengthen climate risk assessment and disclosure practices.
- Advance digital transformation to improve efficiency and reduce environmental impact.
- Drive health awareness and wellbeing within the communities we serve.
- Promote financial inclusion through accessible, innovative takaful solutions.
- Enhance transparency, governance, and stakeholder engagement.

We remain steadfast in our commitment to responsible growth grounded in Shari'ah principles and global best practices. Our ambition is not only to be a leading takaful provider, but also a trusted and resilient institution that contributes positively to society and the environment.

To our stakeholders, I extend my sincere gratitude for your continued trust and partnership. Together, we will continue to build a sustainable future - one defined by integrity, resilience, and shared prosperity.

Sincerely,

Essa Ali Bin Salem Alzaabi
Chairman of the Board of Directors

3. Introduction

3.1 2025 ESG Highlights

In 2025, Salama Insurance continued to advance its sustainability agenda by strengthening the integration of ESG considerations across its operations, governance structures, and stakeholder engagement. As a takaful provider, Salama's ESG approach remains closely aligned with its Islamic values, emphasising ethical conduct, cooperation, and long-term creation. Key ESG developments during 2025 include continued progress in embedding sustainability considerations into strategic planning and decision-making processes. Salama has also focused on reinforcing responsible governance practices and enhancing initiatives for people, customers, and communities.

Key Highlights for 2025 include:

- Enhanced ESG oversight at the Board level.
- Refining our responsible investment screening processes.
- Improved data transparency in sustainability reporting.
- Advancing digital transformation initiatives to reduce paper use and improve customer experience.
- Improved data quality.
- Increased employee engagement in sustainability initiatives and expanded community outreach programs aligned with financial literacy and health awareness.

These highlights reflect Salama's ongoing commitment to responsible business conduct and continuous improvement across all ESG dimensions.

3.2 About Salama Islamic Arab Insurance Company

Salama is one of the world's leading takaful providers, established in 1979, and is publicly listed on the Dubai Financial Market (DFM). Headquartered in Dubai, Salama operates in accordance with Shari'ah principles, offering insurance solutions that are grounded in ethical conduct, transparency, and cooperation. Salama provides a comprehensive range of Shari'ah-compliant takaful products and services to individual and corporate customers. The Company's role as a takaful operator places sustainability at the core of its business model, as it seeks to protect and grow individuals, families, and businesses while contributing positively to society and the broader economy. Sustainability considerations are embedded in how Salama manages its workforce, serves customers, engages with stakeholders, and governs its activities. This ensures alignment with regulatory requirements and best practices.



Salama at a Glance

46+

Years of
Operation

225

Employees

21

Nationalities

74%

Customer
Satisfaction
score

AED

1.04 bn

Total Revenues

40+

Services Provided

11.55%

Emiratization



Our Vision

Salama's vision is to be a leading takaful provider that supports communities by instilling peace of mind in enterprises and individuals, while operating responsibly and ethically in line with its Shari'ah principles.



Our Mission

Salama's mission is to deliver Shari'ah-compliant takaful solutions with a strong focus on service excellence. The company aims to be recognised as a trusted organisation by its employees, customers, and stakeholders through consistent performance, transparency, and ethical business practices.



Our Core Values

Salama's core values guide its decision-making, behaviour, and approach to sustainability across all areas of operations. These values reflect the organisation's commitment to safeguarding what matters most to its stakeholders:

Customer Focus

Placing customers at the centre of all products and services

Integrity

Acting ethically, transparently, and in accordance with Shari'ah principles

Operational Excellence

Striving for efficiency, quality, and continuous improvement

Accountability

Taking responsibility for decisions and their impacts

Collaboration

Fostering teamwork and constructive stakeholder engagement

Recognising and Valuing Employees

Supporting employee development, wellbeing, and contribution

3.3 Awards and Recognition

Salama's commitment to service excellence, ethical conduct, and responsible business practices has been recognised through various industry awards and acknowledgements over the years. These recognitions reflect the organisation's efforts to enhance operational performance, customer experience, workplace practices, and governance standards. During the reporting year 2025, Salama received a number of awards from regional and international institutions Recognising its initiatives in digital transformation, customer experience, and insurance services, including: Leading Takaful Solution Provider in the UAE by World Business Outlook.



Best Takaful Provider UAE 2025
by International Business Magazine Awards



Most Trusted Islamic Insurance Brand
by Global Brands Magazine Awards 2025



Best Insurance Website UAE 2025
by Global Banking Finance and Review



Best Life and Health Takaful Provider UAE 2025
by Global Banking Finance and Review.



Best General Takaful Provider UAE 2025 by
Global Banking Finance and Review



Best Takaful Provider
by MEA Finance Awards 2025

These awards demonstrate external recognition of Salama's progress in key areas, including takaful leadership and market competitiveness, brand trust and reputation, customer-centric innovation, and digital excellence. Collectively, these awards reflect Salama's ability to deliver excellence in Shari'ah-compliant Life & Wealth, Health and Property & Casualty takaful solutions that meet the evolving policyholder needs of individuals and businesses. Such recognitions also highlight continuous improvements in digital platforms, Health and Safety takaful processes, and strengthened customer trust allow the Company to exceed expectations in the insurance sector in the UAE and the wider region.

3.4 Salama's Business Segments



Salama operates through a diversified portfolio of Life & Wealth, Health and Property & Casualty takaful offerings designed to meet the evolving needs of individuals, families, and corporate clients.

Corporate Takaful Solutions:

Salama's corporate takaful solutions are designed to meet the risk management and insurance needs of businesses operating across various industries. These products support business continuity, employee protection, and asset preservation, while reinforcing responsible risk-sharing principles.

- Employee Benefits - Offers group health and protection solutions to safeguard employees and support workforce wellbeing.
- Engineering - Covers construction, infrastructure, and engineering-related projects against operational and project-specific risks.
- Financial Lines - Protects businesses against financial and professional liabilities.
- Marine - Provides protection for goods in transit and marine-related operations against loss or damage.
- Property & Casualty - Covers commercial property, assets, and operational liabilities.
- Auto - Provides coverage for company-owned vehicles against accident, damage, and third-party liability risks.

Individual Takaful Solutions:

Salama's personal takaful portfolio is designed to support individuals and families by providing financial protection against everyday risks and unforeseen events. These solutions aim to promote well-being, resilience, and peace of mind, while maintaining alignment with Shari'ah principles.

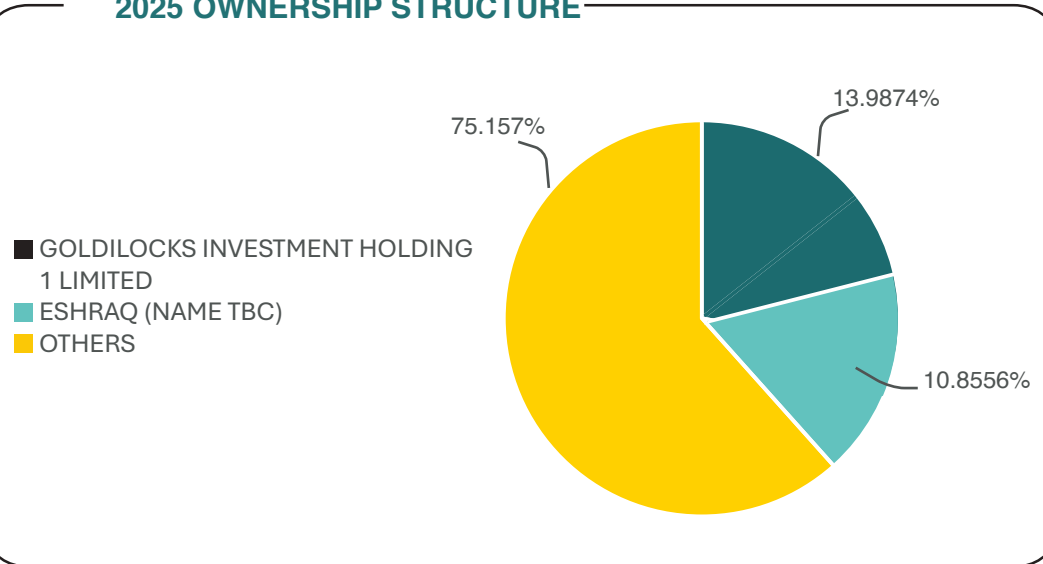
- Life & Wealth - Provides long-term protection and financial security solutions for families in the event of unforeseen circumstances.
- Health - Offers medical coverage to support access to healthcare services and financial protection against medical expenses.
- Home - Protects residential property and household contents against unforeseen risks such as fire or damage.
- Funds - Enables participation in Shari'ah-compliant investment-linked takaful solutions aligned with financial goals.
- Pet - Covers veterinary expenses and related costs for insured pets.
- Saving & Investment - Combines protection with disciplined savings or investment features for long-term financial planning.
- Travel - Provides coverage against travel-related risks, including medical emergencies and trip disruptions.
- Auto - Provides personal motor coverage against accidents, thefts, and third-party liability.
- Other - Includes additional tailored takaful solutions designed to meet specific customer needs.

In 2025, the Group delivered a solid financial performance, recording a total insurance revenue of AED 1.01 billion and net takaful & investment results of AED 43.89 million. Net profit for the year stood at AED 11.08 million, reflecting the Company's continued focus on operational efficiency and sustainable value creation. These results reflect Salama's commitment to sustainable and responsible business practices, demonstrating that financial performance and ESG principles are mutually reinforcing pillars of the Company's long-term strategy.

3.5 Salama's Ownership Structure

Salama is a public joint stock company with a diversified shareholder base, providing a strong foundation for transparent governance and long-term strategic oversight. The organisation's ownership structure supports accountability to shareholders while enabling effective Board-level supervision and decision-making. While Salama has a large shareholder base comprising 6,771 shareholders, almost 40% of the Company's equity is owned by three major shareholders.

2025 OWNERSHIP STRUCTURE



3.6 Salama's ESG Strategy

Salama's ESG strategy is rooted in its Islamic values and takaful principles, which emphasise ethical behaviour, social responsibility, and stewardship of resources. The organisation's approach towards sustainability focuses on integrating ESG considerations into its core business activities, rather than treating sustainability as a standalone function.

Salama's ESG strategy is structured around four key pillars:

- Operating Ethically and Responsibly
- Supporting Customers and Communities
- Protecting the Environment
- Empowering the Workforce

For 2025, Salama's ESG focus areas included:

- Strengthening ESG governance and oversight
- Improved ESG data transparency and reporting process
- Refined responsible investment screening practices
- Accelerated digital transformation initiatives
- Enhanced ESG integration within risk management frameworks
- Expanded community outreach programmes

These goals are aligned with GRI standards, DFM ESG requirements, UAE Vision 2031, and selected UN SDGs, and these are reviewed periodically to ensure continued relevance and effectiveness.

4. Stakeholder Engagement and Materiality

4.1 Stakeholder Engagement

Salama’s sustainability approach prioritises stakeholder engagement to ensure that their efforts reflect the interests of customers, employees, investors, and communities. Salama prioritises active dialogue with stakeholders through regular surveys and consultations. Salama gathers insights that inform their sustainability initiatives and materiality assessments. These assessments identify priority areas where Salama can have the most impact, enabling them to allocate resources efficiently and address the concerns that matter most to their stakeholders.

Stakeholder Structure	Channels of Engagement	Focus Areas
Customers	<ul style="list-style-type: none"> • Website • Direct clients • Broker channel • Marketing material • Social media • Online customer reviews • Quality calls by the operations department • Central Bank complaint portal • Bancassurance • Distribution Teams 	<ul style="list-style-type: none"> • Customer satisfaction and experience. • Inclusion and accessibility (e.g. services for People of Determination). • Data privacy and security. • Customer-Focused Product • Takaful product offerings
Board of Directors and Senior Executives	<ul style="list-style-type: none"> • Regular board/management meetings • Regular committee meetings • Company events • Annual general assembly meeting 	<ul style="list-style-type: none"> • Strategic Risk Oversight & Enterprise Risk Management (ERM) • Sustainable Insurance & ESG Integration • Product Innovation & Digital Transformation • Financial Performance
Employees	<ul style="list-style-type: none"> • Performance reviews • Company training • Internal announcements • Company events • Exit interviews 	<ul style="list-style-type: none"> • Performance reviews • Company training • Internal announcements • Company events • Exit interviews
Shareholders	<ul style="list-style-type: none"> • Annual general assembly meeting • Regular corporate regulatory disclosures 	<ul style="list-style-type: none"> • Growth Strategy & Market Expansion • Risk Management & Resilience • Capital Management & Dividend Policy

Community	<ul style="list-style-type: none"> • CSR-related activities, including donations, sponsorships, participation in local initiatives, and volunteering 	<ul style="list-style-type: none"> • Community engagement and volunteering. • Environmental stewardship and carbon footprint reduction. • Financial literacy and education programmes. • Social responsibility (e.g. People of Determination, elderly care).
Government	<ul style="list-style-type: none"> • Direct engagement through emails and phones • Local forums • Government tendering • Webinars 	<ul style="list-style-type: none"> • Compliance with financial regulations. • Alignment with national sustainability goals (e.g. UAE Net Zero 2050). • Transparency and disclosure practices. • Regulatory compliance for ESG reporting. • Contribution to economic growth.
Business Partners	<ul style="list-style-type: none"> • Regular meetings with select business partners • Regular business review 	<ul style="list-style-type: none"> • ESG metrics and reporting. • Sustainable finance and investment options. • Transparency in financial and sustainability performance. • Risk management and long-term growth. • Corporate governance
Rating Agencies	<ul style="list-style-type: none"> • Regular reviews (yearly basis) 	<ul style="list-style-type: none"> • Investment Portfolio • Corporate governance structure • ESG risk integration

4.2 Key Material Issues

During the 2025 materiality assessment, Salama identified 11 key topics that we believe reflect the sustainability topics of most interest to our stakeholders and strategic importance to our business. The findings of our 2025 Materiality Analysis align mostly with our prior materiality evaluation conducted in 2024. The topics are categorised under Environment, Social, and Governance pillars and are instrumental in shaping the organisation's sustainability strategy. The top 11 material topics in 2025 for Salama are:

Material Topics	ESG Category
Environmental management	Environmental
Climate change	Environmental
Data protection & customer privacy	Social
Product & service information labelling	Social
Community support	Social
Talent attraction, retention and development	Social
Equal opportunity, diversity and inclusion	Social
Financial performance	Governance
Governance and business ethics	Governance
ESG integration into analysis and decision-making	Governance

4.2.1 Our Materiality Approach

Salama adopts a structured and stakeholder-driven materiality assessment process to identify, prioritise, and manage the ESG issues most relevant to its business and stakeholders.

Identification of Material Topics

Salama identifies its key sustainability priorities through active stakeholder engagement. Through numerous channels of engagement, the Company gathers practical insights to understand what matters most to both stakeholders and the business.

Prioritisation of Material Matters

From the wide range of topics identified, Salama focuses on those that have the greatest impact on its strategy, operations, and long-term performance. Senior management and internal experts assess each issue against clear criteria to ensure attention is directed to the most significant ESG risks and opportunities.

Integration into Strategy and Risk Management

Priority topics are embedded into business planning, performance targets, and risk management processes. Resources are aligned accordingly, ensuring that key ESG matters are managed proactively and supported by clear oversight.

Ongoing Review and Improvement

Salama regularly reviews and updates its materiality approach to reflect evolving regulations, stakeholder expectations, and business priorities, ensuring sustainability efforts remain relevant and forward-looking.

4.3 Alignment with the SDGs

The 2030 Agenda and its 17 Sustainable Development Goals (SDGs) set the global direction for tackling environmental, social, and economic challenges. In the UAE, the SDGs are embedded into national strategies such as the 'We the UAE 2031' vision, and the country has reinforced its commitment to climate action through the Paris Agreement and its Net Zero 2050 target.

Within this broader context, Salama has identified five priority SDGs where it can make the most meaningful contribution through its core business activities and strategic initiatives:

1. SDG 1 – No Poverty
2. SDG 3 – Good Health and Well-being
3. SDG 5 – Gender Equality
4. SDG 8 – Decent Work and Economic Growth
5. SDG 13 – Climate Action

As an insurer, investor, employer, and corporate citizen, Salama integrates these five goals into its operations, product offerings, investment decisions, and workplace practices. By focusing on these priority areas, the Company aims to create tangible social impact, support inclusive economic growth, and contribute to the transition toward a low-carbon and resilient future.

4.4 Driving Decisions Through ESG - Informed Analysis

Salama integrates ESG considerations across its core business functions, embedding sustainability into underwriting, claims management, and investment decision-making. Through this holistic approach, the Company strengthens risk management, enhances transparency, and contributes to long-term value creation for policyholders and stakeholders.

Underwriting

Salama incorporates ESG principles into its underwriting practices to promote responsible financial management and support broader sustainability objectives. By embedding sustainability considerations into underwriting decisions, the Company mitigates risk exposure while aligning its portfolio with long-term environmental and social priorities.

Across underwriting operations, Salama minimises environmental impact through digitalised processes that reduce paper consumption in policy issuance, customer onboarding, and claims-related documentation. Underwriting policies also encourage sustainable behaviours by incentivising businesses and individuals who contribute to sustainability goals, including renewable energy projects and energy-efficient properties.

In health underwriting, policies align with regulatory healthcare protocols, and engagement with healthcare providers supports broader public health awareness initiatives. As a Participating Insurer with the Dubai Health Authority (DHA), Salama facilitates access to healthcare services across diverse segments of society, contributing to SDG 3: Good Health and Well-being. Health insurance offerings support universal health coverage by reducing financial barriers through direct billing arrangements with medical providers. Data privacy is strictly governed, ensuring that personal information is handled confidentially and not shared without formal consent.

Salama further promotes sustainable and socially responsible practices through premium incentives for energy-efficient homes and renewable energy installations. Sustainability-related incentives are communicated transparently through digital platforms, social media channels, and direct engagement. Health underwriting also incorporates telehealth services, preventive care, disease management, and wellness programs, contributing to improved health outcomes while stabilising premium funding structures and reducing long-term financial risks.

Claims Management

Salama integrates sustainability principles into its claims processes by adopting environmentally responsible practices, promoting transparency, and ensuring fairness in claims disbursement. The Claims Department operates in alignment with the fundamental principles of takaful - mutual cooperation, fairness, and ethical responsibility - while enhancing policyholder trust and minimising environmental impact.

Environmental initiatives include transitioning from paper-based to fully digital claims processing through online submission portals, electronic certificates, digital communications, electronic signatures, and automated workflows. The organisation also promotes energy efficiency and responsible document disposal practices.

Transparency is reinforced through clear and timely communication with policyholders, including real-time updates on claim status. Claims assessments adhere to predefined Shari'ah-compliant principles and applicable regulatory frameworks. Periodic internal reviews and audits are conducted to maintain accountability, integrity, and consistency in claims approvals.

To promote fairness, Salama ensures the ethical pooling and equitable distribution of participant contributions in accordance with Shari'ah principles. Technology-driven fraud detection systems are utilised to identify and prevent fraudulent claims, while structured grievance and dispute resolution mechanisms ensure that policyholder concerns are addressed effectively and fairly.

Investment Decision-making

Salama integrates ESG considerations into its investment processes in alignment with its Shari’ah governance framework. Shari’ah screening naturally supports ethical investing and responsible risk management by directing takaful funds toward compliant and socially responsible assets.

The Company allocates investments to sectors, amongst others, that generate positive environmental and social impact, including renewable energy, healthcare, and education. These sectors contribute to sustainable development while supporting long-term financial resilience.

To further strengthen ESG integration, Salama is developing a structured ESG investment framework. This includes enhanced ESG risk assessment processes, active engagement with issuers, and exploration of green sukuk and other responsible investment instruments. The Company aims to strengthen due diligence practices, improve transparency and reporting, and align its investment strategy with both Shari’ah principles and internationally recognised ESG standards.

Through this integrated approach, Salama remains committed to delivering ethical, sustainable, and resilient financial solutions that support long-term economic stability and positive social impact.

5. Governance, Ethics and Accountability

5.1 Salama’s Corporate Governance Structure

Salama maintains a robust corporate governance framework designed to ensure transparency, accountability, and responsible decision-making at all levels of the organisation. The governance structure reflects the organisation’s commitment to Shari’ah principles, regulatory compliance, and long-term value creation for shareholders and stakeholders.

The Board of Directors (BoD) is responsible for setting the strategic direction of the organisation and overseeing executive management’s implementation of strategy. The Board operates in accordance with applicable UAE laws, DFM requirements, and internal governance policies, ensuring alignment with best practices in corporate oversight. The Board comprises 7 members as of 2025, all of whom are independent members including 1 female director. The board members do not serve in an executive capacity within the company.

Year	Number of Governance Members		% of Governance Members	
	Male	Female	Male	Female
2023	6	1	86%	14%
2024	6	1	86%	14%
2025	6	1	86%	14%

Our board comprises the following members:

- Mr.Essa Ali Bin Salem Alzaabi - Chairman
- Mr. Fareed Lutfi Ali Hussain Al Harmouzi - Vice Chairman
- Mr. Buti Abdulla Mohammed Aljumairi - Member
- Mr. Umair Nizami Zulfiqar Ali - Member
- Mrs. Maha Abdul Majeed Ismail Al-Fahim - Member
- Mr. Parvaiz Siddiq - Member
- Mr. Rashed Mohammed Ali Abdulrahman - Member

Year	Governance Body by Age			% of Governance Body by Age		
	Below 30 years	30 - 50 years old	Above 50 years	Below 30 years	30 - 50 years old	Above 50 years
2023	0	5	2	0%	71%	29%
2024	0	5	2	0%	71%	29%
2025	0	6	1	0%	86%	14%

The Board of Directors is responsible for approving the organisation’s strategic objectives and business plans, while overseeing overall financial performance and capital management to ensure long-term stability and growth. It ensures that effective risk management and internal control systems are in place and functioning appropriately, and monitors compliance with applicable legal and regulatory requirements. In addition, the Board retains oversight of ESG-related matters, ensuring that sustainability considerations are appropriately integrated into the organisational strategy, governance processes, and decision-making framework. Executive management is responsible for the day-to-day operations of the organisation and regularly reports to the Board on financial performance, risk exposures, governance, and sustainability progress.

5.1.1 Committees and Their Responsibilities

To support effective oversight, the Board has established specialised committees that focus on key governance and strategic areas. These committees operate under formal terms of reference approved by the Board and report regularly on their activities. Each committee operates within clearly defined mandates, which ensure accountability, transparency, and effective decision-making across the governance domains. As of 2025, the Board committees include the Audit Committee, Nominations & Remuneration Committee, Risk Management Committee, and Investment Committee, each of which has clearly defined responsibilities within the Company’s governance structure.

These committees and the wider organisation operate within the broader Corporate Governance Framework, which establishes the principles, roles, and processes that guide Salama’s governance practices and ensure alignment with regulatory requirements and best practices.

The governance framework is further supported by a range of internal policies that promote transparency, accountability, and responsible conduct across the organisation. These include the Conflict of Interest Policy, Risk Management Policy, Related Party Transactions Policy, Board Committee Member Allocation Policy, Board Operational Structure, Insider Trading Policy, and Dividend Distribution Policy. Together, these policies provide guidance on key governance matters and reinforce Salama’s commitment to strong corporate governance and ethical business practices.

Internal Shari’ah Supervisory Committee (ISSC)

In line with its identity as a Shari’ah-compliant takaful provider, Salama has established an Internal Shari’ah Supervisory Committee (ISSC). Composed of qualified scholars with expertise in Islamic finance and jurisprudence, the ISSC independently oversees the organisation’s product portfolio, transactions, and operational activities to ensure full compliance with Shari’ah principles. The committee guides the structuring of takaful products and monitors practices to confirm alignment with Islamic ethical standards.

Name	Capacity
Dr. Salim Ali Al Ali	Chairman
Mr. Abdul Nasser Ahmed Ibrahim Al Mannaie	Vice Chairman
Dr. Ashraf bin Md. Hussain	Member

5.2 Ethical Governance

Salama is committed to conducting its business with integrity, transparency, and accountability. Ethical governance forms a fundamental part of the organisation’s corporate framework and reflects its Shari’ah principles, regulatory obligations, and responsibility toward stakeholders. The organisation operates under a Code of Business Conduct that sets out expected standards of professional behaviour for Board members, management, and employees. The Code addresses areas such as responsible business conduct, confidentiality, conflicts of interest, and compliance with applicable laws and regulations. All employees are expected to adhere to these principles with utmost responsibility.

Salama maintains a structured compliance framework supported by internal policies, procedures, and oversight mechanisms. The organisation ensures compliance with relevant UAE laws and regulations, including those issued by the Central Bank of the UAE (CBUAE), Dubai Financial Market (DFM), and the Securities and Commodities Authority (SCA), as applicable to its operations, and is guided by the Institute of Internal Auditors (IIA).

The Ethical governance framework is supported by documented policies and guidelines, including but not limited to:

- Code of Business Conduct
- Customer Due Diligence (CDD) Policy
- Anti-money Laundering (AML) / Counter Terrorism Financing (CTF) and Sanctions Policy
- Financial Crime Compliance Program
- Conflict of Interest Policy

These policies are communicated internally and reviewed periodically to ensure continued relevance and alignment with regulatory requirements. Salama remains committed to upholding high ethical standards and maintaining stakeholder trust through transparent and responsible business practices.

Anti-money Laundering (AML) and Sanction Compliance

Salama complies with Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CTF) requirements. The organisation applies customer due diligence procedures, transaction screening processes, and sanction checks in accordance with regulatory obligations. Enhanced due diligence measures are applied wherever required. In 2025, 100% of employees were trained on AML and CTF safeguards.

In 2025, no incidents of corruption were recorded, both within the organisation and externally, and no business partners or employees were terminated due to legal cases related to financial crime.

Fraud Prevention and Anti-Corruption

Salama maintains internal controls and monitoring mechanisms designed to prevent and detect fraudulent or unethical activities. The company follows a zero-tolerance approach towards misconduct and corruption. As part of its broader financial crime compliance framework, Salama screens transactions and conducts customer due diligence procedures in line with the applicable regulatory obligations. Enhanced checks are performed for higher-risk categories, including politically exposed persons (PEPs) and high-net-worth clients, using recognised screening tools such as ‘World Check One’, a software recommended by the UAE branch of the Middle East and North Africa Financial Action Task Force (MENAFATF). Salama also complies with international sanctions and regulations by screening clients and transactions against lists issued by relevant authorities, including the Financial Intelligence Unit (FIU) and other bodies.

The organisation maintains a fraud prevention framework that includes internal controls, monitoring processes, and reporting channels designed to detect and prevent fraudulent activity.

Metric	Numbers
Confirmed incidents of corruption	0
Confirmed incidents of fraud	0
Total significant instances of non-compliance with laws and regulations	0
Monetary fines incurred (if any)	0
Non-monetary sanctions (if any)	0

Salama remains committed to safeguarding stakeholder interests through responsible financial crime compliance and effective fraud risk management practices.

5.3 ESG Risk Management

Salama recognises that ESG Risks may have financial, operational, and reputational implications for the organisation. As a takaful provider, managing these risks forms part of Salama’s broader enterprise risk management framework and supports long-term resilience and sustainable value creation. Oversight of risk management, including ESG-related risks, is exercised through the organisation’s governance structure, with the Risk Management Committee providing dedicated oversight at the Board level. The committee reviews key risk exposures, monitors mitigation measures, and ensures that material risks are appropriately identified and managed in alignment with the Company’s risk appetite and strategic objectives.

ESG Risks are considered within Salama’s overall risk assessment processes. These may include, but are not limited to:

- Regulatory and compliance risks
- Climate-related and environmental risks
- Reputational risks
- Operational and underwriting risks
- Social risks relating to the workforce and customers
- Data privacy and cybersecurity risks

Management is responsible for identifying and assessing risks within its respective functions, while the risk management function consolidates and reports material risks to senior management and the Risk Management Committee. Where relevant, ESG considerations are incorporated into operational practices, investment decision-making, and operational controls. ESG-related risks are monitored through internal reporting mechanisms and periodic reviews. In 2025, there were 6 ESG-related risks identified as material.

Salama continues to integrate ESG considerations into the risk governance framework to ensure that sustainability-related risks and opportunities are appropriately managed and aligned with regulatory expectations and stakeholder interests.

5.4 Cybersecurity and Data Privacy

As a takaful provider handling sensitive personal, financial, and medical information, Salama recognises that data privacy and cybersecurity are critical components of responsible governance. The company is committed to protecting confidential information and maintaining the integrity, availability, and security of its information systems. Salama strives to maintain a structured data protection framework that combines internal policies, technical safeguards, monitoring of mechanisms, and employee awareness initiatives. Salama’s Information Security Policy outlines how data is accessed, processed, stored, and protected, including requirements for data classification, incident control, and access control. In addition, the organisation maintains a comprehensive Data Privacy Policy governing the collection, processing, and storage of personal data. The policy covers consent management, lawful bases for processing, data subject rights, data retention and disposal schedules, data transfer restrictions, any third-party sharing arrangement, and clear roles and responsibilities for safeguarding personal data.

Salama has established structured procedures to manage cybersecurity incidents and potential data breaches. In the event of a security incident involving customer data, the organisation activates its Incident Response Plan to contain the issue, isolate affected systems, and secure relevant evidence. A cross-functional response team investigates the root cause, assesses potential impacts, and determines appropriate remediation actions. Where required under applicable regulations, affected customers and relevant authorities are notified within the prescribed timelines. Corrective measures are implemented to address identified vulnerabilities, strengthen system controls, and prevent recurrence, while post-incident reviews are conducted to capture lessons learned and enhance the organisation’s cybersecurity and data protection framework.

Metric	2023	2024	2025
Confirmed Data Breach	0	0	0
Total number of complaints from outside parties	0	0	0
Total number of complaints from regulatory bodies	0	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0	0

Data Protection and Regulatory Alignment

Salama aligns its data protection practices with applicable UAE regulatory requirements and relevant data security standards, such as those of the Signals Intelligence Agency (SIA), formerly known as the National Electronic Security Authority (NESA), and complies with the Abu Dhabi Healthcare Information and Cyber Security (ADHICS) for protection, processing, and sharing of health information under the Department of Health. The organisation also follows practices aligned with the UAE Personal Data Protection Law (PDPL) and adopts data protection principles consistent with international standards where applicable. The organisation regularly monitors regulatory developments to ensure continued alignment with evolving data protection requirements. Where applicable, Salama maintains certification or alignment with recognised data security standards. In 2025, Salama maintained 2 Information security certifications, and 1 cybersecurity assessment was conducted. Since 2022, the organisation has been certified as compliant with the Payment Card Industry Data Security Standard (PCI DSS), an internationally recognised information security standard used to handle credit card information from major card brands.

IT Security Controls and Systems

Salama applies a layered security approach, which is designed to reduce exposure to cyber threats and any unauthorised access to systems and sensitive data. This includes preventative, detection, and corrective measures and controls across its entire IT infrastructure. Key measures include network security controls such as next-generation firewalls, secure Virtual Private Network (VPN) access, Web Application Firewall (WAF) protection, and network segmentation to safeguard critical systems and customer data environments. Endpoint protection is supported through Endpoint Detection and Response (EDR) and anti-malware solutions to detect and respond to suspicious activities, while strong password policies, multi-factor authentication, and periodic access reviews help ensure secure user access. Additional data protection measures include encryption of sensitive data at rest and in transit, Data Loss Prevention (DLP) controls, and database monitoring.

Salama’s security environment is continuously monitored through a 24/7 Security Operations Center (SOC), enabling real-time threat detection and response. The organisation also conducts regular Vulnerability Assessments and Penetration Testing (VAPT) to identify potential weaknesses and strengthen system resilience. Business continuity measures include backup restoration, testing, and an annual IT Disaster Recovery (DR) drill to ensure operational readiness in the event of system disruptions. In addition, employees participate in security awareness training programs to reinforce responsible data handling and cyber hygiene practices. Salama also maintains a set of information security and data protection policies, which are reviewed periodically to ensure alignment with regulatory requirements and evolving cybersecurity risks.

Employee Training and Awareness

Recognising that cybersecurity risk is not solely technological, Salama provides information security awareness training to its employees. As part of its broader information security framework, the company provides regular training and awareness programs to ensure each employee understands their roles and responsibilities in safeguarding sensitive information. Training topics typically cover applicable regulations, internal policies, phishing awareness, secure handling of confidential information, and good practice in data protection and cyber hygiene. Salama utilises the KNOWbe4 platform for IT security awareness training.

Salama monitors training participation and completion rates as part of its internal compliance tracking processes. Where necessary, additional awareness sessions may be conducted to address identified gaps or any emerging risks.

Percentage of Employees Trained in Data Security	
2023	95%
2024	85%
2025	96%

Employee Training in Data Security			
Year	Name of Training	Number of employees who completed the training	Number of total equivalent training hours
2023	Online InfoSec and IT Security Policies	220	330
2024	Online InfoSec and IT Security Policies	270	235
2025	Online InfoSec and IT Security Policies	247	247

Through ongoing training and awareness initiatives, Salama aims to foster a culture of shared responsibilities for data protection, ensuring that employees remain vigilant and aligned with the organisation’s information security standards.

6. Workforce, Safety & Community Impact

6.1 Our People

Attracting, nurturing, and retaining talented employees is crucial for Salama’s long-term success. As of 31 December 2025, Salama employed a total of 225 individuals, representing more than 21 nationalities. During the year, the organisation welcomed 41 new employees (14 female and 27 male), further strengthening its capabilities with diverse expertise, experience, and skills to support continued growth across the business. Voluntary staff turnover for 2025 stood at 109 employees (37 female and 72 male) across the organisation.

During the reporting period, Salama maintained a workforce spanning a broad range of age groups, reflecting its commitment to diversity and inclusion. Employees under the age of 30 accounted for 12% of the total workforce, comprising 8 male and 18 female employees. Employees aged 30–50 account for 76% of the workforce, with 115 male and 57 female employees. Employees aged over 50 accounted for 12% of the workforce, comprising 20 male and 07 female employees.

Total Employees by Gender			
Year	Female	Male	Total
2023	85	190	275
2024	96	172	268
2025	82	143	225

Total New Hires by Gender				
Year	Female	Male	Female %	Male %
2023	36	57	42.35%	30.00%
2024	36	35	37.50%	20.35%
2025	15	27	36%	64%

Total Employees who Left by Gender				
Year	Female	Male	Female %	Male %
2023	28	47	32.94%	24.74%
2024	21	57	21.88%	33.14%
2025	38	72	35%	65%

Total New Hires by Age						
Year	Below 30 Years Old	Between 30-50 Years Old	Over 50 Years Old	Below 30 Years Old %	Between 30-50 Years Old %	Over 50 Years Old %
2023	17	63	13	62.96%	30.14%	33.33%
2024	23	46	2	82.14%	22.22%	6.06%
2025	11	27	4	26%	64%	10%

Total Employees who Left by Age Group						
Year	Below 30 Years Old	Between 30-50 Years Old	Over 50 Years Old	Below 30 Years Old %	Between 30-50 Years Old %	Over 50 Years Old %
2023	14	50	11	52%	24%	28%
2024	15	54	9	53.57%	26.09%	27.27%
2025	13	74	23	6%	67%	27%

Percentage of Employees by Gender (%)		
Year	Female	Male
2023	21	53
2024	17	63
2025	36	64

Total Turnover and Hire Rate		
Year	Total Turnover	Total New Hires
2023	27.3%	33.8%
2024	29.1%	26.5%
2025	44.4%	15.5%

Total Employees by Job Category and by Gender (%)						
Year	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Female %	Male %	Female %	Male %	Female %	Male %
2023	29.05%	70.95%	40.82%	59.18%	6.90%	93.10%
2024	37.31%	62.69%	44.33%	55.67%	8.11%	91.89%
2025	37.38%	62.61%	43.01%	56.98%	8%	92%

Total Employees by Job Category and by Age Group (%)									
Year	Entry-Level			Mid-Level			Senior-to-Executive Level		
	Below 30 years old	30-50 years old	Over 50 years old	Below 30 years old	30-50 years old	Over 50 years old	Below 30 years old	30-50 years old	Over 50 years old
2023	10.14%	79.73%	10.14%	12.24%	71.43%	16.33%	0.00%	72.41%	27.59%
2024	14.93%	75.37%	9.70%	8.25%	80.41%	11.34%	0.00%	75.68%	24.32%
2025	15.88%	76.63%	7.47%	9.67%	75.26%	15.05%	0.00%	80%	20%

Total Number of Nationalities	
Year	Number of Nationalities
2023	22
2024	22
2025	21

6.2 Employee Development

Salama recognises its employees as its most valuable asset and is committed to enabling each employee to perform to their fullest potential, strengthening skills, supporting career growth, and reinforcing a high-performance culture. And for this, the organisation invests in continuous employee development through structured training programs, leadership programs, and upskilling initiatives.

Salama adopts an integrated approach to employee training and development to ensure alignment with organisational objectives and consistent capability building across the workforce. Talent management at Salama places emphasis on succession planning, with high-performing employees identified for targeted development and progression opportunities. Dedicated initiatives are in place for UAE Nationals through the UAE National Development Program.

In 2025, Salama strengthened its succession planning framework by restructuring the initiative across all functions and three management levels. This initiative establishes defined progression pathways for identified talent while supporting continuity in leadership roles.

Training programs are delivered through a combination of internal sessions and external specialist providers, including the Chartered Insurance Institute (CII) and the Emirates Institute of Finance (EIF), and cover core insurance and financial competencies. In 2025, employees completed 6,903 hours of training, an increase of approximately 3.3% from 2024. Of the total training hours, 43% are dedicated to female employees. On average, each employee received 25.4 hours of training. Of the total training delivered, 67% were conducted via e-learning. All new joiners participate in a structured Orientation program covering core insurance topics to ensure a consistent baseline of industry knowledge.

Entry-level employees received a total of 4,487 training hours during the year, averaging 24.25 hours per employee. Mid-level employees completed a total of 1,864 training hours, translating to an average of 31.06 hours per employee, reflecting a focus on enhancing technical and managerial competencies. At the Senior-to-Executive Level, a total of 552 training hours were delivered, averaging 15.77 hours per employee, supporting strategic leadership development and governance capabilities.

Since 2024, Salama has expanded its training portfolio to address all Continuing Professional Development (CPD) levels, resulting in higher participation rates across the organisation. Role-specific training programs have also been introduced, including specialised initiatives for the Actuarial Department.

In line with its HR Policy and implemented through the Employee Performance Management System (EPMS), Salama operates a performance-driven framework under which all employees undergo annual performance reviews. These reviews are used to evaluate performance outcomes and identify development and training requirements.

Total Training Hours			
Year	Female	Male	Total
2023	1,943	4,131	6,074
2024	2,137	4,544	6,681
2025	2,968	3,935	6,903

Total Training Hours by Job Category				
Year	Entry-Level	Mid-Level	Senior-to-Executive Level	Total
2023	3,219	2,125	730	6,074
2024	3,541	2,338	802	6,681
2025	4,487	1,864	552	6,903

Average Training Hours per Employee			
Year	Female	Male	Total
2023	22.86	21.74	22
2024	22.26	26.42	25
2025	27.73	22.74	25.24

Average Training Hours by Job Category				
Year	Entry-Level	Mid-Level	Senior-to-Executive Level	Total
2023	21.75	21.68	25.17	68.61
2024	26.43	24.10	21.70	72.23
2025	24.25	31.06	15.77	25.24

6.3 Employee Welfare and Well-being

Salama has established an employee well-being and engagement framework that applies across its business units and focuses on workforce stability, capability development, and employee retention. The framework is structured around four core areas:



In 2025, Salama implemented several initiatives aimed at strengthening employee engagement, recognition, and workplace experience during a period of significant organisational transformation. As part of Project Lean and the broader restructuring exercise, efforts were made to maintain transparency and employee alignment through regular leadership communication, structured town hall meetings, and direct engagement sessions with employees. The Company also delivered a comprehensive leadership team-building programme during the annual offsite, focusing on strengthening collaboration, trust, and alignment across the executive and senior management teams.

In addition, Salama continued to invest in employee development and wellbeing through a structured learning and development programme delivered in collaboration with the Emirates Institute of Finance, covering technical, regulatory, and leadership topics. Workplace conditions were further enhanced through the completion of Salama's new headquarters office redesign in Dubai, introducing a modern open-plan environment aimed at improving collaboration, communication, and operational efficiency. These initiatives were undertaken to support employee morale, reinforce organisational culture, and ensure workforce stability during a critical transformation phase.

Salama provides employee benefits in full compliance with applicable local labour laws and regulatory requirements. The company offers competitive and equitable compensation packages that include all statutory entitlements under UAE Labour Law, such as health insurance, parental leave, and annual leave. Beyond these mandatory benefits, Salama enhances employee well-being through additional offerings, including life insurance coverage, annual air travel allowances, flexible working arrangements for working mothers, mobile allowances, RTA parking cards.

Employee satisfaction is monitored through periodic surveys used to collect feedback on workplace conditions, benefits, and engagement. Survey results indicate a consistently high level of overall employee satisfaction across the workforce.

In 2025, Salama continued to strengthen its commitment to employee welfare and professional development by ensuring that regular performance and career development reviews were conducted across the organisation. During the reporting year, 100% of the total workforce received formal performance and career development reviews, compared to 100% in 2024, reflecting a stable trend year-on-year. By gender, 100% of male employees and 100% of female employees underwent structured reviews in 2025, compared to 100% and 100% respectively in 2024, demonstrating Salama's continued focus on equitable access to growth opportunities. By employee category, 100% of Entry Level, 100% of Middle Management, and 100% of Senior Management employees received regular reviews in 2025, indicating sustained leadership engagement in performance management processes.

With respect to parental leave, a total of 4 employees availed parental leave in 2025, compared to 11 in 2024. Of those who took parental leave in 2025, 4 employees returned to work upon completion of their leave period, resulting in a return-to-work rate of 100% (2024: 100%). Furthermore, 4 of the employees who returned to work in 2025 remained employed 12 months after their return, corresponding to a 12-month retention rate of 100%, compared to 100% in 2024. These indicators reflect Salama's ongoing efforts to foster an inclusive and supportive work environment that enables employees to balance professional responsibilities with family commitments while promoting long-term workforce stability.

Percentage of the Total Number of Employees who Received Regular Performance and Career Development Reviews by Gender		
Year	Female %	Male %
2023	87%	95%
2024	100%	100%
2025	100%	100%

Percentage of the Total Number of Employees who Received Regular Performance and Career Development Reviews by Employee Category			
Year	Entry-Level	Mid-Level	Senior-to-Executive
2023	97%	78%	*121%
2024	100%	100%	100%
2025	100%	100%	100%

*The 121% value reported for Senior-to-Executive employees in 2023 reflects a reporting anomaly. During the year, several employees changed roles or were promoted and therefore received more than one performance or career development review within the reporting period. As a result, the number of reviews recorded exceeded the total number of employees in that category at year-end, leading to a percentage above 100%.

Total number of employees who returned to work after parental leave ended		
Year	Female	Male
2023	8	9
2024	4	6
2025	1	3

Total number of employees who took parental leave		
Year	Female	Male
2023	8	9
2024	5	6
2025	1	3

Total number of employees who returned to work after parental leave ended, who were still employed 12 months after their return to work		
Year	Female	Male
2023	2	8
2024	7	8
2025	1	3

Total rate of employees who returned to work after parental leave ended		
Year	Female	Male
2023	100%	100%
2024	100%	100%
2025	100%	100%

Total rate of employees who returned to work after parental leave ended, who were still employed 12 months after their return to work		
Year	Female	Male
2023	100%	100%
2024	88%	89%
2025	100%	100%

6.4 Workforce Diversity, Equity & Inclusion (DEI)

Salama’s workforce diversity and inclusion approach is governed by its Code of Conduct, Human Resources (HR) Policy, and HR Policy Manual, which define expected standards of behaviour and outline requirements for equal treatment across the Company. In 2024, the HR Policy was revised to explicitly prohibit discrimination based on nationality, ethnicity, gender, religion, beliefs, disability, age, or any other protected characteristic, and to support equitable recruitment and employment practices.

The HR Policy includes procedures to promote workplace inclusion and ensure fairness across the employee career cycle, including recruitment, performance management, and career progression. Employees have access to a formal grievance mechanism to report incidents of improper conduct, discrimination, or unfair treatment. During the reporting year, 0 incidents of discrimination were reported.

Salama provides annual training to employees on diversity-related topics, including Code of Conduct & Ethics in Human Resources, Cultural Communication and Conflict Management, Diversity, Equity, and Inclusion to support consistent application of its policies and promote inclusive workplace behaviours.

Gender diversity is monitored across all levels of the workforce. In 2025, women represented 36.44% of the total workforce, and the percentage of women in the workforce has increased from 35% to 36%. At the entry level, women accounted for 17.77% of employees; 17.77% of mid-level positions were held by women, and 1% of management positions. The organisation reported a gender pay ratio of 1:1.74 (female-to-male) for the reporting period.

Salama’s workforce comprised employees from 21 nationalities, reflecting the multinational composition of its operations. Gender diversity and inclusion indicators are tracked internally and reported 0, including in this sustainability report, to support transparency and continuous monitoring of progress.

Median Compensation (Basic Salary + Remuneration)						
Year	Non-Management (Staff)		Middle Management		Senior Management	
	Female	Male	Female	Male	Female	Male
2023	10,041	8,000	14,887	14,937	27,473	37,469
2024	10,401	7,810	15,333	15,248	26,333	40,025
2025	10,401	7,810	15,333	18,248	26,333	50,205

Female to Male Remuneration Ratio			
Year	Non-Management (Staff)	Middle Management	Senior management
2023	1.26	1.00	0.73
2024	1.33	1.01	0.66
2025	1.33	1.01	0.66

6.4.1 Human Rights

The organisation is committed to upholding the principles set out in the Universal Declaration of Human Rights and the International Labour Organisation (ILO) conventions ratified by the UAE. As a signatory to the United Nations Global Compact (UNGC), Salama integrates human rights considerations into its operations and governance frameworks. It complies with applicable UAE federal labour laws, which address matters including child labour, human trafficking, forced labour, equal remuneration, and non-discrimination. These requirements extend to vendors, suppliers, and business partners to promote respect for human rights across the value chain.

Salama provides targeted training programmes to ensure employees are aware of human rights standards and are equipped to identify and address potential concerns. Employees and relevant stakeholders are informed of the organisation’s Speaking-Up Policy, which outlines procedures for reporting suspected breaches of laws, regulations, or internal policies.

6.4.2 Empowering Emiratis

Salama recruits Emirati nationals through graduate career fairs and formal government channels, including the NAFIS and ETHRAA platforms, in coordination with the Ministry of Human Resources and Emiratisation (MOHRE), the Central Bank, and the Human Resources Authority (HRA). Emiratisation remains a strategic priority for the organisation, aligned with the UAE’s national agenda for sustainable workforce development.

In 2025, Salama onboarded 11 Emirati employees. All new Emirati hires were enrolled in a structured coaching and mentorship programme aimed at supporting role readiness and capability development.

As of 2025, 03 Emiratis held senior management positions, 14 held middle management roles, and 09 held entry level positions across the organisation’s subsidiaries and associates. Emiratis accounted for over 11.55% of the total workforce. Of the total Emirati workforce, 10 employees were male, and 16 were female.

During the reporting year, 3 Emirati employees graduated from the ETHRAA programme, with 1 employee continuing their participation. Performance outcomes during the year resulted in role advancements and expanded functional responsibilities for selected Emirati employees. Salama also provides targeted training and development programmes for UAE Nationals to support internal career progression.

Salama has established a formal Emiratisation target of 30% to be achieved by 2026. For the 2025 reporting period, the organisation recorded an Emirati employee turnover rate of 10%.

Number of UAE Nationals by Gender					
Year	Female	Male	Total	Male %	Female %
2023	19	11	30	63.33%	36.67%
2024	24	10	34	70.59%	29.41%
2025	16	10	26	45.45%	54.54%

Year	Emiratisation Rate
2023	10.9%
2024	12.7%
2025	11.55%

Number of UAE Nationals by Job Category						
Year	Entry-Level	Mid-level	Senior-to-Executive Level	Junior-Level %	Mid-level %	Senior-to-Executive Level %
2023	13	13	4	43.33%	43.33%	13.33%
2024	18	12	4	52.94%	35.29%	11.76%
2025	9	14	3	34.61%	53.84%	11.53%

6.5 Sustainable Procurement and Supply Chain Management

Salama’s procurement strategy focuses on establishing a resilient, environmentally responsible supply chain by selecting partners that adhere to responsible business practices. The Company integrates sustainability considerations into its procurement and supply chain management processes to assess and manage ESG-related risks across the value chain and to promote the adoption of leading sustainability practices among suppliers.

During the reporting period, ESG pre-assessments were conducted with 54 strategic suppliers. In addition, supplier forums and stakeholder engagement sessions were organized to facilitate structured dialogue, strengthen collaboration, and align future strategies with responsible supply chain objectives consistent with Salama’s ESG commitments.

Salama also prioritises engagement with local businesses, including small and medium-sized enterprises (SMEs). Emphasis on local procurement contributes to supply chain resilience, supports the development of local capacity, and reduces environmental impacts associated with extended supply routes.

Metrics	2023	2024	2025
Total number of suppliers engaged	54	60	54
Total number of local suppliers engaged	44	47	46
Percentage of local suppliers hired	81.48%	78.33%	85.18%
Total procurement spending (AED m)	2.6	7.0	7.2
Procurement spending on local suppliers (AED m)	1.8	6.6	6.1
Percentage of spending on local suppliers (%)	69.23%	94.06%	84.72

6.6 Customer Satisfaction

To enhance customer satisfaction, the organisation continues to expand and refine its portfolio of innovative takaful solutions to address evolving customer needs. In 2024, Salama refreshed its brand identity under the tagline “Shaping tomorrows, together,” reinforcing its customer-centric positioning. The company prioritises building and maintaining trust and loyalty by operating dedicated contact centres focused on consistent and timely service delivery across the customer journey. Salama aims to provide customer service that is fast, efficient, and easy to navigate. Salama maintains the capability to respond promptly to individuals, families, and corporate clients in their hour of need.

Customer satisfaction is central to Salama’s culture, and they actively seek feedback to enhance their services. Their Interactive Voice Response (IVR) Survey programme captures essential insights into customer experiences, measuring KPIs across various interactions. The First Call Resolution (FCR) score of 86%, Customer Satisfaction Score (CSAT) score of 74%, Transactional Net Promoter Score (TNPS) score of 12, derived from a substantial base size of 8,561 respondents, demonstrates a strong level of customer contentment and engagement with the organisation’s products and services. Salama Dubai’s Google Business rating rose from 3.1 in January 2025 to 3.4 by December 2025, while Salama Abu Dhabi saw an increase from 2.7 to 3.3 over the same period. In contrast, Salama Sharjah’s rating remained steady at 3.9 throughout 2025. These mean scores reflect the organisation’s commitment to delivering consistently high-quality customer experience, meeting and exceeding customer expectations across multiple touchpoints.

6.6.1 Customer Service Charter

Salama’s Customer Services Charter is aligned with the standards of the Insurance Authority. The Charter establishes the framework for its commitment to service quality and customer accountability. The Charter outlines defined service standards that guide employee interactions with customers across all touchpoints. It is annually reviewed and updated to ensure continued alignment with regulatory requirements, industry benchmarks, and evolving best practices.

6.6.2 Customer-focused Product Expansion

Salama regularly evaluates its product portfolio to ensure it meets customer needs. In 2025, the company expanded its range of takaful solutions to address evolving demands, introducing new offerings across personal health, auto, home, travel, pet, and family plans, as well as corporate solutions. Key products launched include:

1. MediShield Health plan
2. Home Finance Takaful solution (ADIB partnership)
3. Expanded digital Life Takaful offering via Policybazaar
4. Enhanced Motor Takaful coverage with additional protection benefits



6.6.3 Digital Innovation and Improving Digital Customer Experience

Salama continues to advance its digital-first transformation to enhance customer experience, streamline operations, and support long-term sustainability. Digitalisation remains central to the Company's strategy, enabling seamless and efficient services across the customer journey - from policy selection to claims processing.

The Company regularly reviews and upgrades its IT infrastructure to strengthen front-end user experience and back-end operational efficiency. At the same time, Salama reinforces its cybersecurity framework through the implementation of advanced security systems to safeguard critical infrastructure and customer data.

Strengthening Service Quality

Salama enhanced its "Voice of the Customer" framework by capturing feedback across multiple channels. Post-call Interactive Voice Response (IVR) surveys measure customer satisfaction, first-call resolution, and transactional Net Promoter Score (NPS), while in-branch surveys gather feedback from walk-in customers.

Quality assurance processes were strengthened through bilingual (Arabic and English) call assessments, call quality calibration sessions to ensure scoring consistency, more than 11 targeted staff training sessions, and the introduction of a mystery shopping programme to evaluate service interactions and identify improvement areas.

Process Optimisation

To improve responsiveness and operational efficiency, Salama implemented a ticketing system for call center enquiries, revamped its IVR system with a structured model, expanded call center capacity to reduce waiting times, and introduced a verified Salama ID for outbound SMS communication.

A governance and monitoring framework was established to oversee call center operations, supported by standardized process documentation to enhance risk management and business continuity.

Digital Platforms and Omnichannel Integration

In 2024, Salama launched a redesigned bilingual website (English and Arabic) with improved functionality, faster loading speeds (25% faster than the previous version), mobile optimisation, and simplified navigation to facilitate information access and claims submission.

The Company refreshed its social media presence in line with its new branding, driving higher engagement and achieving a 32.5% (12,350) year-on-year increase in LinkedIn followers.

Salama introduced integrated B2B portals with payment gateway functionality, streamlining transactions for corporate clients and brokers. The Motor Portal digitised claims management, leveraging API-based integration to reduce manual processes, minimize errors, and enhance operational efficiency.

Additionally, a centralised omnichannel customer request management system was implemented to manage complaints and service requests across email, phone, and WhatsApp. The system enables real-time tracking, automated case allocation, enhanced reporting, and data-driven decision-making, improving response times and overall customer satisfaction.



6.7 Community Development

As an Islamic financial institution, giving back to the communities we serve has been a fundamental value and a top priority for the organisation since its inception. Beyond economic contribution, social impact is measured by how we manage community concerns and develop the communities in which we operate. We work with government entities and other external stakeholders and partner organisations to advance financial inclusion and community protection initiative across the UAE. Through strategic partnership with Policybazaar.ae, Salama works to expand access to Life Takaful insurance via digital platforms, making insurance solutions more accessible to a wider audience. Additionally, our collaboration with Abu Dhabi Islamic Bank (ADIB) led to the launch of a Home Finance Takaful solution that supports Sharia'h-compliant home financing. These initiatives collectively contribute to Salama's objective of strengthening financial protection, improving accessibility to insurance products, and promoting responsible financial inclusion within the UAE.

6.7.1 Community Initiatives

In 2025, Salama organised a special session to commemorate Emirati Women's Day as part of its broader employee engagement and community initiatives. The session, held at the company's office, lasted approximately two to three hours and celebrated the achievements and contributions of Emirati women. Nearly all female employees at Salama participated in the event, fostering dialogue and awareness around women's empowerment and wellbeing in the workplace. Around 80 employees were involved in the initiative, with an estimated expenditure of approximately AED 10,000 dedicated to organising the session. This initiative reflects Salama's ongoing commitment to promoting inclusion, recognition, and a supportive workplace culture.

6.7.2 Volunteering

In 2025, Salama employees actively participated in one volunteering initiative focused on firefighting and first aid, supporting community wellbeing. Approximately 13 volunteers contributed a total of 26 hours to this initiative.



7. Climate, Environment & Resource Management

7.1 Environmental Management System

Salama maintains a robust and comprehensive Environmental Management System (EMS) to provide for the systematic and effective implementation of our policy commitments. Their EMS is informed by internationally recognised environmental management frameworks and standards. It is applied across their business, including all employees and contractors. To maintain this certification, they continuously enhance their systems through initiatives focused on energy and water conservation, solar energy generation, reducing plastic and paper waste, and implementing water pressure reduction and leakage sensor installations.

Protecting the Environment - Paperless Initiative

In 2025, Salama reinforced its commitment to environmental sustainability by launching a company-wide paperless initiative to reduce paper use and enhance operational efficiency.

Key accomplishments included:

- Policies were transitioned to electronic issuance (e-policy) across all business lines, establishing digital policies as the default. Physical copies are provided only upon request from the insured or financing bank.
- The claims process was digitised, replacing physical claim files with electronic documentation.

These measures led to a 50% reduction in hard-copy usage in 2025, markedly lowering Salama's environmental impact and advancing sustainability goals in line with the Global Reporting Initiative (GRI) environmental standards and the UAE's national sustainability agenda under Vision 2031.



7.2 Energy and Emissions

Salama acknowledges the environmental impact associated with its energy consumption and remains committed to improving energy efficiency, reducing its carbon footprint, and advancing the transition towards more sustainable energy sources. The company monitors real-time energy consumption to identify peak demand periods and support data-driven energy management decisions. Through operational improvements, capital investments, equipment retrofits, building management systems, and process optimization initiatives, Salama continues to identify opportunities to lower emissions while maintaining operational performance.

In 2025, total energy consumption amounted to 88,014 kWh, with an energy intensity of 7.89 GJ/Employee. Total energy consumption in 2025 was 15.78% lower compared to 2024. Energy performance is monitored half-yearly.

Fuel Energy Consumption (GJ)			
Year	2023	2024	2025
Petrol	183.85	232.41	430
Diesel	0	0	0
Electricity Consumption	1,071.00	1,365.40	915.5232
Total Direct Energy Consumption	183.85	232.41	430
Total Indirect Energy Consumption	1,071.00	1,365.40	915.5232
Total Energy Consumption	1,254.85	1,597.81	1345.5232

Energy Intensity (GJ/Employee)			
	2023	2024	2025
Direct Energy Intensity	0.67	0.87	1.91
Indirect Energy Intensity	3.89	5.09	5.98
Total Energy Intensity	4.56	5.96	7.89

7.3 Water Management

Water consumption is a significant contributor to Salama's overall operational environmental footprint. In 2025, total water consumption across Salama's operations amounted to 1.45738 m³, with a water intensity of 0.0064 m³ per employee. Water was primarily utilised for pantry activities at the office.

Water Consumption in m3			
	2023	2024	2025
Total Water Consumption in m3	0.46	1.19	1.45738
Total Water Consumption per Employee	0.0017	0.0044	0.0064

7.4 Waste Management

Salama's waste management efforts focus on minimising impacts on land, water, ecosystems, and surrounding communities across its operations. The company is committed to strengthening its waste management practices to reduce environmental impact and support circular economy principles. Salama's established waste management protocols emphasise waste minimisation, optimised material usage, and increased recycling.

To maintain effectiveness, Salama conducts regular reviews of its waste management processes to assess performance, identify areas for improvement, and ensure alignment with broader sustainability objectives. Continuous process refinement supports the company's commitment to responsible waste handling and environmental risk reduction.

8. DFM, GRI, and UNSDGs Index

DFM INDICATOR	GRI INDICATOR	UN SDGS	PAGE NUMBER
ENVIRONMENT			
E1.1) Total amount of Scope 1 emissions	GRI: 1-305 Direct (Scope 1) GHG emissions		50
E1.2) Total amount of Scope 2 emissions	GRI: 2-305 Energy indirect (Scope 2) GHG emissions		50
E1.3) Total amount of Scope 3 emissions	GRI: 3-305 Other indirect (Scope 3) GHG emissions		N/A
E1.4) Please describe investments, initiatives and projects to reduce CO2 emissions:			49
E2.1) GHG emissions intensity	GRI: 4-305 GHG emissions intensity		N/A
E2.2) Non-GHG emissions intensity	GRI: 7-305 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		N/A
E3.1) Total amount of direct energy consumed	GRI: 1-302 Energy consumption within the organisation		50
E3.2) Total amount of indirect energy consumed	GRI: 2-302 Energy consumption outside of the organisation		50

E4.1) Direct energy use intensity	GRI: 1-302 Energy consumption within the organisation		50
E4.2) Total indirect energy usage per output scaling factor	GRI: 2-302 Energy consumption outside of the organisation		N/A
E4.3) Please describe investments, initiatives and projects to reduce energy consumption and to increase energy efficiency.			49
E5.1) Renewable energy used	GRI: 1-302 Energy consumption within the organisation		N/A
E5.2) Non-renewable energy used	GRI: 2-302 Energy consumption outside of the organisation		N/A
E6.1) Total amount of water withdrawn	GRI: 3-303 Water withdrawal		N/A
E6.2) Total amount of water discharged	GRI: 4-303 Water discharge		N/A
E6.3) Total amount of water consumed (if possible; a breakdown by source: surface water, groundwater, seawater, etc.)	GRI: 5-303 Water consumption		50, 51

E6.4) Water intensity			51
E6.5) Water recycled (if applicable)			N/A
E6.7) Please describe investments, initiatives and projects to reduce water consumption and to increase water recycling			49
E7.1) Total amount of waste generated (if possible, broken down by Hazardous and Non-hazardous)	GRI: 3-306 Waste generated		N/A
E7.2) Total amount of waste diverted from disposal (if possible, broken down by Hazardous and Non-hazardous)	GRI: 4-306 Waste diverted from disposal		N/A
E7.3) Total amount of waste directed to disposal (if possible, broken down by Hazardous and Non-hazardous)	GRI: 306-5 Waste directed to disposal		N/A
E7.4) Total number and volume of oil spills (if applicable)	GRI: 11 Oil and Gas Sector		N/A
			51

E7.5) Please describe investments, initiatives and projects to reduce waste generation consumption and to increase recycling			
E8.1) Does your company follow a formal Environmental Policy?	GRI: 23-2 Policy commitments		49
E8.2) Does your company follow specific waste, water, energy and/or recycling policies?	GRI: 24-2 Embedding policy commitments		N/A
E8.3) Does your company adopt a recognised environment and energy management systems such as ISO14001 and ISO50001?			49
E8.4) Does your company have targets in place with regards to environment, energy, water and waste?			N/A
E8.5) Please indicate if any fines received (> USD 10000) for non-compliance with laws and regulations regarding environmental management during the last reporting period	GRI 27-2 Compliance with laws and regulations		26
E9.1) Please describe the climate-related risks and opportunities that could reasonably be expected to affect your company's prospects. Also explain, for each climate-related risk your organization has identified, whether your organization considers the			26, 27

risk to be a climate-related physical risk or transition risk.			
E9.2) Please describe the current and anticipated impacts of climate-related risks and opportunities on your company's business model and value chain.			43, 44
E9.3) How has your company responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including the plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation?			14, 20-22
E9.4) What are the current effects, during the reporting period, of climate-related risks and opportunities on your company's financial position, financial performance and cash flows?			N/A
E9.5) Please describe the processes and policies your company uses to identify, assess, prioritize, and monitor climate related risks, and the inputs and parameters used in these processes.			26, 27
E9.6) Please indicate if and how your company uses climate-related scenario analysis to identify and assess climate related risks.			7

<p>E8.7) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of climate-related risks and opportunities?</p>			23, 24, 26, 27
<p>E9.10) How does the body or individual consider climate-related risks and opportunities when overseeing your company's strategy?</p>	<p>GRI 2:12 Role of the highest governance body in overseeing the management of impacts</p>		7, 23, 26, 27
<p>E9.11) Are performance metrics related to climate targets included in remuneration policies? If so, how?</p>			N/A
<p>E9.12) Has your company delegated the role of overseeing climate-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?</p>			24, 26, 27
<p>E9.13) Please disclose any quantitative and qualitative climate-related targets to monitor progress towards strategic goals, incl. any GHG emissions targets and specify the metric used to set the target.</p>			N/A
<p>E10.1) Please share the number of operational sites owned, managed and/or leased in or adjacent to protected areas and areas of high biodiversity value.</p>	<p>GRI: 1-304 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</p>		N/A

E10.2) Please describe significant impacts of activities, products and services on biodiversity	GRI 2-304 Significant impacts of activities, products and services on biodiversity		N/A
SOCIAL			
S1.1) Please share the ratio of CEO total compensation to median full-time employee (FTE) total compensation	GRI 2: 21 Annual total compensation ratio		N/A
S1.2) Does your company report this metric (above) in any regulatory filings?			N/A
S2.1) Please share the total enterprise headcount held by full-time employees (broken down by age and seniority level)	GRI 2: 7 Employees		34, 36
S2.2) Please share the total enterprise headcount held by part-time employees (broken down by age and seniority level)	GRI 2: 7 Employees		N/A
S2.3) Please share the total enterprise headcount held by contractors and/or consultants	GRI 2: 8 Workers who are not employees		N/A

<p>S2.4) Please share the total of national employees (breakdown by age and seniority level)</p>	<p>GRI: 202-2 Proportion of senior management hired from the local community</p>	 	<p>42, 43</p>
<p>S3.1) Year-over-year change for full-time employees (broken down by gender, age and seniority level)</p>	<p>GRI: 401-1 New employee hires and employee turnover</p>		<p>32, 34</p>
<p>S3.2) Year-over-year change for part-time employees</p>	<p>GRI: 401-1 New employee hires and employee turnover</p>		<p>N/A</p>
<p>S3.3) Year-over-year change for contractors and/or consultants</p>	<p>GRI 2: 8 Workers who are not employees</p>		<p>N/A</p>
<p>S3.4) Year-over-year of new hires (broken down by age, gender and seniority level)</p>	<p>GRI: 401-1 New employee hires and employee turnover</p>		<p>32, 33</p>
<p>S4.1) Total enterprise headcount field by men and women</p>	<p>GRI 2: 9 Governance structure and composition</p>		<p>32</p>

S4.2) Total entry and mid-level positions held by men and women	GRI: 405-1 Diversity of governance bodies and employees		34
S4.3) Total senior and executive-level positions held by men and women	GRI 2: 9 Governance structure and composition		34, 40
S4.4) The ratio of median male employee compensation to median female employee compensation	GRI: 405-1 Diversity of governance bodies and employees		41
S4.5) Please describe your company's initiatives or programs to support the recruitment and retention of female employees, and to support female employees to advance to management positions.	GRI: 2-9 Governance structure and composition		38, 40
S5.1) Does your company follow a harassment and/or non-discrimination policy?	GRI 405-1 Diversity of governance bodies and employees		
S5.2) Does your company have a formal grievance mechanism in place?	GRI2-25 Processes to remediate negative impacts	40, 21	
S5.3) Does your company follow a child and/or forced labour policy?	GRI 2: 19 Remuneration policies	41	
S5.4) Does your company follow a human rights policy?	GRI 2: 23 Policy commitments	41	

S5.5) Does your company provide training on human rights and related internal policies for your employees?	GRI: 404-1 Average hours of training per year per employee		41
S6.1) Does your company follow an occupational health and safety policy?	GRI 2: 23 Policy commitments GRI 403: Occupational Health and Safety		N/A
S6.2) Does your company adopt a recognised health and safety management system such as ISO45001?	GRI 2: 23 Policy commitments GRI 403: Occupational Health and Safety		N/A
S6.3) Please share the total employee and total contractors (if available) man hours	GRI: 403-9 Work-related injuries		N/A
S6.4) Please share the total employee fatalities, with a breakdown of gender	GRI: 403-9 Work-related injuries		N/A
S6.5) Please share the employee lost time injury (LTI), with a breakdown of gender	GRI: 403-9 Work-related injuries		N/A
S6.6) Please share the lost time injury frequency (LTIF), with a breakdown of gender	GRI: 403-9 Work-related injuries		N/A

S6.7) Please share the total health and safety training provided to employees	GRI: 403-5 Worker training on occupational health and safety		
S7.1) Please share the average annual training hours allocated per employee, with a breakdown of gender and employment category	GRI: 404-1 Average hours of training per year per employee		35-37
	GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes		35-37
S7.2) Please share the total hours of training per employee on sustainability policies and practices, including human rights.	GRI: 412-2 Employee training on human rights policies or procedures		40, 41
S8.1) Please share the total amount invested in the community, including philanthropy, donations and sponsorships	GRI: 413-1 Local Communities		46
S8.2) Please share the total employee volunteering completed during the reporting period	GRI: 413-1 Local Communities		47
GOVERNANCE			
G1.1) Total board seats occupied by men and women	GRI 405-1 Diversity of governance bodies and employees		23

G1.2) Total committee chairs occupied by men and women	GRI 405-1 Diversity of governance bodies and employees		N/A
G2.1) Does the company prohibit the CEO from serving as board chair?	GRI 405-1 Diversity of governance bodies and employees		23
G2.2) Please share the total board seats occupied by independents	GRI 405-1 Diversity of governance bodies and employees		23
*G3.1) Please share the total enterprise headcount covered by collective bargaining agreement(s) *Applicable to companies operating in countries in which collective bargaining is applicable by law	GRI 2-30 Collective bargaining agreements		N/A
G4.1) Are your vendors or suppliers required to follow a Code of Conduct?	GRI 203-2 Policy commitments		43
G4.2) If yes, what percentage of your suppliers are formally certified and compliant with the Code?			N/A
G4.3) Please share the suppliers that underwent a supplier's environmental audit during the reporting period	GRI 308-1 New suppliers that were screened using environmental criteria		43

G4.4) Please share the suppliers that underwent a supplier's social audit during the reporting period	GRI: 414-1 New suppliers that were screened using social criteria		43
G4.5) Please share the new suppliers receiving warning due to the environmental/social screening	GRI: 308-1 New suppliers that were screened using environmental criteria		N/A
	417-2 Incidents of non-compliance concerning product and service information and labeling		N/A
G5.1) Does your company follow an Ethics and/or Anti-Corruption policy?	GRI 2: 23 Policy commitments		25
G5.2) Please share the workforce formally compliant with the Anti-Corruption Policy	GRI: 205-2 Communication and training about anti-corruption policies and procedures		25, 41
G5.3) Please share the confirmed incidents of corruption during the reporting period	GRI: 205-3 Confirmed incidents of corruption and actions taken		26
G5.3) Please share the corrective measures taken corresponding to the confirmed incidents of corruption (in case of any)	GRI: 205-3 Confirmed incidents of corruption and actions taken		26
G6.1) Does your company follow a Data Privacy policy?	GRI: 416-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		27

G6.2) Has your company taken steps to comply with GDPR rules or similar standards?			27, 28
G6.3) Data security breaches during the reporting period (if any)	GRI: 416-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		28
G7.1) Describe the sustainability-related risks and opportunities that could reasonably be expected to affect your organization's prospects.			28, 29
G7.2) Describe the current and anticipated impacts of sustainability-related risks and opportunities on your organization's business model and value chain.			43
G7.3) Describe how your organization responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making			14, 19-21
G7.4) Describe the current and anticipated effects (during the reporting period) of sustainability-related risks and opportunities on your organization's business model, financial position, performance, and cash flows. How are these risks considered in financial planning (current financial effects)?			N/A
G7.5) Describe the processes and policies your organization uses to identify, assess, prioritize, and			26, 27

monitor sustainability-related risks, and the inputs and parameters used in these processes.			
G7.6) How are the processes for identifying, assessing, prioritizing and monitoring sustainability-related risks and opportunities integrated into and informing your organization's overall enterprise risk management process?			26, 27
G7.7) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of sustainability-related risks and opportunities?	GRI 2-12 Role of the highest governance body in overseeing the management of impacts		24, 26, 27
G7.8) How does the body or individual consider sustainability-related risks and opportunities when overseeing your organization's strategy?			23, 24
G7.9) Are performance metrics related to these targets included in remuneration policies? If so, how?			N/A
G7.10) Has your organization delegated the role of overseeing sustainability-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?			23, 24, 26, 27

G7.11) What metrics does your organization use to measure and monitor each sustainability-related risk or opportunity identified above?			26, 27
G8.1) Are your sustainability disclosures assessed or validated by a third party?	GRI 2-5 External assurance		4
	GRI 2-4 Restatements of information		N/A
	GRI 2-3 Reporting period, frequency and contact point		4, 5

9. Abbreviations and Definitions

ADHICS - Abu Dhabi Healthcare Information and Cyber Security

AML - Anti-Money Laundering

BoD - Board of Directors

CBUAE - Central Bank of the UAE

CDD - Customer Due Diligence

CPD - Continuing Professional Development

CSR - Corporate Social Responsibility

CTF - Counter Terrorism Finance

DEI - Diversity, Equity & Inclusion

DFM - Dubai Financial Market

DHA - Dubai Health Authority

DLP - Data Loss Prevention

DR - Disaster Recovery

EDR - Endpoint Detection and Response

EIF - Emirates Institute of Finance

EMS - Environmental Management System

EPMS - Employee Performance Management System

ERM - Enterprise Risk Management

ESG - Environment, Social, and Governance

FIU - Financial Intelligence Unit

GRI - Global Reporting Initiative

HR - Human Resource

HRA - Human Resources Authority

IIA - Institute of Internal Auditors

ILO - International Labour Organisation

ISSC - Internal Shari'ah Supervisory Committee

IVR - Interactive Voice Response

MENAFATF - Middle East and North Africa Financial Action Task Force

MOHRE - Ministry of Human Resources and Emiratisation

NESA - National Electronic Security Authority

NPS - Net Promoter Score

PCI DSS - Payment Card Industry Data Security Standard

PDPL - Personal Data Protection Law

PEP - Politically Exposed Person

PoD - People of Determination

SCA - Securities and Commodities Authority

SIA - Signals Intelligence Agency

SME - Medium-Sized Enterprises

SOC - Security Operations Center

UAE - United Arab Emirates

UN SDGs - United Nations Sustainable Development Goals

UNGC - United Nations Global Compact

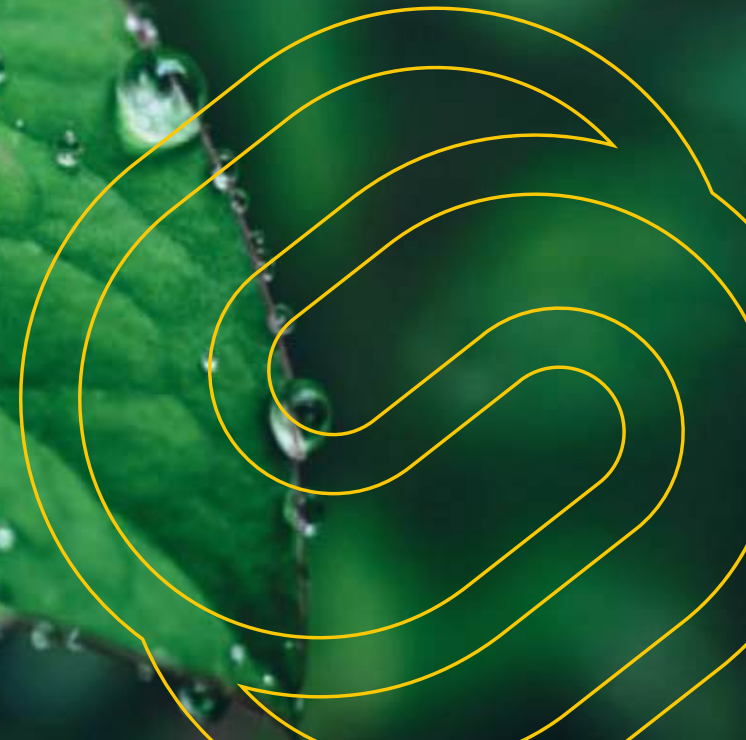
VAPT - Vulnerability Assessments and Penetration Testing

VPN - Virtual Private Network

WAF - Web Application Firewall



salama.ae



Shari'ah Supervisory Committee Report

Salama - Islamic Arab Insurance Company (P.S.C.)



Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company (SALAMA) P.S.C

Annual Report of the Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company (SALAMA) For the financial year ending on 31 December 2025 (“Financial Year”).

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Annual Report of the Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company
(SALAMA) For the financial year ending on 31 December 2025

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Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company (SALAMA) P.S.C

In the Name of ALLAH, The Most Beneficent, The Most Merciful

Annual Report of the Internal Shari'ah Supervisory Committee of the Islamic Arab Insurance Company - SALAMA (PSC)

Issued on: 24 March 2026

To: Shareholders of Islamic Arab Insurance Company - SALAMA (PSC) ("the Company")

Assalam Alaikum Wa Rahmat ALLAH Wa Barakatuh,

Pursuant to requirements stipulated in the relative laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee ("ISSC") of the company presents to you the ISSC's Annual Report of the company for the financial year ending on 31 December 2025 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

- undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents, and business charters of the Company; and the Company's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between participants' accounts and shareholders' accounts ("Company's Activities") and issue Shari'ah resolutions in this regard, and
- determine Shari'ah parameters necessary for the Company's Activities, and the Company's compliance with Islamic Shari'ah Provisions within the framework of the rules,

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principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of the Company with Islamic Shari'ah Provisions.

The senior management is responsible for compliance of the Company with Islamic Shari'ah Provisions in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'ah Provisions") in all Company's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah Standards

The ISSC shall comply with the Shari'ah standards that issued and approved by the HSA.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Company's activities by reviewing those activities, and monitoring them in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- a. Convening (4) meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Company's Activities.
- c. Review and Monitoring compliance of policies, procedures, accounting standards, operating model and product structures, contracts, documentation, business charters, and other documentation submitted by the Company to the ISSC for approval.
- d. Reviewing the Takaful Insurance operating model, underlying contracts and supporting materials (e.g. underwriting and claims settlement manual/guidelines etc.).

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- e. Reviewing and approving the Company's products, services and marketing materials.
- f. Reviewing and approving the policy and procedures that govern Takaful Insurance Accounts (e.g. segregation of accounts and transparent financial resources flow between the accounts etc.), surplus distribution, and deficit coverage.
- g. Ensuring the compliance of the segregation between Takaful Insurance accounts and shareholders accounts, allocation of costs and expenditures on the accounts, and the underwriting surplus policy with Islamic Shari ah Provisions.
- h. Reviewing the financial statements of the Company to ensure compliance with Islamic Shari ah provisions.
- i. Reviewing the investment policy and approving the Shari'ah screening criteria to ensure the investment activities in both shareholders' accounts and participants' accounts, are comply with the Provisions of Islamic Shari' ah.
- j. Reviewing the risk ceding arrangements of the participants' account with other insurance companies (Retakaful insurance, conventional reinsurance, co-insurance with Takaful insurance/conventional insurance companies) and confirming its compliance with Islamic Shari'ah Provisions.
- k. Supervision of the Company's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- l. Providing guidance to relevant parties in the Company to rectify (where possible) incidents and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes (if applicable).
- m. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- n. Reviewing the Zakat calculation and specifying the amount of Zakat due on each share of the Company.

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- o. Communicating with the Board and its subcommittees, and the senior management of the Company (as needed) concerning the Company's compliance with Islamic Shari'ah Provisions.

The ISSC sought to obtain all information and interpretations deemed necessary to reach a reasonable degree of certainty that the Company is compliant with Islamic Shari'ah Provisions through the external Shari'ah audit.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all its duties independently and with the support and cooperation of the senior management and the Board of the company. The SSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Company

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah Provisions, the ISSC has concluded with a reasonable level of confidence, that the Company's activities during the financial year are in compliance with Islamic Shari'ah Provisions, except for incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

The ISSC formed its opinion, as outlined above, exclusively based on information perused by the ISSC during the financial year.

Internal Shari'ah Supervisory Committee of Islamic Arab Insurance Company (SALAMA) P.S.C

Signatures of members of the internal Shari'ah Supervision Committee of the company



Dr. Salim Ali Al Ali
ISSC Chairman



Mr. Abdul Nasser Ahmed Al Mannaie
ISSC Vice Chairman

Prof. Ashraf Md Hashim
ISSC Member

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