

Arab Insurance Group (B.S.C.)

**Condensed consolidated interim
financial statements for the
nine months ended 30 September 2025**

Arab Insurance Group (B.S.C.)

**Condensed consolidated interim financial statements
for the nine months ended 30 September 2025**

INDEX

Page No.

Independent auditors' review report 1-2

Financial statements

| | |
|--|-------|
| Condensed consolidated statement of financial position | 3 |
| Condensed consolidated statement of profit or loss | 4 |
| Condensed consolidated statement of comprehensive income | 5 |
| Condensed consolidated statement of changes in equity | 6-8 |
| Condensed consolidated statement of cash flows | 9 |
| Notes to the condensed consolidated interim financial statements | 10-38 |



Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors

Arab Insurance Group (B.S.C)
Manama
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2025 condensed consolidated interim financial statements of Arab Insurance Group (B.S.C) (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2025;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2025;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2025;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2025;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2025; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed (consolidated) interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2025 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of Matter

We draw attention to note 1 to the condensed consolidated interim financial statements, which indicates that in an Extraordinary General Meeting held on 13 August 2020 the shareholders approved the Board's recommendation of the cessation of the underwriting activities of the Company, subject to approval of the regulatory authorities. Our conclusion is not modified in respect of this matter.

Independent auditors' report (Continued)
Arab Insurance Group (B.S.C)

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 24 February 2025. The condensed consolidated interim financial statements of the Group as at and for the nine months period ended 30 September 2024, were reviewed by the same auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 13 November 2024.



5 November 2025

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2025

(In thousands of U.S. Dollars)

| | Note | 30 September 2025 (reviewed) | 31 December 2024 (audited) | 30 September 2024 (reviewed) |
|---|------|------------------------------------|----------------------------------|------------------------------------|
| ASSETS | | | | |
| Cash and bank balances | 4 | 47,285 | 53,430 | 158,433 |
| Investments | 5 | 292,167 | 306,594 | 197,747 |
| Accrued interest | | 3,300 | 2,596 | 8,265 |
| Reinsurance contract assets | 6 | 3,841 | 3,645 | 4,731 |
| Non-insurance deposits | | 18 | 13 | 7 |
| Other assets | 7 | 1,221 | 1,139 | 1,419 |
| Property and equipment | 8 | 4,743 | 5,058 | 5,130 |
| TOTAL ASSETS | | 352,575 | 372,475 | 375,732 |
| LIABILITIES AND EQUITY | | | | |
| LIABILITIES | | | | |
| Insurance contract liabilities | 9 | 75,483 | 77,793 | 82,660 |
| Other liabilities | 12 | 1,342 | 4,196 | 5,818 |
| TOTAL LIABILITIES | | 76,825 | 81,989 | 88,478 |
| EQUITY | | | | |
| Attributable to shareholders of parent company | | | | |
| Share capital | | 220,000 | 220,000 | 220,000 |
| Treasury stock | | (14,793) | (14,793) | (14,793) |
| Reserves | | 53,409 | 48,146 | 47,822 |
| Retained earnings | | 9,490 | 29,411 | 26,692 |
| | | 268,106 | 282,764 | 279,721 |
| Non-controlling interests | | 7,644 | 7,722 | 7,533 |
| TOTAL EQUITY | | 275,750 | 290,486 | 287,254 |
| TOTAL LIABILITIES AND EQUITY | | 352,575 | 372,475 | 375,732 |

These condensed consolidated interim financial statements were approved by the Board of Directors on 05 November 2025 and signed on its behalf by:


Mansour Shams Alkhoori
Chairman


Mohamed Ahmed Alkarbi
Director


Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 28 are an integral part of these condensed consolidated interim financial statements.

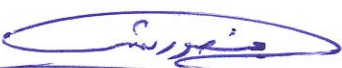
ARAB INSURANCE GROUP (B.S.C.)

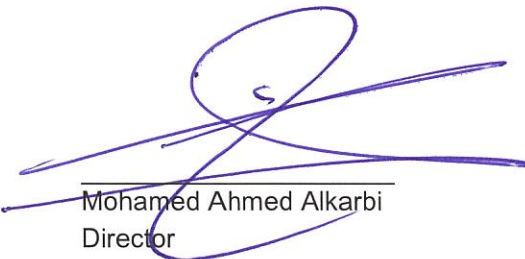
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

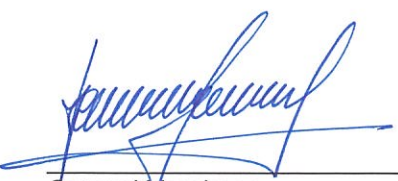
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

(In thousands of U.S. Dollars)

| | Note | For the three months ended 30 September 2025 (reviewed) | For the three months ended 30 September 2024 (reviewed) | For the financial year -to-date 30 September 2025 (reviewed) | For the financial year -to-date 30 September 2024 (reviewed) | For the year ended 31 December 2024 (audited) |
|---|---------------|--|--|---|---|--|
| Insurance revenue | 13 | 459 | 174 | 995 | 862 | 1,615 |
| Insurance service expenses | 14 | (1,246) | 6,960 | (3,255) | 6,917 | 8,243 |
| Net expense from reinsurance contracts held | 15 | (480) | (769) | (1,246) | (2,141) | (2,512) |
| Insurance service result | | (1,267) | 6,365 | (3,506) | 5,638 | 7,346 |
| Investment income | 17 | 3,232 | 3,743 | 9,656 | 11,535 | 14,727 |
| Insurance finance expenses | 18 | (1,463) | (2,882) | (3,437) | (3,968) | (3,983) |
| Reinsurance finance income | 19 | 139 | 230 | 328 | 331 | 316 |
| Financial insurance result | | 1,908 | 1,091 | 6,547 | 7,898 | 11,060 |
| Other expenses and provisions | 20 | (229) | (167) | (1,005) | (926) | (3,037) |
| Other income | 21 | 1,316 | 222 | 2,522 | 8,269 | 11,019 |
| Profit for the period | | 1,728 | 7,511 | 4,558 | 20,879 | 26,388 |
| Attributable to: | | | | | | |
| Non-controlling interests | | (50) | (90) | (160) | (240) | (54) |
| Shareholders of parent company | | 1,778 | 7,601 | 4,718 | 21,119 | 26,442 |
| | | 1,728 | 7,511 | 4,558 | 20,879 | 26,388 |
| Earnings per share attributable to shareholders (basic and diluted): | 22 (US cents) | 0.9 | 3.8 | 2.4 | 10.7 | 13.3 |


Mansour Shams Alkhoori
Chairman


Mohamed Ahmed Alkarbi
Director


Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 28 are an integral part of
these condensed consolidated interim financial statements


ARAB INSURANCE GROUP (B.S.C.)

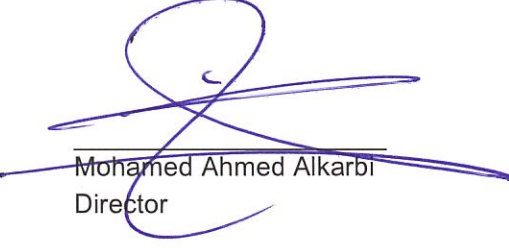
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

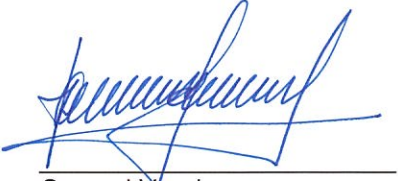
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

(In thousands of U.S. Dollars)

| | Note | For the three months ended 30 September 2025 (reviewed) | For the three months ended 30 September 2024 (reviewed) | For the financial year-to-date 30 September 2025 (reviewed) | For the financial year-to-date 30 September 2024 (reviewed) | For the year ended 31 December 2024 (audited) |
|---|------|--|--|--|--|--|
| Profit for the period | | 1,728 | 7,511 | 4,558 | 20,879 | 26,388 |
| Other comprehensive income | | | | | | |
| Items that will be reclassified to profit or loss: | | | | | | |
| Fair value changes on investment at fair value through other comprehensive income | | 668 | 3,448 | 5,391 | 3,957 | 1,747 |
| Transfers for recognition of gains on disposal of debt investments at fair value through other comprehensive income | 17 | (12) | (5) | (134) | (116) | (183) |
| Items that will not be reclassified to profit or loss: | | | | | | |
| Revaluation of property | 8 | - | - | 213 | - | - |
| Other comprehensive income for the period | | 656 | 3,443 | 5,470 | 3,841 | 1,564 |
| Total comprehensive income for the period | | 2,384 | 10,954 | 10,028 | 24,720 | 27,952 |
| Attributable to: | | | | | | |
| Non-controlling interests | | (28) | (28) | (78) | (147) | 42 |
| Shareholders of parent company | | 2,412 | 10,982 | 10,106 | 24,867 | 27,910 |
| | | 2,384 | 10,954 | 10,028 | 24,720 | 27,952 |


Mansour Shams Alkhoori
Chairman


Mohamed Ahmed Alkarbi
Director


Samuel Verghese
Acting Chief Executive Officer

The accompanying notes 1 to 28 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

(In thousands of U.S. Dollars)

30 September 2025

Balances at 31 December 2024

Profit (loss) for the period

Fair value changes on investment at fair value
through other comprehensive income

Transfers for recognition of gains on disposal of
debt investments at fair value through other
comprehensive income

Revaluation of property

Total comprehensive income for the period

Dividends paid

Transfer of net depreciation on revalued property

Balances at 30 September 2025

| Share Capital | Treasury Stock | Reserves | | | | Retained earnings | Attributable to shareholders of parent company | Non- controlling interests | Total equity (reviewed) |
|------------------|-------------------|---------------|---------------------------|-------------------------|---------------|----------------------|--|----------------------------------|-------------------------------|
| | | Legal | Investment revaluation | Property revaluation | Total | | | | |
| 220,000 | (14,793) | 47,292 | (1,499) | 2,353 | 48,146 | 29,411 | 282,764 | 7,722 | 290,486 |
| - | - | - | - | - | - | 4,718 | 4,718 | (160) | 4,558 |
| - | - | - | 5,308 | - | 5,308 | - | 5,308 | 83 | 5,391 |
| - | - | - | (133) | - | (133) | - | (133) | (1) | (134) |
| - | - | - | - | 213 | 213 | - | 213 | - | 213 |
| - | - | - | 5,175 | 213 | 5,388 | 4,718 | 10,106 | (78) | 10,028 |
| - | - | - | - | - | - | (24,764) | (24,764) | - | (24,764) |
| - | - | - | - | (125) | (125) | 125 | - | - | - |
| 220,000 | (14,793) | 47,292 | 3,676 | 2,441 | 53,409 | 9,490 | 268,106 | 7,644 | 275,750 |

The accompanying notes 1 to 28 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(In thousands of U.S. Dollars)

| | Share Capital | Treasury Stock | Reserves | | | | Retained earnings | Attributable to shareholders of parent company | Non-controlling interests | Total equity |
|--|---------------|----------------|----------|------------------------|----------------------|--------|-------------------|--|---------------------------|--------------|
| | | | Legal | Investment revaluation | Property revaluation | Total | | | | |
| 31 December 2024 | | | | | | | | | | |
| Balances at 31 December 2023 | 220,000 | (14,793) | 44,648 | (2,967) | 2,540 | 44,221 | 45,049 | 294,477 | 13,200 | 307,677 |
| Profit (loss) for the year | - | - | - | - | - | - | 26,442 | 26,442 | (54) | 26,388 |
| Fair value changes on investment at fair value through other comprehensive income | - | - | - | 1,651 | - | 1,651 | - | 1,651 | 96 | 1,747 |
| Transfer for recognition of gains on disposal of debt investments at fair value through other comprehensive income | - | - | - | (183) | - | (183) | - | (183) | - | (183) |
| Total comprehensive income for the year | - | - | - | 1,468 | - | 1,468 | 26,442 | 27,910 | 42 | 27,952 |
| Dividends paid | - | - | - | - | - | - | (39,623) | (39,623) | - | (39,623) |
| Transfer of net depreciation on revalued property | - | - | - | - | (187) | (187) | 187 | - | - | - |
| Transfer to (from) non-distributable reserves | - | - | 2,644 | - | - | 2,644 | (2,644) | - | - | - |
| Subsidiary's capital reduction | - | - | - | - | - | - | - | - | (5,520) | (5,520) |
| Balances at 31 December 2024 | 220,000 | (14,793) | 47,292 | (1,499) | 2,353 | 48,146 | 29,411 | 282,764 | 7,722 | 290,486 |

The accompanying notes 1 to 28 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

(In thousands of U.S. Dollars)

| 30 September 2024 | Share Capital | Treasury Stock | Reserves | | | | Retained earnings | Attributable to shareholders of parent company | Non-controlling interests | Total equity (reviewed) |
|---|---------------|----------------|----------|------------------------|----------------------|--------|-------------------|--|---------------------------|-------------------------|
| | | | Legal | Investment revaluation | Property revaluation | Total | | | | |
| Balances at 31 December 2023 | 220,000 | (14,793) | 44,648 | (2,967) | 2,540 | 44,221 | 45,049 | 294,477 | 13,200 | 307,677 |
| Profit (loss) for the period | - | - | - | - | - | - | 21,119 | 21,119 | (240) | 20,879 |
| Fair value changes on investment at fair value through other comprehensive income | - | - | - | 3,864 | - | 3,864 | - | 3,864 | 93 | 3,957 |
| Transfers for recognition of gains on disposal of debt investments at fair value through other comprehensive income | - | - | - | (116) | - | (116) | - | (116) | - | (116) |
| Total comprehensive income for the period | - | - | - | 3,748 | - | 3,748 | 21,119 | 24,867 | (147) | 24,720 |
| Dividends paid | - | - | - | - | - | - | (39,623) | (39,623) | - | (39,623) |
| Transfer of net depreciation on revalued property | - | - | - | - | (147) | (147) | 147 | - | - | - |
| Subsidiary's capital reduction | - | - | - | - | - | - | - | - | (5,520) | (5,520) |
| Balances at 30 September 2024 | 220,000 | (14,793) | 44,648 | 781 | 2,393 | 47,822 | 26,692 | 279,721 | 7,533 | 287,254 |

The accompanying notes 1 to 28 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

(In thousands of U.S. Dollars)

| | Note | For the financial year -to-date 30 September 2025 (reviewed) | For the financial year -to-date 30 September 2024 (reviewed) | For the year ended 31 December 2024 (audited) |
|--|------|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Premiums received | | (1,464) | 585 | 1,075 |
| Reinsurance premiums paid | | (457) | (936) | (1,394) |
| Claims and acquisition costs paid | | (4,031) | (6,263) | (7,359) |
| Reinsurance receipts in respect of claims | | 78 | 256 | 275 |
| Investment income | | 299 | 156 | 291 |
| Interest income | | 536 | 562 | 888 |
| Operating expenses paid | | (6,715) | (6,483) | (8,213) |
| Other (expenses) income, net | | (629) | 6,085 | 5,922 |
| Insurance deposits received (paid), net | | 3,299 | 172 | 508 |
| Purchase of investments at fair value through profit or loss | | (24) | (30) | (62) |
| Sale of investments at fair value through profit or loss | | 10,607 | 1,611 | 1,647 |
| Net cash provided by (used in) operating activities | 23 | 1,499 | (4,285) | (6,422) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Maturity/sale of investments | | 54,904 | 22,985 | 26,909 |
| Purchase of investments | | (46,040) | (49,654) | (165,199) |
| Term deposits with bank | | 4,116 | 61,911 | 158,240 |
| Interest income | | 8,400 | 7,595 | 16,357 |
| Investment income | | - | 5 | 8 |
| Collateralised cash deposits | | - | 7,376 | 7,376 |
| Purchase of property and equipment | | (144) | (6) | (16) |
| Purchase of intangible assets | | - | (17) | (17) |
| Net cash provided by investing activities | | 21,236 | 50,195 | 43,658 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividends paid | | (24,764) | (39,623) | (39,623) |
| Subsidiary's capital reduction - minority interests | | - | (5,520) | (5,520) |
| Net cash used in financing activities | | (24,764) | (45,143) | (45,143) |
| Net (decrease) increase in cash and cash equivalents | | (2,029) | 767 | (7,907) |
| Effect of exchange rate on cash and cash equivalents | | - | - | - |
| Cash and cash equivalents, beginning of period | | 32,525 | 40,432 | 40,432 |
| Cash and cash equivalents, end of period | 4 | 30,496 | 41,199 | 32,525 |
| Term deposits with bank | | 16,789 | 117,234 | 20,905 |
| Cash and bank balances, end of period | 4 | 47,285 | 158,433 | 53,430 |

The accompanying notes 1 to 28 are an integral part of these condensed consolidated interim financial statements.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

1. INCORPORATION AND PRINCIPAL ACTIVITY

Arab Insurance Group (B.S.C.) (the “Company”, “parent company”) is an international insurance company registered as a Bahraini Shareholding Company having its registered office at Arig House, Manama, Kingdom of Bahrain. The parent company and its subsidiaries (the “Group”) are involved in provision of general (non-life) and life reinsurance and related service activities.

The Board in its meeting held on 13 May 2019 resolved to recommend to the shareholders the cessation of the Company's underwriting activities. In an Extraordinary General Meeting held on 13 August 2020 the shareholders approved the Board's recommendation and placed the insurance portfolio in run-off. The Company has sought the approval of CBB to implement the resolution of the shareholders.

The board of directors expect the proposed run-off of the existing insurance portfolio to take more than 12 months and have assessed that the Company will continue to operate as a going concern for at least 12 months from the date of these condensed consolidated interim financial statements. Therefore, these condensed consolidated interim financial statements have been prepared on going concern basis.

2. BASIS OF ACCOUNTING AND MEASUREMENT

This condensed consolidated interim financial information has been prepared in accordance with IAS 34, “Interim Financial Reporting”, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2024 (“last annual consolidated financial statements”). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. This condensed consolidated interim financial information was authorized for issue by the Group's Board of Directors on 05 November 2025.

The condensed consolidated interim financial information are reviewed, not audited. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2024 and comparatives for the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed interim financial information of the Company for the nine month period ended 30 September 2024.

The Group's condensed consolidated interim financial statements are presented in U.S. Dollars, which is its functional currency as its share capital and a significant proportion of its business, assets and liabilities are denominated in that currency.

The accounting policies and methods of computation are consistent with the most recent consolidated financial statements of the Group at 31 December 2024 that were prepared in accordance with IFRS Accounting Standards. Comparative figures have been reclassified, where necessary, to conform to the current period's presentation.

Improvements / amendments to IFRS Accounting Standards

Improvements / amendments to IFRS Accounting Standards contained numerous amendments to IFRS Accounting Standards that the IASB considers non-urgent but necessary. ‘Improvements to IFRS Accounting Standards’ comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS Accounting Standards. The amendments are effective for the Group's future accounting period with earlier adoption.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

2. BASIS OF ACCOUNTING AND MEASUREMENT (CONTD.)

Standards, amendments and interpretations issued and effective in 2025

The following new amendments to existing standards and interpretations to published standards are mandatory for accounting year beginning on or after 1 January 2025 or subsequent periods.

| <u>Standard or Interpretation</u> | <u>Title</u> | <u>Effective for annual periods beginning on or after</u> |
|-----------------------------------|--|---|
| IAS 21 | The Effects of Changes in Foreign Exchange Rates | 1 January 2025 |

Standards, amendments and interpretations issued but not yet effective in 2025

The following new/amended accounting standards and interpretations have been issued, but are not mandatory and hence, have not been adopted in preparing the condensed consolidated interim financial statements for the nine months period ended 30 September 2025. In all cases, the Group intends to apply these standards from application date as indicated in the table below:

| <u>Standard or Interpretation</u> | <u>Title</u> | <u>Effective for annual periods beginning on or after</u> |
|-----------------------------------|---|---|
| IFRS 9 | Financial Instruments | 1 January 2026 |
| IFRS 7 | Financial Instruments: Disclosures | 1 January 2026 |
| IFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

Early adoption of amendments or standards in 2025

The Group did not early-adopt any new or amended standards in 2025. There would have been no change in the consolidated interim operational results of the Group for the nine months period ended 30 September 2025 had the Group early adopted any of the above standards applicable to the Group.

Interim results

The interim consolidated profit and other comprehensive income for the nine months period ended 30 September 2025 may not represent a proportionate share of the annual consolidated profit and other comprehensive income due to movement in interest rates.

3. MANAGEMENT OF RISKS

The Group's activities expose it to a variety of financial and other risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk, underwriting risk and liquidity risk.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 December 2024.

There have been no changes in the risk management function since the year end or in any risk management policies.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

4. CASH AND BANK BALANCES

| | US\$ '000 | | |
|--|------------------------------------|----------------------------------|------------------------------------|
| | 30 September 2025 (reviewed) | 31 December 2024 (audited) | 30 September 2024 (reviewed) |
| Cash and bank balances | 30,396 | 28,525 | 41,199 |
| Deposits with maturities of 3 months or less | 100 | 4,000 | - |
| Cash and cash equivalents | 30,496 | 32,525 | 41,199 |
| Deposits with maturities over 3 months | 16,789 | 20,905 | 117,234 |
| | 47,285 | 53,430 | 158,433 |

5. A. INVESTMENTS

| | US\$ '000 | | |
|--|------------------------------------|----------------------------------|------------------------------------|
| | 30 September 2025 (reviewed) | 31 December 2024 (audited) | 30 September 2024 (reviewed) |
| <u>At fair value through profit or loss</u> | | | |
| Debt securities | | | |
| - Investment grade | 9,367 | 19,050 | 19,057 |
| Common stock of unlisted companies | 833 | 1,013 | 1,095 |
| Other equity type investment | 5,172 | 6,077 | 6,349 |
| | 15,372 | 26,140 | 26,501 |
| <u>At fair value through other comprehensive Income</u> | | | |
| Debt securities | | | |
| - Supra-nationals and OECD country governments | 234,936 | 214,950 | 101,502 |
| - Investment grade | 23,375 | 29,025 | 33,123 |
| - Other | 17,263 | 35,304 | 35,320 |
| Common stock of unlisted companies | 1,000 | 1,000 | 1,000 |
| | 276,574 | 280,279 | 170,945 |
| <u>Investment in associate</u> | 550 | 550 | 550 |
| | 292,496 | 306,969 | 197,996 |
| <u>Expected credit losses</u> | (329) | (375) | (249) |
| | 292,167 | 306,594 | 197,747 |

B. COMMITMENTS OUTSTANDING

The Group has commitments in respect of uncalled capital in at fair value through profit or loss investments amounting to US\$ 2.2 million (31 December 2024: US\$ 5.4 million; 30 September 2024 US\$ 8.5 million).

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

6. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR REINSURANCE CONTRACTS

| | US\$ '000 | | | | |
|--|------------------------------|----------|---------------------------------------|------------|--------------|
| | 30 September 2025 (reviewed) | | | | |
| | LfRC* | | LfIC for contracts measured under PAA | | Total |
| | Excl. LC | LC* | PVCF* | RA* | |
| Opening reinsurance contract assets | 263 | - | 7,493 | 19 | 7,775 |
| Opening reinsurance contract liabilities | (3,581) | - | (561) | 12 | (4,130) |
| | (3,318) | - | 6,932 | 31 | 3,645 |
| Net income or expense from reinsurance contract held | | | | | |
| - Allocation of reinsurer premium | (584) | - | - | - | (584) |
| - Changes that relate to past services - adjustment to LIC* | - | - | (305) | (1) | (306) |
| - Expenses directly attributable to reinsurance | - | - | (356) | - | (356) |
| Reinsurance finance income through profit or loss | - | - | 328 | - | 328 |
| Net foreign exchange income or expense | - | - | - | - | - |
| Total changes in statement of profit or loss and OCI* | (584) | | (333) | (1) | (918) |
| Premiums paid to reinsurer net of commission | 599 | - | - | - | 599 |
| Directly attributable expenses paid | - | - | 391 | - | 391 |
| Recoveries from reinsurance | - | - | 124 | - | 124 |
| Total cash flows | 599 | - | 515 | - | 1,114 |
| Closing reinsurance contract assets | 762 | - | 6,970 | 18 | 7,750 |
| Closing reinsurance contract liabilities | (4,065) | - | 144 | 12 | (3,909) |
| | (3,303) | - | 7,114 | 30 | 3,841 |

*LIC / LfIC - Liability for incurred claims

*LfRC - Liability for remaining coverage

* PVCF - Present value of cash flow

* RA - Risk adjustment

* LC - Loss components

* OCI - Other comprehensive income

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

6. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR REINSURANCE CONTRACTS (CONTD.)

| | US\$ '000 | | | | |
|---|----------------------------|----|---------------------------------------|------|---------|
| | 31 December 2024 (audited) | | | | |
| | LfRC | | LfRC for contracts measured under PAA | | Total |
| | Excl. LC | LC | PVCF | RA | |
| Opening reinsurance contract assets | (757) | - | 7,367 | 36 | 6,646 |
| Opening reinsurance contract liabilities | (2,581) | - | 243 | 11 | (2,327) |
| | (3,338) | - | 7,610 | 47 | 4,319 |
| Net income or expense from reinsurance contracts held | | | | | |
| - Allocation of reinsurer premium | (1,191) | - | - | - | (1,191) |
| - Changes that relate to past services-adjustments to LIC | - | - | (832) | (16) | (848) |
| - Expenses directly attributable to reinsurance | - | - | (473) | - | (473) |
| Reinsurance finance income through profit or loss | - | - | 315 | - | 315 |
| Net foreign exchange income or expense | - | - | - | - | - |
| Total changes in statement of profit or loss and OCI | (1,191) | - | (990) | (16) | (2,197) |
| | | | | | |
| Premiums paid to reinsurer net of commission | 1,211 | - | - | - | 1,211 |
| Directly attributable expenses paid | - | - | 504 | - | 504 |
| Recoveries from reinsurance | - | - | (192) | - | (192) |
| Total cash flows | 1,211 | - | 312 | - | 1,523 |
| | | | | | |
| Closing reinsurance contract assets | 263 | - | 7,493 | 19 | 7,775 |
| Closing reinsurance contract liabilities | (3,581) | - | (561) | 12 | (4,130) |
| | (3,318) | - | 6,932 | 31 | 3,645 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

6. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR REINSURANCE CONTRACTS (CONTD.)

| | US\$ '000 | | | | |
|--|------------------------------|----|---------------------------------------|-----|---------|
| | 30 September 2024 (reviewed) | | | | |
| | LfRC | | LfIC for contracts measured under PAA | | Total |
| | Excl. LC | LC | PVCF | RA | |
| Opening reinsurance contract assets | (757) | - | 7,367 | 36 | 6,646 |
| Opening reinsurance contract liabilities | (2,581) | - | 243 | 11 | (2,327) |
| | (3,338) | - | 7,610 | 47 | 4,319 |
| Net income or expense from reinsurance contract held | | | | | |
| - Allocation of reinsurer premium | (906) | - | - | - | (906) |
| - Changes that relate to past services - adjustment to LIC | - | - | (833) | (8) | (841) |
| - Expenses directly attributable to reinsurance | - | - | (395) | - | (395) |
| Reinsurance finance income through profit or loss | - | - | 331 | - | 331 |
| Net foreign exchange income or expense | - | - | - | - | - |
| Total changes in statement of profit or loss and OCI | (906) | - | (897) | (8) | (1,811) |
| | | | | | |
| Premiums paid to reinsurer net of commission | 1,678 | - | - | - | 1,678 |
| Directly attributable expenses paid | - | - | 428 | - | 428 |
| Recoveries from reinsurance | - | - | 117 | - | 117 |
| Total cash flows | 1,678 | - | 545 | - | 2,223 |
| | | | | | |
| Closing reinsurance contract assets | 746 | - | 7,750 | 30 | 8,526 |
| Closing reinsurance contract liabilities | (3,312) | - | (492) | 9 | (3,795) |
| | (2,566) | - | 7,258 | 39 | 4,731 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

7. OTHER ASSETS

| | US\$ '000 | | |
|--------------------------------|------------------------------------|----------------------------------|------------------------------------|
| | 30 September 2025 (reviewed) | 31 December 2024 (audited) | 30 September 2024 (reviewed) |
| Intangible assets | | | |
| - Computer software | 9,730 | 10,010 | 10,011 |
| | 9,730 | 10,010 | 10,011 |
| Less: Accumulated amortization | (9,404) | (9,677) | (9,676) |
| | 326 | 333 | 335 |
| Other assets | | | |
| - Collateralised cash deposits | 342 | 342 | 342 |
| - Other receivables | 100 | 19 | 187 |
| - Prepayments | 453 | 445 | 555 |
| | 895 | 806 | 1,084 |
| | 1,221 | 1,139 | 1,419 |

Collateralised cash deposits have been pledged as security for reinsurance trust agreements and guarantees.

8. PROPERTY AND EQUIPMENT

| | US\$ '000 | | |
|---|------------------------------------|----------------------------------|------------------------------------|
| | 30 September 2025 (reviewed) | 31 December 2024 (audited) | 30 September 2024 (reviewed) |
| Land | 1,552 | 1,972 | 1,972 |
| Building | 3,357 | 3,144 | 3,144 |
| Furniture & fixtures | 6,262 | 6,920 | 6,920 |
| Hardware | 1,896 | 2,225 | 2,215 |
| Office equipment | 392 | 411 | 411 |
| Others | 533 | 671 | 671 |
| | 13,992 | 15,343 | 15,333 |
| Less: Accumulated depreciation and impairment | | | |
| - Building | (445) | (320) | (279) |
| - Furniture & fixtures | (6,252) | (6,909) | (6,909) |
| - Hardware | (1,758) | (2,215) | (2,212) |
| - Office equipment | (390) | (406) | (405) |
| - Others | (404) | (435) | (398) |
| | (9,249) | (10,285) | (10,203) |
| | 4,743 | 5,058 | 5,130 |

Land and Building comprise the head office property owned and occupied by the Company since 1984. The property was revalued at February 2025 by independent external valuers and classified as level 2 in the fair value measurement hierarchy. The fair value of building including land has been determined at US\$ 4,549,880 against a carrying value of US\$ 4,756,374. The increase in fair value of building of US\$ 213,000 has been included in property revaluation reserve and the decrease in fair value of land of US\$ 419,494 has been recognised as an expense.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

9. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR INSURANCE CONTRACTS

| US\$'000 | | | | | |
|---|------------|--|---------------------------------------|-----------|-----------------|
| 30 September 2025 (reviewed) | | | | | |
| LfRC | | LfIC for contracts measured under GMM* | LfIC for contracts measured under PAA | | Total |
| Excl. LC | LC | | PVCF | RA | |
| Opening insurance contract assets of parent | - | - | - | - | - |
| Opening insurance contract liabilities of parent | 1,334 | (977) | (76,752) | (611) | (77,006) |
| | 1,334 | (977) | (76,752) | (611) | (77,006) |
| Insurance revenue | 995 | - | - | - | 995 |
| Insurance service expenses | | | | | |
| - Incurred benefits and expenses | - | - | (4,733) | - | (4,733) |
| - Changes that relate to past services - adjustment to LfIC | - | (4) | 2,038 | 45 | 2,079 |
| - Amortisation of insurance acquisition cash flows | (32) | - | - | - | (32) |
| Insurance finance expenses through profit or loss | (146) | (44) | (3,250) | - | (3,440) |
| Insurance finance expenses through OCI | - | - | - | - | - |
| Net foreign exchange income or expense | 3 | - | - | - | 3 |
| Total changes in statement of profit or loss and OCI | 820 | (48) | (5,945) | 45 | (5,128) |
| Premiums received | 773 | - | - | - | 773 |
| Claims paid | - | - | 1,105 | - | 1,105 |
| Directly attributable expenses paid | - | - | 5,157 | - | 5,157 |
| Acquisition cost paid | 36 | - | - | - | 36 |
| Total cash flows | 809 | - | 6,262 | - | 7,071 |
| Closing insurance contract assets | - | - | - | - | - |
| Closing insurance contract liabilities | 2,963 | (1,025) | (76,435) | (566) | (75,063) |
| Insurance contract liabilities of parent | 2,963 | (1,025) | (76,435) | (566) | (75,063) |
| Technical reserve of subsidiaries | - | - | - | - | (767) |
| Account receivables of subsidiaries | - | - | - | - | 347 |
| Total insurance contract liabilities | - | - | - | - | (75,483) |

*GMM - General Measurement Model

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

9. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR INSURANCE CONTRACTS (CONTD.)

| US\$'000 | | | | | |
|---|---------|---------------------------------------|---------------------------------------|-------|----------|
| 31 December 2024 (audited) | | | | | |
| LfRC | | LfIC for contracts measured under GMM | LfIC for contracts measured under PAA | | Total |
| Excl. LC | LC | | PVCF | RA | |
| Opening insurance contract assets of parent | - | - | - | - | - |
| Opening insurance contract liabilities of parent | 1,438 | (974) | (95,099) | (900) | (95,535) |
| | 1,438 | (974) | (95,099) | (900) | (95,535) |
| Insurance revenue | 1,639 | - | - | - | 1,639 |
| Insurance service expenses | | | | | |
| - Incurred benefits and expenses | - | - | (6,291) | - | (6,291) |
| - Changes that relate to past services - adjustment to LfIC | - | (143) | 15,589 | 289 | 15,735 |
| - Amortisation of insurance acquisition cash flows | (639) | - | - | - | (639) |
| Insurance finance expenses through profit or loss | (227) | (37) | (3,717) | - | (3,981) |
| Insurance finance expenses through OCI | - | - | - | - | - |
| Net foreign exchange income or expense | (2) | - | - | - | (2) |
| Total changes in statement of profit or loss and OCI | 771 | (180) | 5,581 | 289 | 6,461 |
| Premiums received | (1,528) | - | - | - | (1,528) |
| Claims paid | - | 177 | 6,036 | - | 6,213 |
| Directly attributable expenses paid | - | - | 6,730 | - | 6,730 |
| Acquisition cost paid | 653 | - | - | - | 653 |
| Total cash flows | (875) | 177 | 12,766 | - | 12,068 |
| Closing insurance contract assets | - | - | - | - | - |
| Closing insurance contract liabilities | 1,334 | (977) | (76,752) | (611) | (77,006) |
| Insurance contract liabilities of parent | 1,334 | (977) | (76,752) | (611) | (77,006) |
| Technical reserve of subsidiaries | - | - | - | - | (747) |
| Account payables of subsidiaries | - | - | - | - | (40) |
| Total insurance contract liabilities | - | - | - | - | (77,793) |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

9. MOVEMENT OF THE LIABILITY FOR REMAINING COVERAGE AND THE LIABILITY FOR INCURRED CLAIMS FOR INSURANCE CONTRACTS (CONTD.)

| US\$'000 | | | | | |
|---|---------|---------------------------------------|---------------------------------------|-------|----------|
| 30 September 2024 (reviewed) | | | | | |
| LfRC | | LfIC for contracts measured under GMM | LfIC for contracts measured under PAA | | Total |
| Excl. LC | LC | | PVCF | RA | |
| Opening insurance contract assets of parent | - | - | - | - | - |
| Opening insurance contract liabilities of parent | 1,438 | (974) | (95,099) | (900) | (95,535) |
| | 1,438 | (974) | (95,099) | (900) | (95,535) |
| Insurance revenue | 886 | - | - | - | 886 |
| Insurance service expenses | - | - | - | - | - |
| - Incurred benefits and expenses | - | - | (5,251) | - | (5,251) |
| - Changes that relate to past services - adjustment to LfIC | - | (169) | 12,171 | 211 | 12,213 |
| - Amortisation of insurance acquisition cash flows | (194) | - | - | - | (194) |
| Insurance finance expenses through profit or loss | (174) | (40) | (3,754) | - | (3,968) |
| Insurance finance expenses through OCI | - | - | - | - | - |
| Net foreign exchange income or expense | (1) | - | - | - | (1) |
| Total changes in statement of profit or loss and OCI | 517 | (209) | 3,166 | 211 | 3,685 |
| Premiums received | (1,021) | - | - | - | (1,021) |
| Claims paid | - | 177 | 5,544 | - | 5,721 |
| Directly attributable expenses paid | - | - | 5,647 | - | 5,647 |
| Acquisition cost paid | 207 | - | - | - | 207 |
| Total cash flows | (814) | 177 | 11,191 | - | 10,554 |
| Closing insurance contract assets | - | - | - | - | - |
| Closing insurance contract liabilities | 1,141 | (1,006) | (80,742) | (689) | (81,296) |
| Insurance contract liabilities of parent | 1,141 | (1,006) | (80,742) | (689) | (81,296) |
| Technical reserve of subsidiaries | - | - | - | - | (1,021) |
| Account payables of subsidiaries | - | - | - | - | (343) |
| Total insurance contract liabilities | - | - | - | - | (82,660) |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

10. MOVEMENT OF THE COMPONENTS OF INSURANCE CONTRACT LIABILITIES

| | US\$ '000 | | | |
|---|------------------------------|-----------|------------|-------------|
| | 30 September 2025 (reviewed) | | | |
| | BEL* | RA | CSM | Total |
| Opening insurance contract assets | - | - | - | - |
| Opening insurance contract liabilities | (3,626) | (369) | (767) | (4,762) |
| | (3,626) | (369) | (767) | (4,762) |
| Changes related to current services | | | | |
| - CSM recognized in profit or loss | - | - | 261 | 261 |
| - Risk Adjustment recognized in profit or loss | - | 21 | - | 21 |
| - Experience adjustments | 342 | - | - | 342 |
| Changes related to future services | | | | |
| -Change in estimates that adjust CSM | 3 | - | (3) | - |
| Changes that relate to past service - adjustments to LfIC | (4) | - | - | (4) |
| Insurance finance expenses through profit or loss | (180) | - | (10) | (190) |
| Total changes in statement of profit or loss and OCI | 161 | 21 | 248 | 430 |
| Premiums received | (22) | - | - | (22) |
| Claims paid | 1 | - | - | 1 |
| Acquisition cost paid | 1 | - | - | 1 |
| Total cash flows | (20) | - | - | (20) |
| Closing insurance contract assets | - | - | - | - |
| Closing insurance contract liabilities | (3,485) | (348) | (519) | (4,352) |
| | (3,485) | (348) | (519) | (4,352) |

*BEL - Best estimate of liabilities

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

10. MOVEMENT OF THE COMPONENTS OF INSURANCE CONTRACT LIABILITIES (CONTD.)

| | US\$ '000 | | | |
|---|----------------------------|-------|-------|---------|
| | 31 December 2024 (audited) | | | |
| | BEL | RA | CSM | Total |
| Opening insurance contract assets | - | - | - | - |
| Opening insurance contract liabilities | (4,638) | (683) | (275) | (5,596) |
| | (4,638) | (683) | (275) | (5,596) |
| Changes related to current services | | | | |
| - CSM recognized in profit or loss | - | - | 478 | 478 |
| - Risk Adjustment recognized in profit or loss | - | 181 | - | 181 |
| - Experience adjustments | 548 | - | - | 548 |
| Changes related to future services | | | | |
| - Change in estimates that adjust CSM | 834 | 133 | (968) | (1) |
| Changes that relate to past service - adjustments to LfIC | (143) | - | - | (143) |
| Insurance finance expenses through profit or loss | (261) | - | (2) | (263) |
| Total changes in statement of profit or loss and OCI | 978 | 314 | (492) | 800 |
| Premiums received | (145) | - | - | (145) |
| Claims paid | 177 | - | - | 177 |
| Acquisition cost paid | 2 | - | - | 2 |
| Total cash flows | 34 | - | - | 34 |
| Closing insurance contract assets | - | - | - | - |
| Closing insurance contract liabilities | (3,626) | (369) | (767) | (4,762) |
| | (3,626) | (369) | (767) | (4,762) |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

10. MOVEMENT OF THE COMPONENTS OF INSURANCE CONTRACT LIABILITIES (CONTD.)

| | US\$ '000 | | | |
|---|------------------------------|-------|-------|---------|
| | 30 September 2024 (reviewed) | | | |
| | BEL | RA | CSM | Total |
| Opening insurance contract assets | - | - | - | - |
| Opening insurance contract liabilities | (4,638) | (683) | (275) | (5,596) |
| | (4,638) | (683) | (275) | (5,596) |
| Changes related to current services | | | | |
| - CSM recognized in profit or loss | - | - | 98 | 98 |
| - Risk Adjustment recognized in profit or loss | - | 31 | - | 31 |
| - Experience adjustments | 417 | - | - | 417 |
| Changes related to future services | | | | |
| -Change in estimates that adjust CSM | 106 | - | (106) | - |
| Changes that relate to past service - adjustments to LfIC | (169) | - | - | (169) |
| Insurance finance expenses through profit or loss | (212) | - | (2) | (214) |
| Total changes in statement of profit or loss and OCI | 142 | 31 | (10) | 163 |
| Premiums received | (147) | - | - | (147) |
| Claims paid | 177 | - | - | 177 |
| Acquisition cost paid | 3 | - | - | 3 |
| Total cash flows | 33 | - | - | 33 |
| Closing insurance contract assets | - | - | - | - |
| Closing insurance contract liabilities | (4,463) | (652) | (285) | (5,400) |
| | (4,463) | (652) | (285) | (5,400) |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

11. MOVEMENT OF CONTRACTUAL SERVICE MARGIN FOR TRANSITIONAL APPROACHES

| | US\$ '000 | | |
|---|------------------------------------|----------------------------------|------------------------------------|
| | 30 September 2025 (reviewed) | 31 December 2024 (audited) | 30 September 2024 (reviewed) |
| Contractual service Margin | | | |
| Opening balance | 767 | 275 | 275 |
| Change related to current services | | | |
| - CSM recognized in profit and loss | (261) | (478) | (98) |
| Changes related to future services | | | |
| - Changes in estimates that adjust CSM | 3 | 968 | 106 |
| - Change in estimates that result in onerous contract or reversal of losses | - | 2 | 2 |
| Insurance finance expenses through profit or loss | 10 | - | - |
| Closing balance | 519 | 767 | 285 |
| Insurance Revenue | 625 | 1,207 | 547 |

12. OTHER LIABILITIES

| | US\$ '000 | | |
|---|------------------------------------|----------------------------------|------------------------------------|
| | 30 September 2025 (reviewed) | 31 December 2024 (audited) | 30 September 2024 (reviewed) |
| Provision for probable loss estimates in a subsidiary (note 26 (iii)) | 100 | 1,013 | 3,613 |
| Accrued expenses | 323 | 1,037 | 1,490 |
| Dividends payable | 234 | 234 | 234 |
| Other | 685 | 1,912 | 481 |
| | 1,342 | 4,196 | 5,818 |

13. INSURANCE REVENUE

| | US\$ '000 | | |
|---|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Amounts relating to change in LfRC | | | |
| - Expected benefits incurred | 204 | 258 | 341 |
| - Expected expenses incurred | 136 | 148 | 196 |
| - Change in risk adjustment | 21 | 31 | 181 |
| - CSM recognized | 261 | 98 | 478 |
| Recovery of acquisition cash flow | 1 | 1 | 1 |
| Experience adjustments | 2 | 11 | 10 |
| Contracts not measured under PAA | 625 | 547 | 1,207 |
| Contracts measured under PAA | 370 | 339 | 432 |
| Insurance revenue of parent | 995 | 886 | 1,639 |
| Insurance revenue of subsidiaries | - | (24) | (24) |
| Total insurance revenue | 995 | 862 | 1,615 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

14. INSURANCE SERVICE EXPENSES

| | US\$ '000 | | |
|--|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Incurred benefits | - | - | - |
| Incurred directly attributable expenses | 4,733 | 4,515 | 6,291 |
| Changes that relates to past services - adjustment to LfIC | (2,079) | (12,213) | (15,735) |
| Insurance acquisition costs | 32 | 194 | 639 |
| Insurance service expense of parent | 2,686 | (7,504) | (8,805) |
| Insurance service expense of subsidiaries | 569 | 587 | 562 |
| Total insurance service expense | 3,255 | (6,917) | (8,243) |

15. NET EXPENSE OR INCOME FROM REINSURANCE CONTRACTS HELD

| | US\$ '000 | | |
|---|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Expected expenses for contracts not measured under PAA | | | |
| - Expected recovery of claims and other expenses | - | - | - |
| - Change in the risk adjustment | - | - | - |
| - CSM recognized | - | - | - |
| - Experience adjustments | - | - | - |
| Expected expenses for contracts measured under PAA | 584 | 906 | 1,191 |
| Allocation of reinsurer premium | 584 | 906 | 1,191 |
| Amounts recovered for claims and other expenses | - | - | - |
| Incurred directly attributable expenses | 356 | 395 | 473 |
| Changes that relate to past service – recoverable claims and other expenses | 306 | 840 | 848 |
| Changes in fulfilment cash flows that do not adjust underlying CSM | - | - | - |
| Effect of changes in the risk of reinsurers non-performance | - | - | - |
| Amounts recoverable from reinsurer and incurred expenses | 662 | 1,235 | 1,321 |
| Net expense from reinsurance contracts held | 1,246 | 2,141 | 2,512 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

16. SEGMENT INFORMATION

The Group's reinsurance business consists of two main business segments, Non-life and Life. Non-life business primarily consists of Property, Engineering, Marine, Accident, Whole Account and Other classes. Life business mainly involves short term group life policies and long term life policies. Life portfolio does not contain investment linked policies. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available. Segment assets and liabilities are reviewed by management only on aggregate basis.

- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

30 September 2025

Insurance revenue
Insurance service expense
Net income or expense from reinsurance contracts held
Insurance service result

Insurance finance expenses
Reinsurance finance income

| US\$ '000 | | | | | | | | |
|---|-------------|--------|----------|---------|------------|-----------|--------------------------------------|---------|
| Period ended 30 September 2025 (reviewed) | | | | | | | | |
| Non-life | | | | | Life | | Unallocated expenses of subsidiaries | Total |
| Property | Engineering | Marine | Accident | Others | Short term | Long term | | |
| (3) | 331 | 31 | 2 | 9 | - | 625 | - | 995 |
| (350) | (1,033) | 36 | 243 | (1,716) | 121 | (5) | (551) | (3,255) |
| (190) | (773) | (210) | - | (38) | (35) | - | - | (1,246) |
| (543) | (1,475) | (143) | 245 | (1,745) | 86 | 620 | (551) | (3,506) |
| (727) | (571) | (210) | (57) | (1,444) | (238) | (190) | - | (3,437) |
| 22 | 48 | 29 | - | 228 | 1 | - | - | 328 |
| (705) | (523) | (181) | (57) | (1,216) | (237) | (190) | - | (3,109) |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

16. SEGMENT INFORMATION (CONTD.)
- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

31 December 2024

Insurance revenue
Insurance service expense
Net income or expense from reinsurance contracts held
Insurance service result

Insurance finance expenses
Reinsurance finance income

| US\$ '000 | | | | | | | | |
|---------------------------------------|-------------|--------|----------|---------|------------|-----------|--------------------------------------|---------|
| Year ended 31 December 2024 (audited) | | | | | | | | |
| Non-life | | | | | Life | | Unallocated expenses of subsidiaries | Total |
| Property | Engineering | Marine | Accident | Others | Short term | Long term | | |
| (155) | 752 | (140) | 35 | (80) | (4) | 1,207 | - | 1,615 |
| 885 | 5,342 | 316 | 1,304 | (734) | 2,117 | (144) | (843) | 8,243 |
| (189) | (1,503) | (105) | - | (644) | (71) | - | - | (2,512) |
| 541 | 4,591 | 71 | 1,339 | (1,458) | 2,042 | 1,063 | (843) | 7,346 |
| (738) | (901) | (239) | (135) | (1,384) | (323) | (263) | - | (3,983) |
| 29 | 57 | 27 | - | 202 | 1 | - | - | 316 |
| (709) | (844) | (212) | (135) | (1,182) | (322) | (263) | - | (3,667) |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

16. SEGMENT INFORMATION (CONTD.)

- ANALYSIS OF REVENUE BY PRIMARY BUSINESS SEGMENT:

30 September 2024

Insurance revenue
Insurance service expense
Net income or expense from reinsurance contracts held
Insurance service result

Insurance finance expenses
Reinsurance finance income

| US\$ '000 | | | | | | | | |
|---|-------------|--------|----------|---------|------------|-----------|---|---------|
| Period ended 30 September 2024 (reviewed) | | | | | | | | |
| Non-life | | | | | Life | | Unallocated operating expenses of subsidiaries | Total |
| Property | Engineering | Marine | Accident | Others | Short term | Long term | | |
| (64) | 768 | (136) | 3 | (252) | (4) | 547 | - | 862 |
| 549 | 4,413 | 426 | 209 | 116 | 1,995 | (169) | (622) | 6,917 |
| 56 | (1,116) | (265) | - | (762) | (54) | - | - | (2,141) |
| 541 | 4,065 | 25 | 212 | (898) | 1,937 | 378 | (622) | 5,638 |
| (772) | (844) | (242) | (116) | (1,470) | (310) | (214) | - | (3,968) |
| 28 | 58 | 30 | - | 214 | 1 | - | - | 331 |
| (744) | (786) | (212) | (116) | (1,256) | (309) | (214) | - | (3,637) |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

17. INVESTMENT INCOME

| | US\$ '000 | | |
|--|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Interest income | | | |
| - Investment designated at fair value through profit or loss | 440 | 665 | 888 |
| - Cash and bank deposits | 988 | 7,011 | 8,191 |
| - Investment designated at fair value through other comprehensive income | 8,212 | 4,112 | 6,128 |
| Realised gain on investment | | | |
| - Designated at fair value through other comprehensive Income | 134 | 116 | 183 |
| - Designated at fair value through profit or loss | 313 | 166 | 303 |
| Unrealized loss on Investment designated at fair value through profit or loss | (189) | (415) | (779) |
| Income from associate | - | 32 | 32 |
| Others | (242) | (152) | (219) |
| | 9,656 | 11,535 | 14,727 |

18. INSURANCE FINANCE EXPENSES

| | US\$ '000 | | |
|--|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Interest accreted to insurance contracts | 2,321 | 4,178 | 5,580 |
| Change in financial assumption through profit or loss | 1,119 | (211) | (1,720) |
| Change in financial assumption through other comprehensive income | - | - | - |
| Effect of unlocking CSM at looked-in rates and FCF at current rates | - | - | 120 |
| Net foreign exchange income or expense | (3) | 1 | 3 |
| Total insurance finance expense | 3,437 | 3,968 | 3,983 |

19. REINSURANCE FINANCE INCOME

| | US\$ '000 | | |
|---|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Interest accreted to reinsurance contracts | 223 | 354 | 472 |
| Change in financial assumption through profit or loss | 105 | (23) | (157) |
| Net foreign exchange income or expense | - | - | 1 |
| Total reinsurance finance income | 328 | 331 | 316 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

20. OTHER EXPENSES AND PROVISIONS

| | US\$ '000 | | |
|--|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Foreign exchange loss | - | 45 | 463 |
| Impairment in value of land | 419 | - | - |
| Operating expenses of non-insurance subsidiary | 370 | 476 | 576 |
| Director's remuneration | - | - | 1,500 |
| Other, net | 216 | 405 | 498 |
| Total other expenses and provisions | 1,005 | 926 | 3,037 |

21. OTHER INCOME

| | US\$ '000 | | |
|------------------------------------|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Foreign exchange gain | 1,525 | 244 | - |
| Reversal of provisions | 862 | 1,864 | 4,172 |
| Recoveries of bad debt written off | - | 6,035 | 6,035 |
| Other | 135 | 126 | 812 |
| Total other income | 2,522 | 8,269 | 11,019 |

22. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

The Group does not have any potentially dilutive ordinary shares. Hence the diluted earnings per share and basic earnings per share are identical. Basic and diluted earnings per share has been computed as follows:

| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
|--|---|---|---|
| Weighted average number of shares outstanding | 198,115 | 198,115 | 198,115 |
| Net profit | 4,718 | 21,119 | 26,442 |
| Earnings per share | 2.4 | 10.7 | 13.3 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

23. RECONCILIATION OF NET RESULT TO CASH FLOWS FROM OPERATING ACTIVITIES

| | US\$ '000 | | |
|---|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Profit for the period | 4,558 | 20,879 | 26,388 |
| Change in insurance funds | 381 | (12,295) | (17,466) |
| Change in insurance receivable/payable, net | (2,098) | (1,400) | (519) |
| Change in accrued income | (704) | (3,631) | 2,038 |
| Change in other assets/liabilities, net | (638) | (7,838) | (16,863) |
| Net cash provided by (used in) operating activities | 1,499 | (4,285) | (6,422) |

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | US\$'000 | |
|--------------------------------------|------------|-----------------------------|
| | Dividends | Non-controlling Interest |
| Balances at 31 December 2024 | 234 | 7,722 |
| Share of comprehensive income | - | (78) |
| Balances at 30 September 2025 | 234 | 7,644 |
| Balances at 31 December 2023 | 234 | 13,200 |
| Share of comprehensive income | - | (147) |
| Subsidiary's capital reduction | - | (5,520) |
| Balances at 30 September 2024 | 234 | 7,533 |
| Balances at 31 December 2023 | 234 | 13,200 |
| Share of comprehensive income | - | 42 |
| Subsidiary's capital reduction | - | (5,520) |
| Balances at 31 December 2024 | 234 | 7,722 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

25. FAIR VALUE DISCLOSURE

The following table presents the fair values of the Group's financial instruments:

| | US\$ '000 | | | | |
|--------------------------------|--------------------------------------|--|----------------|---------|------------|
| | 30 September 2025 (reviewed) | | | | |
| | Book Value | | | | Fair value |
| | At fair value through profit or loss | At fair value through other comprehensive income | Amortised cost | Total | |
| ASSETS | | | | | |
| Cash and bank balances | - | - | 47,285 | 47,285 | 47,285 |
| Investment assets | 15,372 | 276,574 | - | 291,946 | 291,946 |
| Accrued interest | - | - | 3,300 | 3,300 | 3,300 |
| Reinsurance contract assets | - | - | 3,841 | 3,841 | 3,841 |
| Non-insurance deposits | - | - | 18 | 18 | 18 |
| Other assets | - | - | 442 | 442 | 442 |
| LIABILITIES | | | | | |
| Insurance contract liabilities | - | - | 75,483 | 75,483 | 75,483 |
| Other liabilities | - | - | 919 | 919 | 919 |

| | US\$ '000 | | | | |
|--------------------------------|--------------------------------------|--|----------------|---------|------------|
| | 31 December 2024 (audited) | | | | |
| | Book Value | | | | Fair value |
| | At fair value through profit or loss | At fair value through other comprehensive income | Amortised cost | Total | |
| ASSETS | | | | | |
| Cash and bank balances | - | - | 53,430 | 53,430 | 53,430 |
| Investment assets | 26,140 | 280,279 | - | 306,419 | 306,419 |
| Accrued interest | - | - | 2,596 | 2,596 | 2,596 |
| Reinsurance contract assets | - | - | 3,645 | 3,645 | 3,645 |
| Non-insurance deposits | - | - | 13 | 13 | 13 |
| Other assets | - | - | 361 | 361 | 361 |
| LIABILITIES | | | | | |
| Insurance contract liabilities | - | - | 77,793 | 77,793 | 77,793 |
| Other liabilities | - | - | 2,146 | 2,146 | 2,146 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

25. FAIR VALUE DISCLOSURE (CONTD.)

| | US\$ '000 | | | | |
|--------------------------------|--------------------------------------|--|----------------|---------|------------|
| | 30 September 2024 (reviewed) | | | | |
| | Book Value | | | | Fair value |
| | At fair value through profit or loss | At fair value through other comprehensive income | Amortised cost | Total | |
| ASSETS | | | | | |
| Cash and cash equivalents | - | - | 158,433 | 158,433 | 158,433 |
| Investment assets | 26,501 | 170,945 | - | 197,446 | 197,446 |
| Accrued interest | - | - | 8,265 | 8,265 | 8,265 |
| Reinsurance contract assets | - | - | 4,731 | 4,731 | 4,731 |
| Non-insurance deposits | - | - | 7 | 7 | 7 |
| Other assets | - | - | 529 | 529 | 529 |
| LIABILITIES | | | | | |
| Insurance contract liabilities | - | - | 82,660 | 82,660 | 82,660 |
| Other liabilities | - | - | 715 | 715 | 715 |

The information disclosed in the table above is not indicative of the net worth of the Group.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

i) General:

The book values of the Group's financial instruments except investments and forward foreign exchange contracts were deemed to approximate fair value due to the immediate or short term maturity of these financial instruments.

Hence, the fair value measurement details are not disclosed.

ii) Investments:

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

25. FAIR VALUE DISCLOSURE (CONTD.)

- Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. as 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 active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where 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 market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models and other valuation models. Assumptions and inputs used in valuation includes risk free and benchmark interest rates, bond and equity prices, and foreign exchange rates. The objective of valuations technique is to arrive at fair value measurement that reflects the price that would be received on sale of the asset at the measurement date.

The table below analyses financial instruments, measured at fair value as at the end of the period, by level in the fair value hierarchy into which the fair value measurement is categorized:

30 September 2025 (reviewed)

At fair value through profit or loss

| | | | | |
|------------------------------------|-------|---|-------|-------|
| Debt securities | 9,367 | - | - | 9,367 |
| Common stock of unlisted companies | - | - | 833 | 833 |
| Other | - | - | 5,172 | 5,172 |

At fair value through other comprehensive income

| | | | | |
|------------------------------------|---------|---|-------|---------|
| Debt securities | 275,574 | - | - | 275,574 |
| Common stock of unlisted companies | - | - | 1,000 | 1,000 |

| US\$'000 | | | |
|----------|---------|---------|---------|
| Level 1 | Level 2 | Level 3 | Total |
| 9,367 | - | - | 9,367 |
| - | - | 833 | 833 |
| - | - | 5,172 | 5,172 |
| 275,574 | - | - | 275,574 |
| - | - | 1,000 | 1,000 |
| 284,941 | - | 7,005 | 291,946 |

31 December 2024 (audited)

At fair value through profit or loss

| | | | | |
|------------------------------------|--------|---|-------|--------|
| Debt securities | 19,050 | - | - | 19,050 |
| Common stock of unlisted companies | - | - | 1,013 | 1,013 |
| Other | - | - | 6,077 | 6,077 |

At fair value through other comprehensive income

| | | | | |
|------------------------------------|---------|-------|-------|---------|
| Debt securities | 275,311 | 3,968 | - | 279,279 |
| Common stock of unlisted companies | - | - | 1,000 | 1,000 |

| US\$'000 | | | |
|----------|---------|---------|---------|
| Level 1 | Level 2 | Level 3 | Total |
| 19,050 | - | - | 19,050 |
| - | - | 1,013 | 1,013 |
| - | - | 6,077 | 6,077 |
| 275,311 | 3,968 | - | 279,279 |
| - | - | 1,000 | 1,000 |
| 294,361 | 3,968 | 8,090 | 306,419 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

25. FAIR VALUE DISCLOSURE (CONTD.)

| | US\$'000 | | | |
|---|----------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| 30 September 2024 (reviewed) | | | | |
| <u>At fair value through profit or loss</u> | | | | |
| Debt securities | 19,057 | - | - | 19,057 |
| Common stock of unlisted companies | - | - | 1,095 | 1,095 |
| Other | - | - | 6,349 | 6,349 |
| <u>At fair value through other comprehensive income</u> | | | | |
| Debt securities | 165,988 | 3,957 | - | 169,945 |
| Common stock of unlisted companies | - | - | 1,000 | 1,000 |
| | 185,045 | 3,957 | 8,444 | 197,446 |

The tables below show movements in the Level 3 financial assets measured at fair value:

| 30 September 2025 (reviewed) | US\$ '000 | | |
|--|-----------------|-------|-------|
| | Unlisted equity | Other | Total |
| | 2,013 | 6,077 | 8,090 |
| | (97) | (488) | (585) |
| | - | 69 | 69 |
| | (83) | (486) | (569) |
| | | | |
| Balances at 1 January 2025 | 2,013 | 6,077 | 8,090 |
| Loss on fair value movement | (97) | (488) | (585) |
| Investments made during the period | - | 69 | 69 |
| Investments redeemed during the period | (83) | (486) | (569) |
| | | | |
| Balances at 30 September 2025 | 1,833 | 5,172 | 7,005 |

| 31 December 2024 (audited) | US\$'000 | | |
|--------------------------------------|-----------------|---------|---------|
| | Unlisted equity | Other | Total |
| Balances at 1 January 2024 | 2,599 | 8,449 | 11,048 |
| Loss on fair value movement | (382) | (997) | (1,379) |
| Investments made during the year | - | 62 | 62 |
| Investments redeemed during the year | (204) | (1,437) | (1,641) |
| Balances at 31 December 2024 | 2,013 | 6,077 | 8,090 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

25. FAIR VALUE DISCLOSURE (CONTD.)

| | US\$ '000 | | |
|--|-----------------|---------|---------|
| | Unlisted equity | Other | Total |
| 30 September 2024 (reviewed) | | | |
| Balances at 1 January 2024 | 2,599 | 8,449 | 11,048 |
| Loss on fair value movement | (300) | (721) | (1,021) |
| Investments made during the period | - | 30 | 30 |
| Investments redeemed during the period | (204) | (1,409) | (1,613) |
| Balances at 30 September 2024 | 2,095 | 6,349 | 8,444 |

The carrying values of the investment held in level 3 are based on unobservable inputs and reflects proportional share of the fair values of the respective companies and their underlying net assets. The Group does not expect the fair value of assets under level 2 & level 3 to change significantly on changing one or more of the observable / unobservable inputs. The valuations of these investments are reviewed quarterly and updated as necessary on the basis of information received from investee and investment managers. The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period during which the change occurred. For the period ended 30 September 2025, there were no transfers in and out of level 1, level 2 and level 3 (31 December 2024: nil ; 30 September 2024: nil). The fair values are estimates and do not necessarily represent the price at which the investment would sell. As the determination of fair values involve subjective judgments, and given the inherent uncertainty of assumptions regarding capitalisation rates, discount rates, leasing and other factors, the amount which will be realized by the Group on the disposal of its investments may differ significantly from the values at which they are carried in the condensed consolidated interim financial statements, and the difference could be material.

iii. Fair value less than carrying amounts:

The fair value of fixed interest debt securities fluctuates with changes in market interest rates. The book value of financial assets held to maturity has not been reduced to fair value where lower, because such market rate variations are considered temporary in nature and management intends, and has the financial resources and capacity, to generally hold such investments to maturity.

26. PRINCIPAL SUBSIDIARIES & ASSOCIATES

i) Subsidiaries and associates

At 30 September 2025, the principal subsidiaries of the Company were:

| | <u>Country of incorporation</u> | <u>Ownership</u> | <u>Non- controlling Interests</u> | <u>Principal Activities</u> |
|--|-------------------------------------|------------------|---|---------------------------------|
| Gulf Warranties W.L.L. (under voluntary liquidation) | Kingdom of Bahrain | 100% | Nil | Warranty |
| Takaful Re Limited (under run-off) | United Arab Emirates | 54% | 46% | Retakaful Insurance |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

26. PRINCIPAL SUBSIDIARIES & ASSOCIATES (CONTD.)

All holdings are in the ordinary share capital of the subsidiaries concerned and are unchanged from 31 December 2024 except for Arig Capital Limited (ACL) (currently Tivoli Capital Limited) which has been sold effective as of 21 August 2025. The Company holds 49% of the equity shares in its associate company Arima Insurance software W.L.L.

Financial statements of Takaful Re Limited (TRL) and Gulf Warranties W.L.L. (GWL) are not prepared on going concern basis as TRL is under run-off and GWL is under voluntary liquidation.

ii) Interest in subsidiaries: Takaful Re Limited

| | US\$ '000 | | |
|---|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| Non-controlling interests | 46% | 46% | 46% |
| Total assets | 25,658 | 25,502 | 25,616 |
| Total liabilities | 9,039 | 9,126 | 8,828 |
| Net assets | 16,619 | 16,376 | 16,788 |
| Revenue | - | (24) | (24) |
| Loss for the period | (347) | (521) | (116) |
| Total comprehensive income | (169) | (320) | 91 |
| Comprehensive income attributable to non-controlling interests | (78) | (147) | 42 |
| Net cash used in operating activities | (764) | (807) | (1,096) |
| Net cash provided by investing activities | 5,412 | 9,583 | 4,122 |
| Net cash used in financing activities | - | (12,000) | (12,000) |
| Net increase (decrease) in cash and cash equivalents | 4,648 | (3,224) | (8,974) |

The subsidiary's policyholders funds are consolidated as these funds are controlled and managed by the subsidiary which is in a position to direct activities and operations.

iii) Interest in subsidiaries: Gulf Warranties W.L.L.

The Group's subsidiary's GWL in 2018, based on management's assessments had provided for probable loss of US\$ 21.5 million. Following settlement of certain liabilities the provision has been reduced to US\$ 0.1 million in the books of the subsidiary and consequently in the condensed consolidated interim financial statements of the Group for the nine months period ended 30 September 2025. This does not constitute admission of any liability beyond the share capital of Gulf Warranties W.L.L.

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

27. RELATED PARTY TRANSACTIONS

Related parties represent the Company's major shareholders, associate companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties.

Government of UAE controls 17.5% of issued shares in the Group through major shareholders General Pension and Social Security Authority and Emirates Development Bank while Government of Libya controls 14.5% of issued shares in the Group through Central Bank of Libya. The Group does not have any significant transactions with these governments and entities controlled, jointly controlled or significantly influenced by these governments. Gulf Tamin Ltd. controls 13.85% of issued shares in the Group. The Group does not have any significant transactions with Gulf Tamin Ltd.

The following is the summary of transactions with related parties:

i) Associate companies:

| | US\$ '000 | | |
|---|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| a) Service fees for administration services provided by associate | 184 | 197 | 261 |
| b) Balances outstanding | | | |
| - Receivables | - | - | - |
| - Payables | 3 | 49 | 40 |

ii) Compensation to directors and key management personnel:

| | US\$ '000 | | |
|---|---|---|---|
| | Financial year-to-date 30 September 2025 (reviewed) | Financial year-to-date 30 September 2024 (reviewed) | Year ended 31 December 2024 (audited) |
| a) Directors | | | |
| - Remuneration proposed | - | - | 1,500 |
| - Attendance fees | 272 | 171 | 239 |
| - Travel expenses | 122 | 116 | 163 |
| b) Key management compensation | | | |
| - Salaries and other short-term employee benefits | 286 | 260 | 347 |
| - Post-employment benefits | 30 | 36 | 47 |
| - Others | 14 | 15 | 20 |
| c) Balances payable to key management | 142 | 234 | 124 |

ARAB INSURANCE GROUP (B.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTD.)

28. DIVIDEND DECLARED

A dividend of US\$ 24.8 million representing 12.5% of the paid up capital of the Company (net of treasury shares) for the year ended 31 December 2024 (at US\$ 0.125 per share) (2024: US\$ 39.6 million for the year ended 31 December 2023 at US\$ 0.20 per share), was approved by the shareholders in the Ordinary General Assembly Meeting held on 26 March 2025 (2024: 28 March 2024). The payment to the entitled shareholders was made on 16 April 2025 (2024: 15 April 2024).