<u>ARAB REINSURANCE COMPANY S.A.L.</u>

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2025

The financial statements for the year ended 31 December 2025 are subject to the approval of the General Assembly of the shareholders that will be convened in June 2026.

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A.H
CHARTERED ACCOUNTANT
Antoine El Haddad
Audit, Tax & Advisory Services
LACPA # 1855

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Arab Reinsurance Company S.A.L.
Beirut, Lebanon

Qualified Opinion

We have audited the financial statements of **Arab Reinsurance Company S.AL.**, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policy information.

In our opinion, except for the effects of the matter described in the "Basis of Qualified Opinion", the accompanying financial statements present fairly, in all material respects, the financial position of Arab Reinsurance Company S.A.L. as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As disclosed under note "7.3" to the financial statements, the Company holds quoted financial assets measured at fair value through profit or loss amounting to USD 33 million as of December 31, 2025 (31 December 2024: USD 33 million), which represent shares in a Lebanese real estate company. Management has stated the aforementioned financial assets at fair value by using inputs into the determination of fair value which do not accurately reflect the economic situation and market conditions existing in Lebanon at the reporting date, which constitutes a departure from IFRSs. We were unable to determine the adjustment necessary to this amount.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern,

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Beirut, Lebanon
24 February 2026

Antoine El Haddad
Chartered accountant

STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	Notes	31 December 2025 US$	31 December 2024 US$
Assets			
Cash and cash equivalents	5	**1,990,289**	2,057,121
Bank deposits	6	**33,177,114**	40,528,662
Financial assets at fair value through profit or loss	7	**33,852,559**	33,852,559
Financial assets at fair value through other comprehensive income	7	**10,174,603**	9,377,130
Financial assets at amortised cost	7	**52,611,361**	49,141,663
Reinsurance contract assets	8.1	**2,450,780**	1,822,141
Retrocession contract assets	8.2	**54,349,530**	52,698,125
Due from related parties	22	**1,087,115**	1,414,457
Other receivables	9	**530,400**	1,220,403
Investment property	10	**36,277,850**	36,289,918
Investment in an associate	11	**862,923**	862,923
Property and equipment	12.1	**2,182,388**	2,209,339
Intangible assets	12.2	**550,889**	-
Total assets		**230,097,801**	231,474,441
Liabilities and Equity			
Liabilities			
Reinsurance contract liabilities	8.1	**92,933,647**	94,656,373
Retrocession contract liabilities	8.2	**255,188**	237,326
Accounts payable	13	**15,675,647**	14,573,703
Retirement benefit obligation	14	**280,941**	689,095
Income tax provision	21	**58,880**	73,917
Total liabilities		**109,204,303**	110,230,414
Equity			
Share capital	15	**75,000,000**	75,000,000
Treasury shares	15	**(7,371,678)**	(7,371,678)
General reserve		**3,773,299**	3,773,299
Legal reserve	16	**16,374,772**	15,815,015
Other reserves	17	**(2,475,647)**	(1,520,131)
Retained earnings		**35,592,752**	35,547,522
Total equity		**120,893,498**	121,244,027
Total liabilities and equities		**230,097,801**	231,474,441

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2025

	Notes	31 December 2025 US$	31 December 2024 US$
Reinsurance revenue	8.1	**90,474,396**	85,911,997
Reinsurance service expense	8.1	**(74,451,853)**	(82,794,779)
Net income from retrocession contracts held	8.2	**(9,559,295)**	2,501,972
Reinsurance service result		**6,463,248**	5,619,190
Finance expense from reinsurance contracts issued	8.1	**(3,704,551)**	(3,458,460)
Finance income from retrocession contracts held	8.2	**1,878,765**	1,564,661
Net reinsurance financial result		**4,637,462**	3,725,391
Net investment income	18	**4,432,714**	4,858,643
Other expenses	19	**(1,549,053)**	(4,253,218)
Write-back of provision for impairment loss on investment securities	7.1	-	1,194,713
Write-back of provision for impairment loss on banks	5	-	177,679
Profit before tax		**7,521,123**	5,703,208
Income tax expense	21	**(109,680)**	(105,638)
Profit for the year		**7,411,443**	5,597,570
Other comprehensive income for the year			
Change in fair value reserve	17	(30,796)	11,602
Reinsurance finance income from reinsurance contracts	17	(924,720)	301,125
Total comprehensive income for the year		6,455,927	5,910,297

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2025

	Share capital US$	Treasury shares US$	General reserve US$	Legal reserve US$	Other reserves: Fair value reserve US$	Other reserves: Reinsurance finance reserve US$	Retained earnings US$	Total US$
As at 1 January 2024 *(Restated)*	75,000,000	(7,371,678)	3,773,299	15,301,511	(2,002,288)	169,430	30,463,456	115,333,730
Profit for the year	-	-	-	-	-	-	5,597,570	5,597,570
Other comprehensive income for the year	-	-	-	-	11,602	301,125	-	312,727
Total comprehensive income for the year	-	-	-	-	11,602	301,125	5,597,570	5,910,297
Transfer to legal reserve	-	-	-	513,504	-	-	(513,504)	-
Balance at 31 December 2024	75,000,000	(7,371,678)	3,773,299	15,815,015	(1,990,686)	470,555	35,547,522	121,244,027
Profit for the year	-	-	-	-	-	-	7,411,443	7,411,443
Other comprehensive loss for the year	-	-	-	-	(30,796)	(924,720)	-	(955,516)
Total comprehensive income for the year	-	-	-	-	(30,796)	(924,720)	7,411,443	6,455,927
Transfer to legal reserve (note 16)	-	-	-	559,757	-	-	(559,757)	-
Dividend distribution (note 16)	-	-	-	-	-	-	(6,806,456)	(6,806,456)
Balance at 31 December 2025	75,000,000	(7,371,678)	3,773,299	16,374,772	(2,021,482)	(454,165)	35,592,752	120,893,498

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

	Note	31 December 2025 US$	31 December 2024 US$
Cash flows from operating activities:			
Profit before tax		**7,521,123**	5,703,208
Adjustments for:			
Depreciation and amortization	10-12	**125,625**	76,369
Effective loss on restricted bank accounts	5	**(816,233)**	(582,023)
Write-back of allowance for impairment loss		**-**	(1,372,392)
Provision for retirement benefit obligation	14	**95,547**	303,624
Interest received		**4,775,535**	5,103,685
Interest income	18	**(4,809,119)**	(5,016,834)
Net (increase)/decrease in financial assets at FVTOCI	7.2	**(828,269)**	308,249
Net (increase)/decrease in financial assets at amortised cost	7.1	**(3,414,566)**	3,383,333
Net increase/(decrease) in bank deposits	6	**7,330,000**	(8,000,000)
Net decrease in reinsurance contracts assets		**172,948**	5,663,778
Net (increase) in retrocession contracts assets	8.2	**(1,651,405)**	(8,667,729)
Net decrease/(increase) in due from related parties	22	**327,342**	(18,707)
Net increase/(decrease) in other receivables	9	**89,034**	(94,518)
Net decrease in retirement benefit obligation	14	**(503,701)**	-
Net (decrease)/increase in reinsurance contracts liabilities		**(3,449,033)**	1,473,163
Net increase in retrocession contracts liabilities	8.2	**17,862**	18,487
Net increase in accounts payable		**1,051,144**	1,059,335
Income tax paid		**(73,917)**	-
Net cash provided by / (used in) operating activities		**5,959,917**	(658,972)
Cash flows from investing activities:			
Acquisition of property and equipment	12	**(36,526)**	(83,590)
Investment in an associate	11	**-**	(862,923)
Net cash (used in) investing activities		**(36,526)**	(946,513)
Cash flows from financing activities:			
Distribution of dividends		**(6,806,456)**	-
Net cash (used in) financing activities		**(6,806,456)**	-
Net decrease in cash and cash equivalents		**(883,065)**	(1,605,485)
Cash and cash equivalents at beginning of year	5	**3,175,164**	4,780,649
Cash and cash equivalents at end of year	5	**2,292,099**	3,175,164

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2025

1. GENERAL INFORMATION

1.1. Company Information

Arab Reinsurance Company S.A.L. ("the Company") is incorporated as a Lebanese joint stock company (Inter-Arab Company) and is registered at the Commercial Register of Beirut under number 26233. The Company is licensed by a special presidential decree number 2933 on 11 March 1972 for 50 years ending in 2022. The extraordinary general assembly of shareholders convened on 14 November 2020 approved the extension of the Company's activity for another 50 years ending in 2072.

The purpose of the Company is to carry all reinsurance and investments activities.

1.2. Lebanon economic and financial situation

Lebanon continues to face severe economic and financial challenges. Since late 2019, the country has experienced hyperinflation, sharp currency depreciation, and sovereign default. The Lebanese Pound remains officially set at LBP/USD 89,500 by the Central Bank since January 2024, broadly aligned with the parallel market throughout 2025. Dollarization has deepened, and de-facto capital controls persist, restricting withdrawals and transfers of pre-October 2019 deposits, while "fresh money" accounts sourced from external transfers remain exempt.

The banking sector remains fragile, with confidence eroded and transactions conducted at multiple exchange rates depending on the source of funds. Sovereign credit ratings remain at default levels, limiting access to international capital markets. Fiscal revenues are constrained, while expenditures are pressured by reconstruction needs, leaving debt sustainability a major concern.

Sovereign credit ratings have been downgraded repeatedly since 2020, reaching default status after the suspension of Eurobond payments in March 2020. The government and banking sector have since lost access to international capital markets. Local banks continue to operate under de facto capital controls, restricting withdrawals, foreign transfers, and lending. Confidence in the sector remains weak, and new deposit inflows are limited

Government Recovery Plan and Legislative Developments

The financial recovery plan approved in May 2022 remains the reference framework for reform, though implementation has been slow due to political divisions. As of December 31, 2025, key laws on banking restructuring, capital controls, and financial stability are still pending. However, on December 26, 2025, the Council of Ministers approved the Financial Gap Law and transmitted it to Parliament, representing incremental progress toward addressing systemic imbalances.

Impact of Regional Conflict on Lebanon's Economy and Stability

The spillover of regional conflict in 2023–2024 caused widespread destruction, with reconstruction needs estimated at USD 11 billion. A ceasefire announced in November 2024 continues into 2025, though violations persist. Recent political developments, including presidential elections and the formation of a new cabinet, have generated cautious optimism, reflected in modest improvements in tourism, easing inflationary pressures, and partial recovery in Eurobond prices. Nevertheless, the economic outlook remains fragile, dependent on structural reforms, international support, and the resolution of political and security risks.

1. GENERAL INFORMATION (Continued)

1.3. Company's Particulars

The company' significant specific areas for consideration arising from the above economic situation are set out below:

- Investment securities at amortized cost comprise as at 31 December 2025, debt securities issued by the Lebanese government with carrying value before allowances for impairment loss of US$ 22,105,000. The total accumulated allowance for impairment loss amounted to US$ 19,673,450 as at 31 December 2025 (US$ 19,673,450 as at 31 December 2024) (see note 7).
- Balances held with Lebanese banks (restricted) have dropped from US$ 1.3 million as of 31 December 2024 to US$ 0.33 million as of 31 December 2025. The total accumulated allowance for impairment loss amounted to US$ 0.3 million as at 31 December 2025 (US$ 1.1 million as at 31 December 2024) (see note 5).

Management is implementing the following measures (performing the following actions) to mitigate the effect of the economic situation in Lebanon and risk of their exposure to local banks and sovereign debts:

- Keep on hold any previously taken decision to invest further in Lebanese sovereign debt, and continuing to take the appropriate commercial decisions to optimize the operations outside the Lebanese territories and to find alternative sources of investment income to ensure that the business remains successful and at the right size.
- Continuously monitoring cashflow forecasts to maintain an adequate balance between cash in hand and at local banks and cash at foreign banks.
- The Company's reinsurance operations are mainly carried outside Lebanon. In fact, for the year ending 31 December 2025, 97% of its reinsurance premium were from abroad.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

2.1. New and amended Accounting Standards and Interpretations that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Accounting Standards and Interpretations that are effective for an annual period that begins on or after January 1, 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- ***Amendment to IAS 21 — Lack of exchangeability***

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability.
Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.
These amendments are effective for reporting periods beginning on or after January 1, 2025, with early application permitted.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (Continued)

2.2. New and amended Accounting Standards and Interpretations that are not yet effective.

The following amendments to IFRS accounting standards have been issued but are not yet effective and have not been early adopted by the Company. The Company intends to adopt them when they become effective.

- ***Amendments to IFRS 9 and IFRS 7 — Classification and Measurement of Financial Instruments.***

The Amendments modify the following requirements in IFRS 9 and IFRS 7:

Derecognition of financial liabilities

- Derecognition of financial liabilities settled through electronic transfers.

Classification of financial assets

- Elements of interest in a basic lending arrangement (the solely payments of principal and interest assessment – 'SPPI test')
- Contractual terms that change the timing or amount of contractual cash flows
- Financial assets with non-recourse features
- Investments in contractually linked instruments.

Disclosures

- Investments in equity instruments designated at fair value through other comprehensive income
- Contractual terms that could change the timing or amount of contractual cash flows.

The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified.
The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later. This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.
These amendments are effective for reporting periods beginning on or after January 1, 2026 with early application permitted.

- ***IFRS 18 — Presentation and Disclosure in Financial Statement***

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and sets out significant new requirements for how financial statements are presented, with particular focus on:

- The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory 'operating profit or loss' sub-total.
- Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (Continued)

2.2. New and amended Accounting Standards and Interpretations that are not yet effective (continued)

- Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. 'adjusted profit or loss'). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards.

The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows and is effective for reporting periods beginning on or after January 1, 2027 with early application permitted

- ***IFRS 19 — Subsidiaries without Public Accountability***

IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards.

The eligibility criteria for an entity to apply IFRS 19 are:

- The entity is a subsidiary (as defined in Appendix A of IFRS 10 Consolidated Financial Statements);
- The entity does not have public accountability; and
- The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is effective for reporting periods beginning on or after January 1, 2027 with early application permitted

- ***Annual improvements to IFRS Accounting Standards Volume 11***

The proposed improvements are packaged together in one document. This cycle of annual improvements addresses the following:

- Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*)
- Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7)
- Gain or Loss on Derecognition (Amendments to IFRS 7)
- Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7)
- Derecognition of Lease Liabilities (Amendments to IFRS 9)
- Transaction Price (Amendments to IFRS 9)
- Determination of a 'De Facto Agent' (Amendments to IFRS 10 *Consolidated Financial Statements*)
- Cost Method (Amendments to IAS 7 *Statement of Cash Flows*).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1. Basis of presentation

Statement of compliance
The Financial Statements of the Company 2025 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and IFRIC Interpretations.

Basis of measurement
The financial statements have been prepared on a historical cost convention except for the measurement at fair value of investments carried at fair value through profit or loss, investments at fair value through other comprehensive income, and liability of incurred claims (LIC) recorded at the present value at the current discount rates.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2. IFRS 17 – Insurance Contracts

3.2.1. Definition and classification
A reinsurance contract is an insurance contract issued by one entity (the reinsurer) to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.

In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgment to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

A retrocession contract is essentially a reinsurance contract where a reinsurer (the entity providing the reinsurance) cedes some or all of the risks it has assumed from primary insurers to another reinsurer.

The Company uses retrocession agreements, to reduce its exposure to risks assumed, to increase its aggregate underwriting capacity. The ceding of risk to retrocessionaires does not relieve the Company from its direct obligations to its ceding companies. All references to reinsurance contracts and retrocession contracts held in the Financial Statements apply to reinsurance contracts issued or acquired and retrocession contracts held unless specifically stated otherwise.

The Company has assessed that all contracts currently classified as reinsurance and retrocession contracts under IFRS 4 meet the definition of reinsurance and retrocession contracts under IFRS 17. The Company does not write any investment contracts with discretionary participation features or reinsurance contracts with direct participation features.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts (continued)

3.2.1. Definition and classification (continued)
The Company issues the following products:

Engineering, Life, Accident, Fire, Cargo, Hull, Motor, Medical, Aviation and Non-Marine Energy. These contracts transfer significant insurance risk to the Company.

3.2.2. Separating components from reinsurance and retrocession contracts
The Company assesses its non-life reinsurance and retrocession products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) reinsurance contract. Currently, the Company's products do not include any distinct components that require separation.

3.2.3. Level of Aggregation
IFRS 17 requires the Company to determine the level of aggregation for applying its requirements.

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

Reinsurance contracts
Reinsurance contracts are aggregated into groups for measurement purposes. Groups of reinsurance contracts are determined by identifying portfolios of reinsurance contracts, each comprising contracts subject to similar risks and managed together. The Company manages reinsurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. Each portfolio is further divided into annual cohorts (i.e. by year of issue) and each annual cohort into two groups based on the profitability of contracts:
- any contracts that are onerous on initial recognition;
- any remaining contracts in the portfolio.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:
- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts

3.2.4. Recognition

The Company recognizes groups of reinsurance contracts it issues from the earliest of the following:

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

The Company recognizes a group of retrocession contracts held from the earlier of the following:

- The beginning of the coverage year of the group of retrocession contracts held. However, the Company delays the recognition of a group of retrocession contracts held that provide proportionate coverage until the date any underlying reinsurance contract is initially recognized, if that date is later than the beginning of the coverage year of the group of retrocession contracts held,

And

- The date the Company recognizes an onerous group of underlying reinsurance contracts if the Company entered into the related retrocession contract held in the group of retrocession contracts held at or before that date.

The Company adds new contracts to the group in the reporting year in which that contract meets one of the criteria set out above.

3.2.5. Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of reinsurance contracts. The measurement of a group of contracts includes all the future cash flows within the boundary of each reinsurance and retrocession contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the insurer to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when:

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

Or Both of the following criteria are satisfied:

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts (continued)

3.2.5. Contract boundary (continued)

For groups of retrocession contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the retrocessionaire or in which the Company has a substantive right to receive services from the retrocessionaire. A substantive right to receive services from the retrocessionaire ends when the retrocessionaire:

- 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.

3.2.6. Initial measurement

Reinsurance contracts

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

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

Or

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

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

- The premiums, if any, received at initial recognition
- Minus any reinsurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognized for reinsurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of reinsurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes 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 Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts (continued)

3.2.6. Initial measurement (continued)

Retrocession contracts
The Company measures its retrocession assets for a group of retrocession contracts that it holds on the same basis as reinsurance contracts that it issues. However, they are adapted to reflect the features of retrocession contracts held that differ from reinsurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Company recognises a loss on initial recognition of an onerous group of underlying reinsurance contracts or when further onerous underlying reinsurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retrocession contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying reinsurance contracts and the percentage of claims on the underlying reinsurance contracts the Company expects to recover from the group of retrocession contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to reinsurance contracts covered by the group of retrocession contracts held where some contracts in the underlying group are not covered by the group of retrocession contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3.2.7. Subsequent measurement

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

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

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

Where, during the coverage year, facts and circumstances indicate that a group of reinsurance contracts is onerous, the Company 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 Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts (continued)

3.2.7. Subsequent measurement (continued)

Reinsurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through reinsurance revenue).

Retrocession contracts

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

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying reinsurance contracts in order to reflect that the loss recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying reinsurance contracts that the entity expects to recover from the group of retrocession contracts held.

3.2.8. Reinsurance acquisition cash flows

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

The Company chooses to expense reinsurance acquisition cash flows as they occur.

3.2.9. Modification and derecognition

The Company derecognises reinsurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

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

3.2.10. Discount rates

The Company adopts a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves – taking consideration for the currency characteristics of the contracts and their respective cashflows.

The risk-free reference curve will be the EIOPA USD curve with a consideration of an illiquidity premium.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts (continued)

3.2.11. Risk adjustment

IFRS 17 requires to measure reinsurance contracts at initial recognition as the sum of the following items.

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure
- Risk Adjustment (RA) for non-financial risk
- Contractual Service Margin (CSM)

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

Derivation of the risk adjustment

The Company has determined that the derivation of the risk adjustment shall be performed at the operating level using an appropriate methodology that is in line with IFRS 17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based on the stochastic approach (Mack approach) combined with Value at Risk measures (VaR).

The Company will a set confidence level at the 70th percentile, on a diversified basis. The Company applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance and reinsurance contracts to determine the desired Risk Adjustment.

3.2.12. Presentation

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

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an reinsurance service result, comprising reinsurance revenue and reinsurance service expense, and reinsurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the reinsurance service result.

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

Reinsurance revenue

The reinsurance revenue for the year is the amount of expected premium receipts (excluding any investment component) allocated to the year. The Company allocates the expected premium receipts to each year of reinsurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage year differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred reinsurance service expenses. The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts (continued)

Reinsurance revenue (continued)

The change is accounted for prospectively as a change in accounting estimate. For the years presented, all revenue has been recognised on the basis of the passage of time.

Reinsurance service expense

Reinsurance service expenses arising from reinsurance contracts are recognized in statement of income generally as they are incurred. They exclude repayments of investment components and comprise the following items:

- Incurred claims and other insurance service expenses
- Amortization of reinsurance acquisition cash flows.
  This is equal to the amount of insurance revenue recognized in the year that relates to recovering insurance acquisition cash flows.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note (iii) indicate that a group of reinsurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying reinsurance contracts, or when further onerous underlying reinsurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of retrocession contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying reinsurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying reinsurance contracts that the entity expects to recover from the group of retrocession contracts held.

Net income or expense from retrocession contracts held

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.2. IFRS 17 – Insurance Contracts (continued)

Reinsurance finance income and expense

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

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

The Company allocate reinsurance finance income or expenses on reinsurance contracts issued to statement of profit or loss. The impact of changes in market interest rates on the value of the reinsurance assets and liabilities are reflected in P&L in order to minimise accounting mismatches between the accounting for financial assets and reinsurance assets and liabilities.

3.3. Foreign currencies

3.3.1. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'US Dollars' (US$), which is the Company's functional and presentation currency.

3.3.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through Other Comprehensive Income (FVTOCI) are analysed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognised in profit or loss; other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as financial assets at fair value through Other Comprehensive Income, are included in other comprehensive income.

3.4. Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation and accumulated losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.4. Property and equipment (continued)

Category	Years
Buildings	50
Leasehold improvements	5
Office equipment	5 - 13
Furniture	13
Other equipment	5

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of profit or loss.

3.5. Investment property

Property held for long-term rental yields or capital appreciation or both that is not occupied by the Company is classified as investment property. Investment property comprises land and buildings which are stated at historical cost based on IAS 40 'Investment property'.

Depreciation on the building is calculated using the straight-line method to allocate cost over the estimated useful economic lives. The estimated useful economic life is 50 years.

The investment property carrying amount will be written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

3.6. Intangible assets

Separately purchased computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized using straight line method over their estimated useful life (three to five years).

3.7. Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.8. Financial assets

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

It introduces an 'expected credit loss (ECL)' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

3.8.1. Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss (FVTPL), loans and receivables, fair value through other comprehensive income (FVTOCI) and financial asset at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit and loss (FVTPL)

Financial assets at fair value through profit or loss (FVTPL) are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling it in the short term. Financial assets at FVTPL are measured at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss.

(b) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company intends to sell immediately or in the short term, which are classified at fair value through profit and loss.

Receivables arising from reinsurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of receivables.

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

Financial assets classified at fair value through Other Comprehensive Income (FVTOCI) are non-derivatives that are either designated in this category or not classified in any of the other categories.

(d) Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

These do not include any of the classifications listed above. Interest on financial assets at amortized cost is included in the statement of profit or loss. In case of impairment, the loss is reported as a deduction in the carrying amount of the investment and recognised in the statement of profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.8. Financial assets (continued)

3.8.2. Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Gains or losses arising from changes in the fair value of a financial asset at fair value through profit or loss category are presented in the statement of profit or loss in the period in which they arise. Dividend income from financial assets is recognised in the statement of profit or loss when the Company's right to receive payment is established.

Receivables are carried at amortized cost net of provision for impairment losses where applicable.

Changes in the fair value of monetary securities classified at (FVTOCI) are recognised in other comprehensive income. When securities classified at (FVTOCI) are sold or impaired, the accumulated fair value adjustments are recognised in equity.

Interest on these securities is recognised in the income statement as part of investment income.

3.8.3. Impairment of financial assets

Assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. If a loan or investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been, had the impairment not been recognized.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.9. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3.10. Investment in an associate

An associate is an entity over which the investor has significant influence but does not have control or joint control. Significant influence is presumed when the investor holds, directly or indirectly, 20% or more of the voting power of the investee.

Investments in associates are initially recognized at cost. The cost of an investment includes the purchase price and any directly attributable costs necessary to acquire the investment.

Investments in associates are accounted for using the equity method.
If there is any indication of impairment, the investment in an associate is tested for impairment in accordance with International Accounting Standards. Impairment losses are recognized in profit or loss.

3.11. Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the general assembly of shareholders.

3.12. Retirement benefit obligations

The Company is subscribed to the compulsory defined benefit plan in accordance with the National Social Security Fund regulations. The provision for employees' termination indemnities is based on the liability that would arise if the employment of all the employees were voluntarily terminated at the reporting date. This provision is calculated in accordance with the directives of the Lebanese Social Security Fund and Labor laws based on the number of years of service multiplied by the sum of the last basic salary and the monthly average of the last 12 months' remunerations, less contributions paid to the Lebanese National Social Security Fund.

3.13. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.14. Share capital

Ordinary shares are classified as equity.

3.15. Treasury shares

When an entity purchases its own shares and holds them in treasury 'treasury shares', the amount paid is deducted from equity. No gain or loss should be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3.16. Current income tax

The income tax charge is calculated at the rate of 17% of assumed profit which represents 10% of gross premiums written in Lebanon and other operating income in accordance with the Lebanese laws.

3.17. FX Forward trade

Forward currency contracts are accounted for off balance sheet until settlement date and all gains or losses at reporting dates arising from the difference between spot rate and forward rate are recognized in statement of profit or loss during that period.

3.18. Investment income

Investment income mainly comprises interest and dividend income and realised gains and losses on sale of financial assets. Investment income is stated net of investment expenses and charges.
Interest income is recognised on an accrual basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest includes interest earned on bank deposits and on financial assets at amortized costs. Dividend income is recognised under investment income when dividends are declared. Realised gain and loss from sale of investments are calculated as the difference between net proceeds from sale and the carrying value of investments.

3.19. Comparative figures

Where applicable prior year figures have been re-classified in order to conform to current year presentation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Reinsurance and retrocession contracts

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

4.1. Liability for remaining coverage

Reinsurance Acquisition cash flows

For reinsurance acquisition cash flows, the Company is eligible and chooses to recognize the payments as an expense immediately (coverage period of a year or less).

The effect of recognizing reinsurance acquisition cash flows as an expense on initial recognition of group of reinsurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1. Liability for remaining coverage (continued)

There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period.

Onerous groups
For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from retrocession contracts held.

Significant financing component
The Company has assessed its Liability for Remaining Coverage (LRC) and Assets for remaining coverage (ARC) and concluded that no significant financing component exists within LRC and ARC respectively. Therefore, the Company has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

4.2. Liability for incurred claims

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

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

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.
Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.3. Onerousness determination

- Pricing information: Underwriting combined ratios and price adequacy ratios.
- Historical combined ratio of similar and comparable sets of contracts.
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Company also relies on the same group of contracts' weighted actual emerging experience.

4.4. Expense attribution

The Company identifies expenses which are directly attributable towards acquiring reinsurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Company has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

4.5. Estimates of future cash flows

The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard timeseries techniques.

4.6. Discount rates

The Company adopt a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves– taking consideration for the currency characteristics of the contracts and their respective cashflows.
The reinsurance contract liabilities are calculated by discounting expected future cash flows at the risk-free reference EIOPA USD, plus an illiquidity premium, where applicable.

The bottom-up approach was used to derive the discount rate for the cash flows that do not vary based on the returns on underlying items in the Participating contracts. Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.6. Discount rates (continued)

Management uses judgement to assess liquidity characteristics of the liability cash flows. The illiquidity premium was estimated based on market observable liquidity premium in financial assets adjusted to reflect the illiquidity characteristics of the liability cash flows.

4.7. Risk adjustment for non-financial risk

IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items:

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure
- Risk Adjustment (RA) for non-financial risk
- Contractual Service Margin (CSM)

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

Derivation of the risk adjustment
The Company has determined that the derivation of the risk adjustment shall be performed at the operating Company level using an appropriate methodology that is in line with IFRS 17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based on the stochastic approach (Mack approach) combined with Value at Risk measures (VaR).

The Company will a set confidence level at the 70th percentile, on a diversified basis. The Company applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance and reinsurance contracts to determine the desired Risk Adjustment.

4.8. Sensitivities on major assumptions considered while applying IFRS 17

The sensitivity analysis is done to evaluate the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are nonlinear. The sensitivity analysis performed during the year and has been presented under Note 24.

5. CASH AND CASH EQUIVALENTS

	2025 US$	2024 US$
Cash on hand	**502,777**	302,711
Bank current accounts	**1,456,719**	1,585,392
Bank current accounts - restricted *	**332,603**	1,287,061
Allowance for impairment loss	**(301,810)**	(1,118,043)
	1,990,289	2,057,121

* The use of "restricted" bank accounts denominated in foreign currencies is limited for local settlements in Lebanon and cannot be withdrawn in cash or transferred abroad.

The movement of allowance for impairment loss on bank restricted deposits and current accounts is as follows:

	2025 US$	2024 US$
At beginning of year	**(1,118,043)**	(1,877,745)
Effective loss	**816,233**	582,023
Write-back of allowance for impairment loss on bank accounts	**-**	177,679
	(301,810)	(1,118,043)

6. BANK DEPOSITS

	2025 US$	2024 US$
Time deposit	**33,070,000**	40,400,000
Accrued interest receivable	**107,114**	128,662
	33,177,114	40,528,662

Bank deposits as at 31 December 2025, mature during the first quarter of the year 2026.

7. INVESTMENT SECURITIES

Investment securities are broken down as follows:

	2025 US$	2024 US$
Financial assets at amortized cost (note 7.1)	**71,113,183**	67,698,617
Accrued interest receivable	**1,171,628**	1,116,496
Allowance for impairment loss	**(19,673,450)**	(19,673,450)
	52,611,361	49,141,663
Financial assets at fair value through other comprehensive income (FVTOCI) (note 7.2)	**10,174,603**	9,377,130
Financial assets at fair value through profit or loss (FVTPL) (note 7.3)	**33,852,559**	33,852,559

7.1. Financial assets at amortized cost

The table below analyses the maturity of the financial assets as at 31 December 2025:

	Nominal	1 - 5 years	6 - 10 years	11 - 15 years
Debt securities issued by the Lebanese government	22,105,000	13,605,000	3,500,000	5,000,000
Foreign debt securities	49,008,183	42,494,733	6,192,950	320,500

The movement of financial assets at amortized cost is detailed as follows:

	2025 US$	2024 US$
At beginning of year	**67,698,617**	71,081,950
Additions	**8,500,000**	-
Redemption	**(5,085,434)**	(466,667)
Disposals	-	(2,916,666)
	71,113,183	67,698,617

The movement of allowance for impairment loss is detailed as follows:

	2025 US$	2024 US$
At beginning of year	**(19,673,450)**	(20,868,163)
Write-back of allowance for impairment loss	-	1,194,713
	(19,673,450)	(19,673,450)

7. INVESTMENT SECURITIES (Continued)

7.2. Financial assets at fair value through other comprehensive income (FVTOCI)

	2025	2024
	US$	US$
Financial assets at fair value - listed	1,120,160	798,848
Financial assets at fair value - not listed	9,054,443	8,578,282
	10,174,603	9,377,130

This caption consists mainly of equity securities denominated in US$ and in Euros. Financial assets at (FVTOCI) are stated net of a provision for impairment.

Summarized below is the movement of financial assets at (FVTOCI):

	2025	2024
	US$	US$
At beginning of year	**9,377,130**	9,673,777
Additions	**207,040**	1,642
Currency translation gain / (loss)	**621,229**	(309,891)
Change in fair value (note 17)	**(30,796)**	11,602
	10,174,603	9,377,130

7.3. Financial assets at fair value through profit or loss (FVTPL)

	2025	2024
	US$	US$
Quoted financial assets	**33,852,559**	33,852,559
	33,852,559	33,852,559

Quoted financial assets at fair value through profit or loss represent shares in a local real estate company.

8. REINSURANCE AND RETROCESSION CONTRACTS

8.1. Analysis of reinsurance contract assets and liabilities for contracts measured under PAA

Reconciliation of the liability for remaining coverage and the liability for incurred claims for Reinsurance contracts:

	2025				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component US$	Loss component US$	Estimated Present Value for future Cash Flows US$	Risk adjustment US$	TOTAL US$
Opening Reinsurance contract assets	11,398,999	-	(9,230,421)	(346,437)	1,822,141
Opening Reinsurance contract liabilities	36,490,936	(326,723)	(126,137,686)	(4,682,900)	(94,656,373)
Net Opening Balance	**47,889,935**	**(326,723)**	**(135,368,107)**	**(5,029,337)**	**(92,834,232)**
Changes in the statement of profit or loss and OCI					
Reinsurance Revenue	**90,474,396**	-	-	-	**90,474,396**
Reinsurance Service Expenses	**(20,018,055)**	**256,358**	**(55,314,802)**	**624,646**	**(74,451,853)**
- Incurred claims and expenses	-	-	(23,643,347)	(653,799)	(24,297,146)
- Losses on onerous contracts and reversals of those losses	-	256,358	-	-	256,358
- Adjustments to liabilities for incurred claims	-	-	(31,671,455)	1,278,445	(30,393,010)
- Amortisation of reinsurance acquisition cash flows	(20,018,055)	-	-	-	(20,018,055)
Reinsurance service result	**70,456,341**	**256,358**	**(55,314,802)**	**624,646**	**16,022,543**
Reinsurance finance expenses through profit and loss	-	-	(3,704,551)	-	(3,704,551)
Reinsurance finance expenses through OCI	-	-	(1,726,307)	-	(1,726,307)
Total changes in statement of profit and loss and OCI	**70,456,341**	**256,358**	**(60,745,660)**	**624,646**	**10,591,685**
Cash flows					
Premium received	(75,906,305)	-	-	-	(75,906,305)
Claims paid	-	-	45,861,805	-	45,861,805
Directly attributable expenses paid	-	-	1,557,876	-	1,557,876
Acquisition cost paid	20,246,304	-	-	-	20,246,304
Total cash flows	**(55,660,001)**	-	**47,419,681**	-	**(8,240,320)**
Net Closing Balance	**62,686,275**	**(70,365)**	**(148,694,086)**	**(4,404,691)**	**(90,482,867)**
Closing Reinsurance contract assets	15,422,221	-	(12,598,486)	(372,955)	2,450,780
Closing Reinsurance contract liabilities	47,264,054	(70,365)	(136,095,600)	(4,031,736)	(92,933,647)
Net Closing Balance	**62,686,275**	**(70,365)**	**(148,694,086)**	**(4,404,691)**	**(90,482,867)**

8. REINSURANCE AND RETROCESSION CONTRACTS (Continued)

8.1. Analysis of reinsurance contract assets and liabilities for contracts measured under PAA (continued)

	2024				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component US$	Loss component US$	Estimated Present Value for future Cash Flows US$	Risk adjustment US$	TOTAL US$
Opening Reinsurance contract assets	6,642,000	(94,331)	1,280,222	(87,845)	7,740,046
Opening Reinsurance contract liabilities	40,884,496	(21,246)	(128,023,603)	(6,578,109)	(93,738,462)
Net Opening Balance	**47,526,496**	**(115,577)**	**(126,743,381)**	**(6,665,954)**	**(85,998,416)**
Changes in the statement of profit or loss and OCI					
Reinsurance Revenue	**85,911,997**	-	-	-	**85,911,997**
Reinsurance Service Expenses	**(20,764,378)**	**(211,146)**	**(63,455,872)**	**1,636,617**	**(82,794,779)**
- Incurred claims and expenses	-	-	(3,957,090)	(88,283)	(4,045,373)
- Losses on onerous contracts and reversals of those losses	-	(211,146)	-	-	(211,146)
- Adjustments to liabilities for incurred claims	-	-	(59,498,782)	1,724,900	(57,773,882)
- Amortisation of reinsurance acquisition cash flows	(20,764,378)	-	-	-	(20,764,378)
Reinsurance service result	**65,147,619**	**(211,146)**	**(63,455,872)**	**1,636,617**	**3,117,218**
Reinsurance finance expenses through profit and loss	-	-	(3,458,460)	-	(3,458,460)
Reinsurance finance expenses through OCI	-	-	555,252	-	555,252
Total changes in statement of profit and loss and OCI	**65,147,619**	**(211,146)**	**(66,359,080)**	**1,636,617**	**214,010**
Cash flows					
Premium received	(86,168,240)	-	-	-	(86,168,240)
Claims paid	-	-	56,169,764	-	56,169,764
Directly attributable expenses paid	-	-	1,564,590	-	1,564,590
Acquisition cost paid	21,384,060	-	-	-	21,384,060
Total cash flows	**(64,784,180)**	-	**57,734,354**	-	**(7,049,826)**
Net Closing Balance	**47,889,935**	**(326,723)**	**(135,368,107)**	**(5,029,337)**	**(92,834,232)**
Closing Reinsurance contract assets	11,398,999	-	(9,230,421)	(346,437)	1,822,141
Closing Reinsurance contract liabilities	36,490,936	(326,723)	(126,137,686)	(4,682,900)	(94,656,373)
Net Closing Balance	**47,889,935**	**(326,723)**	**(135,368,107)**	**(5,029,337)**	**(92,834,232)**

8. REINSURANCE AND RETROCESSION CONTRACTS (Continued)

8.2. Analysis of retrocession contract assets and liabilities for contracts measured under PAA

Reconciliation of the liability for remaining coverage and the liability for incurred claims for Retrocession contracts:

	2025				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss component US$	Loss component US$	Estimated Present Value for future Cash Flows US$	Risk adjustment US$	TOTAL US$
Opening Retrocession contract assets	(10,406,771)	50,485	60,801,302	2,253,109	52,698,125
Opening Retrocession contract liabilities	(280,251)	-	41,397	1,528	(237,326)
Net Opening Balance	**(10,687,022)**	**50,485**	**60,842,699**	**2,254,637**	**52,460,799**
Changes in the statement of profit or loss and OCI					
Net income or expense from retrocession contracts held	**(14,062,874)**	**(43,990)**	**4,891,424**	**(343,855)**	**(9,559,295)**
- Allocation of reinsurer premium	(14,062,874)	-	-	-	(14,062,874)
- Amounts recoverable for claims and other expenses	-	-	2,480,512	73,431	2,553,943
- Changes in amounts recoverable on incurred claims	-	-	2,443,417	(417,286)	2,026,131
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	(43,990)	-	-	(43,990)
- Expenses directly attributable to retrocession	-	-	(32,505)	-	(32,505)
Net income or expense from retrocession contracts held	**(14,062,874)**	**(43,990)**	**4,891,424**	**(343,855)**	**(9,559,295)**
Retrocession finance income through profit and loss	-	-	1,878,765	-	1,878,765
Retrocession finance income through OCI	-	-	801,587	-	801,587
Total changes in statement of profit and loss and OCI	**(14,062,874)**	**(43,990)**	**7,571,776**	**(343,855)**	**(6,878,943)**
Cash flows					
Premiums paid to reinsurer net of commission	12,380,378	-	-	-	12,380,378
Directly attributable expenses paid	-	-	32,505	-	32,505
Recoveries from retrocessionaires	-	-	(3,900,397)	-	(3,900,397)
Total cash flows	**12,380,378**	-	**(3,867,892)**	-	**8,512,486**
Net Closing Balance	**(12,369,518)**	**6,495**	**64,546,583**	**1,910,782**	**54,094,342**
Closing Retrocession contract assets	(12,075,859)	6,495	64,509,218	1,909,676	54,349,530
Closing Retrocession contract liabilities	(293,659)	-	37,365	1,106	(255,188)
Net Closing Balance	**(12,369,518)**	**6,495**	**64,546,583**	**1,910,782**	**54,094,342**

8. REINSURANCE AND RETROCESSION CONTRACTS (Continued)

8.2. Analysis of retrocession contract assets and liabilities for contracts measured under PAA (continued)

	2024				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss component US$	Loss component US$	Estimated Present Value for future Cash Flows US$	Risk adjustment US$	TOTAL US$
Opening Retrocession contract assets	(10,864,601)	17,859	51,871,575	3,005,563	44,030,396
Opening Retrocession contract liabilities	(260,666)	-	39,539	2,288	(218,839)
Net Opening Balance	**(11,125,267)**	**17,859**	**51,911,114**	**3,007,851**	**43,811,557**
Changes in the statement of profit or loss and OCI					
Net income or expense from retrocession contracts held	**(12,627,865)**	**32,626**	**15,850,425**	**(753,214)**	**2,501,972**
- Allocation of reinsurer premium	(12,627,865)	-	-	-	(12,627,865)
- Amounts recoverable for claims and other expenses	-	-	6,403,413	236,419	6,639,832
- Changes in amounts recoverable on incurred claims	-	-	9,481,391	(989,633)	8,491,758
- Changes in fulfilment cash flows that do not adjust underlying CSM	-	32,626	-	-	32,626
- Expenses directly attributable to retrocession	-	-	(34,379)	-	(34,379)
Net income or expense from retrocession contracts held	**(12,627,865)**	**32,626**	**15,850,425**	**(753,214)**	**2,501,972**
Retrocession finance income through profit and loss	-	-	1,564,661	-	1,564,661
Retrocession finance income through OCI	-	-	(254,127)	-	(254,127)
Total changes in statement of profit and loss and OCI	**(12,627,865)**	**32,626**	**17,160,959**	**(753,214)**	**3,812,506**
Cash flows					
Premiums paid to reinsurer net of commission	13,066,110	-	-	-	13,066,110
Directly attributable expenses paid	-	-	34,379	-	34,379
Recoveries from retrocessionaires	-	-	(8,263,753)	-	(8,263,753)
Total cash flows	**13,066,110**	**-**	**(8,229,374)**	**-**	**4,836,736**
Net Closing Balance	**(10,687,022)**	**50,485**	**60,842,699**	**2,254,637**	**52,460,799**
Closing Retrocession contract assets	(10,406,771)	50,485	60,801,302	2,253,109	52,698,125
Closing Retrocession contract liabilities	(280,251)	-	41,397	1,528	(237,326)
Net Closing Balance	**(10,687,022)**	**50,485**	**60,842,699**	**2,254,637**	**52,460,799**

9. OTHER RECEIVABLES

	2025 US$	2024 US$
Due from employees	87,766	82,241
Prepayments	3,934	3,484
Other receivables	438,700	1,134,678
	530,400	1,220,403

10. INVESTMENT PROPERTY

	2025 US$	2024 US$
Cost	36,618,114	36,618,114
Accumulated depreciation	(340,264)	(328,196)
Net book value	36,277,850	36,289,918

Investment property comprises vacant commercial properties in Beirut Central District, an apartment in Ras Beirut and a land in sector D of the central district of Beirut. These properties are not occupied by the Company and are held for long term rental yields except for the land.
No rental income has been earned during the two reported years.

On 23 December 2025, the Company entered into a sale agreement for its investment property (land acquired in 2020 at a historical cost of USD 35,693,130). The gross proceeds under the sale agreement amount to USD 36,000,000.
Under the terms of the agreement, title and control of the property will be transferred to the buyer only upon completion of the contractual arrangements. Until that time, the property remains classified as investment property in accordance with IAS 40.
The Company will derecognize the property and recognize the sale transaction when control passes to the buyer, which is expected upon completion of the agreement.

11. INVESTMENT IN AN ASSOCIATE

	2025 US$	2024 US$
Baabda 906 S.A.L	862,923	862,923
	862,923	862,923

During 2024, Arab Reinsurance Company acquired 33% interest in Baabda 906 SAL, a Lebanese Joint stock company incorporated on November 23, 2023, for a total consideration of $112. Arab Reinsurance Company's investment in Baabda 906 SAL is accounted for using the equity method of accounting.

In addition to the initial investment, Arab Reinsurance Company made a further contribution of $862,811, representing 33% of the value of a land in Baabda area acquired by Baabda 906 SAL. This contribution is also included in the investment value, bringing the total investment to $862,923.

12.1. PROPERTY AND EQUIPMENT

	Land & buildings US$	Leasehold improvements US$	Furniture US$	Office equipment US$	Other equipment US$	Total US$
Cost:						
Balance as at January 1, 2024	2,962,112	255,275	470,930	26,115	456,890	4,171,322
Additions	-	-	10,912	-	72,678	83,590
At 31 December 2024	2,962,112	255,275	481,842	26,115	529,568	4,254,912
Additions	-	-	14,787	-	21,739	36,526
Disposals	-	-	-	-	(1,600)	(1,600)
At 31 December 2025	**2,962,112**	**255,275**	**496,629**	**26,115**	**549,707**	**4,289,838**
Accumulated depreciation:						
Balance as at January 1, 2024	(838,040)	(255,275)	(459,084)	(26,115)	(402,757)	(1,981,271)
Additions	(35,675)	-	(5,303)	-	(23,324)	(64,302)
At 31 December 2024	(873,715)	(255,275)	(464,387)	(26,115)	(426,081)	(2,045,573)
Additions	(35,674)	-	(3,490)	-	(24,313)	(63,477)
Disposals	-	-	-	-	1,600	1,600
At 31 December 2025	**(909,389)**	**(255,275)**	**(467,877)**	**(26,115)**	**(448,794)**	**(2,107,450)**
Net book value:						
At 31 December 2025	**2,052,723**	-	**28,752**	-	**100,913**	**2,182,388**
At 31 December 2024	2,088,397	-	17,455	-	103,487	2,209,339

12.2. INTANGIBLE ASSETS

	2025 US$	2024 US$
Cost:		
Balance as at January 1,	**507,969**	507,969
Additions	**600,969**	-
At 31 December,	**1,108,938**	507,969
Accumulated amortization:		
Balance as at January 1,	**(507,969)**	(507,969)
Additions	**(50,080)**	-
At 31 December,	**(558,049)**	(507,969)
Net book value	**550,889**	-

13. ACCOUNTS PAYABLE

	2025 US$	2024 US$
NSSF and other taxes payable	**110,944**	164,784
Accrued expenses	**598,825**	683,740
Other payables (note 15)	**7,371,679**	7,372,363
Due to related parties (note 22)	**4,258,608**	3,017,225
Deferred tax liability	**3,335,591**	3,335,591
	15,675,647	14,573,703

14. RETIREMENT BENEFIT OBLIGATION

The movement in the provision recognised in the balance sheet is as follows:

	2025 US$	2024 US$
At beginning of year	**689,095**	385,471
Provision charged to income statement (note 20)	**95,547**	303,624
Settlements	**(503,701)**	-
At end of year	**280,941**	689,095

15. SHARE CAPITAL

At 31 December 2022, the share capital is comprised of 75,000,000 authorized and fully paid shares with a par value of US$ 1 each, similar to last year.

An extraordinary general assembly of shareholders held on 21 May 2013, approved an amendment to article 18 of the Company's Bylaws. This amendment grants the Board of Directors the power to purchase the Company's own shares from specific shareholder under certain circumstances.

15. SHARE CAPITAL (Continued)

This concerns situations where the status of the shareholder is prejudicial to the interests of the Company as a result of an international sanctions regime applying to the shareholder or the Country in which he operates.

Pursuant to the above amended article, the board of directors took the decision on 27 June 2013 to acquire 6,935,440 shares representing 9.24% of the share capital and held by one of the shareholders estimated the fair value of these shares at US$ 7.37 million. This amount was reflected on the statement of financial position as treasury shares, deducted from shareholders' equity and as an obligation payable to the shareholder (note 13).

16. LEGAL RESERVES AND PROFIT ALLOCATION

According to Article 59 of the Company's bylaws, 10% of the annual net profit should be transferred to a legal reserve until such reserve reaches the Company's capital. This reserve is not available for distribution to shareholders.

The Company's Ordinary General Assembly, held on 15 May 2025, approved a dividend distribution of USD 6,806,456 to shareholders, after transferring 10% of 2024 net profit to the legal reserve.

17. OTHER RESERVES

	2025	2024
	US$	US$
Fair value reserve	**(2,021,482)**	(1,990,686)
Reinsurance finance reserve	**(454,165)**	470,555
	(2,475,647)	(1,520,131)

Below is the movement of the other reserves:

	2025	2024
	US$	US$
At beginning of year	**(1,520,131)**	(1,832,858)
Change in fair value of financial assets	**(30,796)**	11,602
Reinsurance finance income from reinsurance contracts	**(924,720)**	301,125
	(2,475,647)	(1,520,131)

18. NET INVESTMENT INCOME

	2025 US$	2024 US$
Interest income on bank deposits net of withholding tax	1,457,275	1,850,348
Interest income on debt securities	3,159,250	3,125,378
Dividend Income	14,367	12,324
Interest income on deposits with cedants	192,594	41,108
Loss on redemption of financial assets at amortized cost	(390,772)	(170,515)
	4,432,714	4,858,643

Further to the announcement of the Lebanese Government on 23 March 2020 to discontinue payments on all of its US Dollars denominated Eurobonds, the Company did not recognize during the current and previous years any interest income on these bonds.

19. OTHER EXPENSES

	2025			
	Expenses attributed to reinsurance acquisition cost US$	Other directly attributable expenses US$	Other operating expenses US$	Total US$
Employee benefit expense (note 20)	103,900	1,379,357	902,141	2,385,398
Depreciation (note 10 and 12)	-	31,406	94,219	125,625
Utilities	-	21,743	68,396	90,139
Professional fees	-	-	392,973	392,973
Maintenance and repairs expenses	-	19,142	72,746	91,888
Office supplies and similar expenses	-	-	47,826	47,826
Other taxes	-	-	12,832	12,832
Board of directors' attendance and related fees (note 22)	-	-	205,338	205,338
Committees and representation expenses	-	-	66,518	66,518
Net Exchange profit	-	-	(897,826)	(897,826)
Other expenses	-	108,528	583,890	692,418
	103,900	1,560,176	1,549,053	3,213,129

19. OTHER EXPENSES (Continued)

	2024			
	Expenses attributed to reinsurance acquisition cost US$	Other directly attributable expenses US$	Other operating expenses US$	Total US$
Employee benefit expense (note 20)	112,315	1,453,285	897,828	2,463,428
Depreciation (note 10 and 12)	-	19,092	57,277	76,369
Utilities	-	18,629	57,250	75,879
Professional fees	-	-	285,675	285,675
Maintenance and repairs expenses	-	14,672	28,698	43,370
Office supplies and similar expenses	-	-	45,465	45,465
Other taxes	-	-	23,312	23,312
Board of directors' attendance and related fees (note 22)	-	-	162,929	162,929
Committees and representation expenses	-	-	51,588	51,588
Net Exchange loss	-	-	1,651,801	1,651,801
Other expenses	-	93,649	991,395	1,085,044
	112,315	1,599,327	4,253,218	5,964,860

20. EMPLOYEE BENEFIT EXPENSE

	2025 **US$**	2024 US$
Salaries and wages	**1,987,795**	1,936,496
National social security costs	**198,498**	145,015
End of service indemnity costs	**95,547**	303,624
Other staff costs	**103,558**	78,293
	2,385,398	2,463,428

21. INCOME TAX

The income tax expense is comprised of the following:

	2025 **US$**	2024 US$
Tax on reinsurance income	**58,880**	53,738
Other taxes	**50,800**	51,900
	109,680	105,638

21. INCOME TAX (Continued)

Taxable reinsurance income is comprised of the following:

	2025 US$	2024 US$
Gross premiums written in Lebanon	**2,000,160**	2,564,417
Commission received on ceded premiums	**450,369**	592,593
Other income	**1,012,989**	4,041
	3,463,518	3,161,051
Assumed profit at a weighted average rate of 10%	**346,352**	316,105
Tax rate	**17%**	17%
Current year income tax provision on reinsurance income	**58,880**	53,738

22. RELATED PARTIES

The related parties are comprised of the Company's shareholders. The following transactions were carried out with related parties:

	2025 US$	2024 US$
(a) Reinsurance contracts:		
Premiums accepted	**9,907,730**	9,541,428
Premiums ceded	**(6,223,125)**	(5,457,439)
Commission expense	**(2,818,204)**	(2,851,092)
Claims paid	**(2,107,963)**	(1,643,525)
Commission on income from ceded premiums	**1,942,425**	1,769,969

	2025 US$	2024 US$
(b) Board of directors compensation and similar fees:		
Board of directors' attendance and similar fees (note 19)	**205,338**	162,929
Chairman remuneration fees	**375,000**	375,000

Outstanding balances arising from reinsurance and other activities were as follows:

	2025 US$	2024 US$
Due to related parties (note 13)	**4,258,608**	3,017,225
Due from related parties	**1,087,115**	1,414,457

23. CONTINGENT LIABILITIES

23.1. FX Forward Trade

The company entered during the previous year into forward FX trade (selling Euro 1 million against receiving US Dollars) with settlement date in year 2026. No hedging has been applied. Total forex losses as of 31 December 2025 amounted to US Dollars 142 thousand.

23.2. Legal

A lawsuit was filed on the 10th of April 2014 by a previous shareholder (see note 15) in which he requested the immediate suspension of the execution of the resolutions voted in the ordinary and extraordinary general assemblies of the Company dated 21 May 2013 and the annulment of the aforementioned assemblies.

On the 20th of December 2016, the same previous shareholder presented a brief claiming his shares of the profits for the years 2012, 2013, and 2015 with interest in addition to the damages. On 10 December 2019, the court of first instance condemned the Company to pay to him his share of the dividends for the year 2012 and 2013 amounting to US$ 527,093 and US$ 395,320 respectively or their equivalent value in Lebanese pounds in addition to the annual interest calculated based on the average rate applicable on the dollar accounts between banks from the date of the decision to the distribute the dividends and dismissed to pay to him dividends for the years 2014 and 2015. The company will appeal as soon as it is duly notified the judgment.

Several other lawsuits filed by or against the company existed as at 31 December 2025, yet no determination of the outcome of the claims can be made at this point in time and similarly no accurate estimate of the range of potential losses/gains can be made.

23.3. Tax

Open tax years that are subject to examination and acceptance by the fiscal authorities comprise the financial years from 2018 till 2025. Any additional liability depends on the outcome of this review.

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risks. Moreover, the operations of the company expose it to different types of financial risk. This section summarizes these risks and the way the Company manages them.

24.1. Insurance risk

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

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

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

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and industry. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew treaties, it can impose deductibles and it has the right to reject the payment of a fraudulent claim.

The Company is protected by reinsurance arrangements including quota share, surplus excess of loss treaties as well as catastrophe treaties.

The concentration of insurance risk before and after reinsurance in relation to the type of general insurance risk accepted is summarized below, with reference to the carrying amount of the related insurance liabilities (gross and net of reinsurance) arising from general insurance contracts:

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.1. Insurance risk (continued)

(a) Frequency and severity of claims (continued)

As at 31 December 2025
In US$

	Type of risk					
	Fire	**Engineering**	**Marine**	**Motor**	**Other**	**Total**
Gross	**65,134,143**	**7,685,872**	**3,964,073**	**6,027,590**	**10,377,157**	**93,188,835**
Net	**17,061,093**	**3,950,559**	**3,958,085**	**3,577,865**	**7,840,923**	**36,388,525**

As at 31 December 2024
In US$

	Type of risk					
	Fire	Engineering	Marine	Motor	Other	Total
Gross	64,319,525	10,065,646	4,797,491	7,000,147	8,710,890	94,893,699
Net	18,658,503	5,783,206	4,792,540	5,219,877	5,919,307	40,373,433

The company monitors insurance risk per class of business. An analysis of the company's insurance risk concentration (both before and after reinsurance) per class of business and by region is provided in the following tables:

	2025			**2024**		
Concentration by class of business	**Reinsurance contract issued US$**	**Retrocession contract held US$**	**Net US$**	**Reinsurance contract issued US$**	**Retrocession contract held US$**	**Net US$**
Fire	65,134,143	48,073,050	17,061,093	64,319,525	45,661,022	18,658,503
Motor	3,577,865	-	3,577,865	5,219,877	-	5,219,877
Marine	3,707,831	(250,254)	3,958,085	4,560,165	(232,375)	4,792,540
Engineering	7,685,871	3,735,312	3,950,559	10,065,646	4,282,441	5,783,205
Other	10,377,157	2,536,234	7,840,923	8,669,019	2,749,711	5,919,308
	90,482,867	**54,094,342**	**36,388,525**	**92,834,232**	**52,460,799**	**40,373,433**

(b) Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence; changes in market factors such as public attitude to claiming; economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.1. Insurance risk (continued)

(c) Sensitivities

In accordance with IFRS 17 - Insurance Contracts, the Company performs sensitivity analyses to assess the impact of variations in key risk factors on the financial statements. The primary risk factors analyzed might include changes in discount rates, changes in claims development patterns, and variations in risk adjustment for non-financial risks.

These sensitivity analyses are indicative and do not necessarily represent actual changes in the Company's financial position. They are designed to illustrate the potential impact of variations in key risk factors on the Company's financial performance and position. Actual results may differ due to the interaction between risk factors and other unforeseen variables

The analysis below shows the estimated impact on gross and net reinsurance contract liabilities and on profit before tax, of an ultimate development on net claims liabilities of 1% (2024: 1%) different from that reported in the statement of financial position. The impact on gross claims liabilities assumes that recovered rates remain constant.

Reinsurance risks	Changes in assumptions	Impact on gross reinsurance contract liabilities US$	Impact on net reinsurance contract liabilities US$	Impact on profit before tax US$
2025	**± 1%**	**± 929,336**	**± 926,785**	**± 926,785**
2024	± 1%	± 946,564	± 944,190	± 944,190

(d) Claims development

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Company's estimate of total claims outstanding for each underwriting year has changed at successive year-ends. The bottom half of the tables reconciles the cumulative claims to the amount appearing in the statement of financial position. An underwriting-year basis is considered to be most appropriate for the business written by the Company.

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.1. Insurance risk (continued)

(d) Claims development (continued)

Gross reinsurance contracts' outstanding claims provision for 31 December 2025:

Underwriting year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
In US$'000											
Estimate of ultimate claims costs:											
- at end of accident year		30,664	27,745	27,544	49,945	23,742	23,306	36,053	30,851	25,870	275,720
- one year later		50,378	46,134	65,637	69,629	47,994	53,733	76,935	55,150		465,590
- two years later		50,693	47,378	67,177	65,276	51,884	56,600	88,766			427,774
- three years later		48,590	47,333	61,212	60,713	52,907	55,972				326,727
- four years later		46,855	46,012	59,095	62,121	51,728					265,811
- five years later		46,621	44,994	60,327	62,932						214,874
- six years later		46,775	46,470	60,415							153,660
- seven years later		47,337	45,635								92,972
- eight years later		46,766									46,766
Current estimate of cumulative claims	3,434	46,766	45,635	60,415	62,932	51,728	55,972	88,766	55,150	25,870	496,668
Current payment to date		(43,543)	(41,730)	(38,600)	(34,064)	(45,620)	(47,950)	(61,283)	(27,530)	(3,249)	(343,569)
Liability recognised in the statement of financial position	3,434	3,223	3,905	21,815	28,868	6,108	8,022	27,483	27,620	22,621	153,099
Total liability included in the statement of financial position											**153,099**

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.1. Insurance risk (continued)

(d) *Claims development (continued)*

Gross reinsurance contracts' outstanding claims provision for 31 December 2024:

Underwriting year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
In US$'000											
Estimate of ultimate claims costs:											
- at end of accident year		29,004	30,664	27,745	27,544	49,945	23,742	23,306	36,053	30,850	278,853
- one year later		47,237	50,378	46,134	65,637	69,629	47,994	53,733	76,935		457,677
- two years later		47,336	50,693	47,378	67,177	65,276	51,884	56,600			386,344
- three years later		46,594	48,590	47,333	61,212	60,713	52,907				317,349
- four years later		41,742	46,855	46,012	59,095	62,121					255,825
- five years later		40,899	46,621	44,994	60,327						192,841
- six years later		41,494	46,775	46,470							134,739
- seven years later		40,832	47,337								88,169
- eight years later		39,632									39,632
Current estimate of cumulative claims	2,947	39,632	47,337	46,470	60,327	62,121	52,907	56,600	76,935	30,850	476,126
Current payment to date		(34,738)	(43,487)	(41,185)	(44,597)	(37,374)	(45,134)	(43,655)	(39,091)	(6,468)	(335,729)
Liability recognised in the statement of financial position	2,947	4,894	3,850	5,285	15,730	24,747	7,773	12,945	37,844	24,382	140,397
Total liability included in the statement of financial position											**140,397**

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.2. Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retrocession assets and reinsurance liabilities. In particular the key financial risk is that in the long term the proceeds from its financial assets are not sufficient to fund the obligations arising from its reinsurance contracts.

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

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments and liabilities is equity price risk. The Company manages these positions to achieve investment returns in excess of its obligations under insurance contracts. The Company has not changed the processes used to manage its risks from previous periods.

24.2.1. Market risk

Market risk is comprised of interest rate risk, equity price risk and currency risk.

Interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. The Company's revenue will be significantly affected by changes in prevailing interest rates since a portion of its income derives from interest on investments and bank deposits. The Company's interest-earning assets are subject to fixed interest rates.

	Effective interest rate	
	2025	2024
	%	%
Financial assets at amortised cost	**6.6**	6.7
Bank deposits	**4.1**	5.0

Equity price risk

The sensitivity analysis for equity risk illustrates how fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

The equity securities described in this note are classified as financial assets at (FVTOCI) and (FVTPL).

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.2. Financial risk (continued)

24.2.1. Market risk (continued)

Currency risk

The Company underwrites insurance contracts mainly in US Dollars. The Company concentrates its investments in assets denominated in the same currency as their related liabilities which reduces the foreign currency exchange risk for these operations. The Company's exposure to foreign currencies arises from assets and liabilities that are denominated in currencies other than the US$.

The Company's financial assets and liabilities denominated in Lebanese Pounds have been translated at year end at the official exchange rate. Most of the Company's assets and liabilities are denominated in currency other than Lebanese Pounds, and accordingly exposure to Lebanese Pounds is deemed immaterial and the impact of the valuation of these assets and liabilities at a different rate will be recognized in the financial statements once the official exchange rate is changed by the relevant authorities.

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.2. Financial risk (continued)

24.2.1. Market risk (continued)

Currency risk (continued)

As at 31 December 2025	US$	Indexed in US$	Turkish Lira in US$	Other in US$	Total in US$
Assets					
Cash and cash equivalents	1,490,542	-	-	499,747	1,990,289
Bank deposits	33,177,114	-	-	-	33,177,114
Financial assets at fair value through profit or loss	33,852,559	-	-	-	33,852,559
Financial assets at fair value through other comprehensive income	5,150,104	5,024,499	-	-	10,174,603
Financial assets at amortised cost	52,611,361	-	-	-	52,611,361
Reinsurance contract assets	1,285,704	574,340	84,209	506,527	2,450,780
Retrocession contract assets	9,214,419	23,148,552	13,780,323	8,206,236	54,349,530
Due from related parties	1,087,115	-	-	-	1,087,115
Other receivables	530,400	-	-	-	530,400
Investment property	36,277,850	-	-	-	36,277,850
Investment in an associate	862,923	-	-	-	862,923
Property and equipment	2,182,388	-	-	-	2,182,388
Intangible assets	550,889	-	-	-	550,889
Total assets	**178,273,368**	**28,747,391**	**13,864,532**	**9,212,510**	**230,097,801**
Liabilities					
Reinsurance contract liabilities	48,753,921	21,779,000	3,193,200	19,207,526	92,933,647
Retrocession contract liabilities	133,874	59,803	8,768	52,743	255,188
Accounts payable	15,619,160	56,487	-		15,675,647
Retirement benefit obligation	280,941	-	-	-	280,941
Income tax provision	58,880	-	-	-	58,880
Total Liabilities	**64,846,776**	**21,895,290**	**3,201,968**	**19,260,269**	**109,204,303**
Net balance sheet position at 31 December 2025	**113,426,592**	**6,852,101**	**10,662,564**	**(10,047,759)**	**120,893,498**

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.2. Financial risk (continued)

24.2.1. Market risk (continued)

Currency risk (continued)

As at 31 December 2024	US$	Indexed in US$	Turkish Lira in US$	Other in US$	Total in US$
Assets					
Cash and cash equivalents	705,265	-	-	1,351,856	2,057,121
Bank deposits	40,528,662	-	-	-	40,528,662
Financial assets at fair value through profit or loss	33,852,559	-	-	-	33,852,559
Financial assets at fair value through other comprehensive income	4,828,792	4,548,338	-	-	9,377,130
Financial assets at amortised cost	49,141,663	-	-	-	49,141,663
Reinsurance contract assets	308,926	776,086	462,004	275,125	1,822,141
Retrocession contract assets	27,645,963	12,349,806	1,810,708	10,891,648	52,698,125
Due from related parties	1,099,740	314,717	-	-	1,414,457
Other receivables	1,220,344	59	-	-	1,220,403
Investment property	36,289,918	-	-	-	36,289,918
Investment in an associate	862,923	-	-	-	862,923
Property and equipment	2,209,339	-	-	-	2,209,339
Total assets	**198,694,094**	**17,989,006**	**2,272,712**	**12,518,629**	**231,474,441**
Liabilities					
Reinsurance contract liabilities	49,657,680	22,182,721	3,252,393	19,563,579	94,656,373
Retrocession contract liabilities	124,504	55,617	8,155	49,050	237,326
Accounts payable	12,799,929	1,153,734	-	620,040	14,573,703
Retirement benefit obligation	689,095	-	-	-	689,095
Income tax provision	73,917	-	-	-	73,917
Total Liabilities	**63,345,125**	**23,392,072**	**3,260,548**	**20,232,669**	**110,230,414**
Net balance sheet position at 31 December 2024	**135,348,969**	**(5,403,066)**	**(987,836)**	**(7,714,040)**	**121,244,027**

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.2. Financial risk (continued)

24.2.2. Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:
- reinsurance related receivables;
- bank deposits; and
- financial assets at amortized cost

(a) Net exposure to credit risk

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Such risks are subject to a regular review. Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered by reviewing their financial strength prior to finalization of any contract.

The table below summarises assets bearing credit risk net of provisions:

	2025 US$	2024 US$
Cash and cash equivalents (excluding cash on hand)	**1,487,512**	1,754,410
Bank deposits	**33,177,114**	40,528,662
Financial assets at amortised cost	**52,611,361**	49,141,663
Reinsurance contract assets	**2,450,780**	1,822,141
Retrocession contract assets	**54,349,530**	52,698,125
Other receivables excluding prepaid expenses	**526,466**	1,216,919
Total assets bearing credit risk	**144,602,763**	147,161,920

(b) Risk concentration of maximum exposure to credit risk

The assets above are analyzed in the table below using Standard & Poor's rating or equivalent when not available from Standard & Poor's. The concentration of credit risk is substantially unchanged compared to the prior year.

	2025 US$	2024 US$
AA	**10,317,629**	5,152,165
A	**56,541,610**	62,813,186
BBB	**22,541,629**	20,000,000
Below BBB or not rated	**55,201,895**	59,196,569
	144,602,763	147,161,920

24. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

24.2. Financial risk (continued)

24.2.3. Liquidity risk

The table below indicates the estimated amount and timing of cash flows arising from liabilities:

At 31 December 2025
In US$

	Carrying Amount	Payments due by period				
		0-1 years	1-2 years	2-3 years	3-4 years	>5 years
Reinsurance contracts	92,933,647	46,466,824	27,880,094	12,081,374	3,717,346	2,788,009
Retrocession contracts	255,188	127,594	76,556	33,174	10,208	7,656
Other liabilities	16,015,468	1,314,780	5,792,179	538,652	-	8,369,857
	109,204,303	47,909,198	33,748,829	12,653,200	3,727,554	11,165,522

At 31 December 2024
In US$

	Carrying Amount	Payments due by period				
		0-1 years	1-2 years	2-3 years	3-4 years	>5 years
Reinsurance contracts	94,656,373	45,705,274	29,929,348	9,676,507	6,912,316	2,432,928
Retrocession contracts	237,326	114,594	75,040	24,261	17,331	6,100
Other liabilities	15,336,715	1,431,373	4,655,520	520,314	-	8,729,508
	110,230,414	47,251,241	34,659,908	10,221,082	6,929,647	11,168,536

25. FAIR VALUE MEASUREMENTS

25.1. Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	2025			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
At fair value through OCI	**1,120,160**	**-**	**9,054,443**	**10,174,603**
At fair value through Profit or loss	**33,852,559**	**-**	**-**	**33,852,559**
	34,972,719	**-**	**9,054,443**	**44,027,162**

	2024			
	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
At fair value through OCI	798,848	-	8,578,282	9,377,130
At fair value through Profit or loss	33,852,559	-	-	33,852,559
	34,651,407	-	8,578,282	43,229,689