Integrated Report

For the Financial year ended 31st December 2023

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Al Ain Ahlia Insurance Co. (PSC)
INCORPORATED IN ABU DHABI BY ACT 18 OF THE YEAR 1975
INSURANCE REGISTRATION NO. 3 DATED 8/8/1984 AND SUBJECT TO THE PROVISIONS OF LAW NO. 6 OF 2007 CONCERNING THE ESTABLISHMENT OF INSURANCE AUTHORITY AND ITS REGULATIONS.
PAID UP CAPITAL DH. 150,000,000
Head Office : Abu Dhabi, Company Bldg., P.O. Box: 3077, Tel. 02 6119999
Website : www.alaininsurance.com

شركة العين الأهلية للتأمين (ش م ع)
تأسست في أبوظبي بموجب القانون رقم (١٨) لسنة ١٩٧٥
مسجلة تحت رقم ٣ في ١٩٨٤/٨/٨ وتخضع لأحكام القانون
رقم ٦ لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين وتنظيم أعماله
رأس المال (المدفوع ١٥٠،٠٠٠،٠٠٠ درهم)
المركز الرئيسي : أبوظبي بناية الشركة ص.ب : ٣٠٧٧، ت : ٠٢٦١١٩٩٩٩
E-mail : info@alaininsurance.com

Al Ain Ahlia Insurance Company (PSC)

BOARD OF DIRECTORS' REPORT FOR 2023

We are pleased to present our 48th Annual Report on the company's business activities for 2023 together with the audited financial statements for the year ended 31 December 2023.

Amidst global economic challenges, the United Arab Emirates demonstrates resilience, with strategic initiatives in place to navigate uncertainties and foster growth within its economy.

The Central Bank of the UAE, elevating the projected GDP expansion to 5.7 percent from the earlier projection of 4.3 percent for 2024, underscores the nation's economic optimism, proactive policies, and the country's economic prospects.

The Central Bank of the UAE's quarterly economic review released in December 2023 emphasizes that the overall GDP for the UAE is forecast to grow by 3.1 percent in 2023. Specifically, the projection anticipates a non-oil GDP growth of 5.9 percent in the same year, followed by a moderated yet substantial growth rate of 4.7 percent in 2024. Meanwhile, oil GDP growth is estimated to reach 8.1 percent in 2024.

Furthermore, The UAE's economic landscape in the third quarter of 2023 witnessed significant developments across various sectors, notably real estate, tourism, and transportation.

Real estate, a cornerstone of the nation's economy, sustained its momentum with robust performance continuing from July to October 2023, signaling strong investor confidence and market resilience.

The tourism and hospitality sectors showcased resilience and growth, aligning with the UAE's ambitious National Tourism Strategy 2031.

In the transportation sector, the country witnessed substantial increases in passenger traffic, reflecting growing connectivity and global reach, further indicating a resurgence in travel demand.

The above scenario paints a promising picture of the UAE's economic resilience and growth potential in 2024.

Simultaneously, we have witnessed a substantial growth in the insurance sector as compared to last year. We hope the insurance sector in UAE will see continuous growth in the years ahead.

The Insurance Revenue of Al Ain Ahlia Insurance Company for 2023 amounted to Dh. 1,429,385,063 compared to Dh. 1,107,330,829 in 2022 and Net Insurance Result for 2023 amounted to Dh. 3,659,877 compared to Dh. 28,273,179 in 2022.

Technical Reserves amounted to Dh. 341,227,589 compared to Dh. 209,744,273 in 2022 and the net profit achieved by the Company amounted to Dh. 34,603,782 compared to Dh. 59,323,366 in 2022.

The results for each class of business are summarized as follows:

MARINE AND AVIATION

Insurance Revenue amounted to Dh. 62,858,386 compared to Dh. 51,690,474 in 2022. The company's share in technical reserves amounted to Dh. (15,073,393) compared to Dh. 14,692,359 in 2022.

NON-MARINE

Insurance Revenue amounted to Dh. 1,366,526,677 compared to Dh. 1,055,640,355 in 2022. The company's share in technical reserves amounted to Dh. 356,300,982 compared to Dh. 195,051,914 in 2022.

INVESTMENTS AND OTHER INCOME

Investment income for the year amounted to Dh. 53,834,907 compared to Dh. 45,754,830 in 2022.

The Board of Directors, on behalf of the Company, would like to express their gratitude and appreciation to His Highness Sheikh Mohammed Bin Zayed Al Nahyan, President of the United Arab Emirates and the Ruler of Abu Dhabi for his assistance to the national Companies.

The Board of Directors also thanks all persons and organizations dealing with the Company within and outside the country and wishes to express their appreciation to the Management and Employees of the Company for their genuine efforts which contributed largely to this year's achievements.

The Board of Directors

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Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Ain Ahlia Insurance Company P.S.C. and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Planned Response
Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets	
As at 31 December 2023, the Group's Insurance Contract Liabilities and Reinsurance Contract Assets are valued at AED 1,065.34 million and AED 769.86 million, respectively. (Refer note 10). Valuation of these Insurance contract liabilities and Reinsurance contract assets involves significant judgements and estimates particularly with respect to eligibility of measurement model and estimation of the liabilities for incurred claims and related reinsurance assets. These liabilities primarily include ultimate cost of claims that have been incurred but not yet paid, whether reported or not, and allocation of other incurred insurance service expenses. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows. As a result of the above factors, we consider valuation of these liabilities as a key audit matter.	We performed the following procedures in conjunction with our actuarial specialists: - Assessment of the competence, capabilities and objectivity of the management appointed actuary. - Understanding and evaluating the process, the design and implementation of controls in place to determine valuation of Insurance contract liabilities and Reinsurance contract assets. - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows. - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied. - We independently reperformed the calculation to assess the mathematical accuracy of the Insurance contract liabilities and Reinsurance Contract Assets on selected classes of business, particularly focusing on largest and most uncertain reserves. - Evaluated and tested the data used in the impairment model calculations receivables for amounts due; and - Evaluated and tested the calculation of the allowance for expected credit loss allowance and the key assumptions and judgments used.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	Planned Response
Impact of Adopting IFRS 17 "Insurance Contracts" and its related disclosures	
The Group adopted IFRS 17 Insurance Contracts with effect from 1 of January 2023, which resulted in changes to the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. We determined the disclosure for impact of adopting IFRS 17 to be a key audit matter due to the significant changes introduced by the standard, which includes significant estimates and judgements. These impacts will be of particular importance to the readers of these financial statements. (Refer to Note 3.1 and Note 4). In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17 Insurance Contracts: - The determination of the transition approach adopted for each group of insurance contracts. - The methodology adopted, and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17. - Disclosure of the impact of restatement, in accordance with IFRS 17.	Our audit procedures, among others, include: - Assessing whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17; - Using our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date. - Evaluating the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; - Evaluating the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement; and - Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.

Other Information

Management and Board of Directors is responsible for the other information contained in the consolidated financial statements which comprises the information included in the *Directors' Report*, but which does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, and UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. 32 of 2021, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;

iii) the Group has maintained proper books of account;

iv) the financial information included in the *Directors' Report*, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) investments in shares and stocks during the year ended 31 December 2023, are disclosed in notes 8 and 9 to these consolidated financial statements;

vi) note 16 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the Federal Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and

viii) the Group did not make any social contributions made during the financial year ended 31 December 2023;

Further, as required by the UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 22 February 2024

Al Ain Ahlia Insurance Company P.S.C.

Consolidated financial statements

For the year ended 31 December 2023

Composition of Board of Directors

Chairman:	H.E. Mohamed Jouan Rashed Albadi Aldhaheri
Vice Chairman:	H.E. Khaled Mohamed Jouan Albadi Aldhaheri
Directors:	H.E. Sheikh Zayed Bin Suroor Bin Mohd. AL Nahyan
	H.E. Saeed Ahmad Omran Almazrouei
	H.E. Ghaith Hammel Khadim Alghaith Alqubaisi
	H.E. Mohamed Abduljabbar Abdulmohsen Ahmed Alsayegh
	H.E. Faysal Jasim Mohamed Al Khalufi
General Manager	Mr. Mohammed Mazhar Hamadeh
Address:	P.O. Box 3077 Abu Dhabi United Arab Emirates
External auditors:	Grant Thornton – UAE

Al Ain Ahlia Insurance Company P.S.C.

Consolidated financial statements
For the year ended 31 December 2023

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Consolidated statement of financial position
As at 31 December 2023

	Notes	2023 AED'000	*Restated* 2022 AED'000	*Restated* 2021 AED'000
ASSETS				
Property and equipment	5	**793,336**	761,120	773,767
Investment properties	6	**84,281**	83,352	78,242
Intangible assets		**69**	144	362
Statutory deposit	7	**10,000**	10,000	10,000
Investments carried at fair value through other comprehensive income	8	**551,326**	466,095	451,758
Investments carried at fair value through profit or loss	9	**3,257**	-	-
Insurance contract assets	10	**1,872**	-	-
Reinsurance contract assets	10	**769,864**	850,580	1,083,702
Other receivables and prepayments	11	**37,897**	25,499	65,947
Term deposits	12	**195,769**	168,092	158,972
Cash and cash equivalents	13	**57,891**	88,347	152,258
TOTAL ASSETS		**2,505,562**	2,453,229	2,775,008
EQUITY AND LIABILITIES				
Share capital	14	**150,000**	150,000	150,000
Statutory reserve	15	**75,000**	75,000	75,000
General reserve	15	**600,000**	600,000	600,000
Technical reserve	15	**8,083**	8,083	8,083
Reinsurance default reserve	15	**19,697**	13,905	10,190
Investment revaluation reserve	15	**216,675**	196,325	198,643
Retained earnings		**260,312**	269,000	258,393
TOTAL EQUITY		**1,329,767**	1,312,313	1,300,309
LIABILITIES				
Provision for employees' end of service benefits	17	**17,962**	12,865	41,512
Insurance contract liabilities	10	**1,065,345**	1,057,673	1,365,228
Reinsurance contract liabilities	10	**47,620**	2,653	3,405
Accruals and other payables	18	**44,868**	67,725	64,554
TOTAL LIABILITIES		**1,175,795**	1,140,916	1,474,699
TOTAL EQUITY AND LIABILITIES		**2,505,562**	2,453,229	2,775,008

To the best of our knowledge, the consolidated financial information present fairly in all material respects the financial condition, results of operation and cash flows of the Group as of, and for the year ended 31 December 2023. The consolidated financial information was approved by the Board of Directors on 22 February 2024 and signed on their behalf by:

Chairman | General Manager | Chief Financial Officer

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
For the year ended 31 December 2023

	Notes	2023 AED'000	*Restated* 2022 AED'000
Insurance revenue	10	**1,429,385**	1,107,331
Insurance service expenses	10	**(560,464)**	(723,102)
Insurance service result before reinsurance contracts held		**868,921**	384,229
Allocation of reinsurance premiums	10	**(1,094,609)**	(799,299)
Amounts recoverable from reinsurance for incurred claims	10	**235,181**	444,130
Net expenses from reinsurance contracts held		**(859,428)**	(355,169)
Insurance service result		**9,493**	29,060
Insurance finance (expenses)/income for insurance contracts issued	10	**(37,140)**	1,479
Reinsurance finance income/(expenses) for reinsurance contracts held	10	**31,307**	(2,265)
Net insurance finance expenses		**(5,833)**	(786)
Net insurance result		**3,660**	28,274
Income from investments, net	21	**27,018**	19,855
Income from investment properties, net	6	**2,360**	6,803
Total investment income		**29,378**	26,658
Other income	22	**24,457**	19,097
Other expenses	23	**(22,891)**	(14,707)
Profit for the year		**34,604**	59,322
Basic and diluted earnings per share		**2.31**	3.95

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Notes	2023 AED'000s	*Restated* 2022 AED'000s
Profit for the year		**34,604**	59,322
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments carried at FVTOCI	8	**18,470**	9,354
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of debt instruments carried at FVTOCI	8	**1,880**	(11,672)
Total other comprehensive income/(loss) for the year		**20,350**	(2,318)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**54,954**	57,004

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2023

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Technical reserve AED'000	Reinsurance default reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2022, as previously reported	150,000	75,000	600,000	8,083	10,190	198,643	259,032	1,300,948
Adjustment on initial application of IFRS 17	-	-	-	-	-	-	(639)	(639)
Restated balance at 1 January 2022	150,000	75,000	600,000	8,083	10,190	198,643	258,393	1,300,309
Profit for the year (restated)	-	-	-	-	-	-	59,322	59,322
Other comprehensive loss for the year	-	-	-	-	-	(2,318)	-	(2,318)
Total comprehensive income for the year	-	-	-	-	-	(2,318)	59,322	57,004
Dividend paid	-	-	-	-	-	-	(45,000)	(45,000)
Transfer to reinsurance default reserve	-	-	-	-	3,715	-	(3,715)	-
Balance as at 31 December 2022 (Restated)	150,000	75,000	600,000	8,083	13,905	196,325	269,000	1,312,313
Total comprehensive income for the year								
Balance at 1 January 2023	**150,000**	**75,000**	**600,000**	**8,083**	**13,905**	**196,325**	**273,455**	**1,316,768**
Impact of initial application of IFRS 17	**-**	**-**	**-**	**-**	**-**	**-**	**(4,455)**	**(4,455)**
Restated balance as at 1 January 2023	**150,000**	**75,000**	**600,000**	**8,083**	**13,905**	**196,325**	**269,000**	**1,312,313**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**34,604**	**34,604**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**20,350**	**-**	**20,350**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**20,350**	**34,604**	**54,954**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**(37,500)**	**(37,500)**
Transfer to reinsurance default reserve	**-**	**-**	**-**	**-**	**5,792**	**-**	**(5,792)**	**-**
Balance as at 31 December 2023	**150,000**	**75,000**	**600,000**	**8,083**	**19,697**	**216,675**	**260,312**	**1,329,767**

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2023

	Notes	2023 AED'000	*Restated* 2022 AED'000
OPERATING ACTIVITIES			
Profit for the year		**34,604**	59,322
Adjustments for:			
Depreciation on property and equipment	5	**16,322**	13,392
Amortisation of intangible assets		**75**	319
Change in fair value of investment properties	6	**(929)**	(5,110)
Change in fair value of investments carried at FVTPL		**(926)**	-
Interest and dividend income	21	**(26,572)**	(20,060)
Provision for employees' end of service benefits	17	**5,488**	5,060
Operating profits before change in working capital		**28,062**	52,923
Working capital changes:			
Change in insurance contract assets		**(1,872)**	-
Change in reinsurance contract assets		**80,716**	233,122
Change in insurance contract liabilities		**7,672**	(307,555)
Change in reinsurance contract liabilities		**44,967**	(752)
Change in other receivables and prepayments		**(12,398)**	40,448
Change in accruals and deferred income		**(22,857)**	3,171
Cash generated from operations		**124,290**	21,357
Employees' end of service benefits paid	17	**(391)**	(33,707)
Net cash generated from/(used in)to operating activities		**123,899**	(12,350)
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(48,538)**	(745)
Purchase of intangible assets		**-**	(101)
Purchase of investments carried at fair value through other comprehensive income	8	**(77,122)**	(24,077)
Purchase of investments carried at fair value through profit or loss		**(2,331)**	-
Proceeds from sale of investments carried at fair value through other comprehensive income	8	**12,241**	7,422
Increase in term deposits		**(27,677)**	(9,120)
Interest and dividend received	21	**26,572**	20,060
Net cash used in investing activities		**(116,855)**	(6,561)
FINANCING ACTIVITIES			
Dividend paid	26	**(37,500)**	(45,000)
Net cash used in financing activity		**(37,500)**	(45,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(30,456)**	(63,911)
Cash and cash equivalents at the beginning of the year		**88,347**	152,258
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**57,891**	88,347

Principle non-cash transactions include fair value gain on financial assets at fair value through OCI to the fair value reserve amounting to AED 20,350 thousand (31 December 2022: fair value loss of AED 2,318 thousand).

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

1 Legal status and principal activities

Al Ain Ahlia Insurance Company P.S.C. (the "Company") is incorporated in Abu Dhabi with limited liability by Law No. (18) of 1975. Al Ain Ahlia Insurance Company P.S.C. is registered as a public shareholding company in accordance with the Federal Law No. (32) of 2021. The Company is subject to the regulations of the U.A.E. Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 7.

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

During the year, Federal Law No. 48 of 2023 has been issued with effective date of 30 November 2023, repealing Federal Law No. 6 of 2007. In accordance with Article 112 of the Federal Law No. 48 of 2023, the Group has 6 months from this date to apply the provisions of the new Law. The Group is in the process of reviewing the new provisions and will apply the requirements thereof in the required time.

The Company is domiciled and operates in the UAE and its registered address is P.O. Box 3077, Abu Dhabi, United Arab Emirates. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company's principal activity is underwriting of all classes of insurance.

The Company had 234 employees as of 31 December 2023 (31 December 2022: 217).

These consolidated financial statements comprise the Company and its subsidiary, Al Bandar Investment one person company L.L.C 100% owned by the Company, (together referred to as "the Group").

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee ("IFRS IC") and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Insurance Law issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

2.2 Basis of measurement

These consolidated financial statements are prepared on an accrual basis and under the historical cost convention except for investment properties and certain financial instruments that are measured at fair values as at the end of each reporting date and the provision for employees' end of service indemnity which is calculated in line with UAE labour laws.

2 Basis of preparation (continued)

2.3 Functional and reporting currency

The consolidated financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Group. All the financial information has been presented in these consolidated financial statements has been rounded off to nearest thousands (AED'000) except where otherwise indicated.

2.4 Basis of presentation

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the consolidated statement of financial position date (non-current) is presented in note 28.

2.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and its subsidiary. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The consolidated financial statements include:

Name of subsidiary	Principal activity	Country of incorporation
Al Bandar Investment owned by Al Ain Ahlia Insurance One Person Company LLC	Investment management in commercial enterprises, retail trade enterprises, oil and natural gas, agricultural enterprises, industrial enterprises, educational enterprises, and tourist enterprises.	United Arab Emirates

Al Ain Ahlia Insurance Company P.S.C. has control over the above company and derives economic benefit from equity holdings. The Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity via management agreements and accordingly, the entity is consolidated as wholly owned subsidiary in these consolidated financial statements. Accordingly, the consolidated financial statements incorporate 100% of the assets, liabilities, income, and expenses of the above company.

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

2 Basis of preparation (continued)

2.5 Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

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

2.6 Standards, interpretations, and amendments to existing standards

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

Standards, interpretations, and amendments to existing standards that are effective in 2023

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

Standard number	Title	Effective date
IAS 1	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 8	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

These standards have been adopted by the Group and did not have a material impact on these financial statements, except for the adoption of "IFRS 17 Insurance contracts".

Standards issued but not yet effective

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

Standard number	Title	Effective date
IAS 1	Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024

3 Material accounting policy information

3.1 Standards, interpretations, and amendments to existing standards – Impact of new IFRS

IFRS 17 Insurance Contracts

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

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

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

IFRS 17 replaces IFRS 4 Insurance Contracts for annual years on or after 1 January 2023. The Group has restated comparative information applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The Group applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Group now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred acquisition expenses (if any) less amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related year of coverage are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR)) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Premium Allocation Approach ("PAA")

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA and GMM. In terms of computations, the major simplification relates to LRC. Under PAA, it is not required to consider each component of the premium separately instead a single liability can be set up. The components of liability under PAA as at any valuation date can be summarised as follows:

Liability for Remaining Coverage ("LRC")

- Excluding Loss Component
- Loss Component, if any

Liability for Incurred Claims ("LIC")
- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

All of the Group's short-term business is eligible for this simplification and the Group has adopted this simplification for the eligible business. Under PAA, loss component and claim reserves requires an explicit provision of risk adjustment this would increase the liabilities whereas discounting will generally decrease the liabilities. The net effect of PAA depends on whether the impact of risk adjustment is greater than the impact of discounting or the impact deferring additional expenses that are currently not deferred.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to presentation and disclosure

For presentation in the consolidated statement of financial position, the Group aggregates insurance contracts issued, and reinsurance contracts held and presents separately:

- Groups of insurance contracts issued that are assets;
- Groups of insurance contracts issued that are liabilities;
- Groups of reinsurance contracts held that are assets; and
- Groups of reinsurance contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the consolidated statements of profit or loss and consolidated statement of comprehensive income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurers for incurred claims
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach. Under the full retrospective approach, at 1 January 2022 the Group:

- identified, recognised, and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included insurance receivables and payables that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Transition (continued)

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statements line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2023 are presented in the consolidated statement of changes in equity.

The table below summarise the impact of initial application of IFRS 17 as at 1 January 2023:

	As previously reported	Restated	Effect of application of IFRS 17
	AED'000	AED'000	AED'000
ASSETS			
Insurance receivables	**203,269**	-	203,269
Reinsurance contract assets	**884,787**	850,580	34,207
EQUITY			
Retained earnings	**273,455**	269,000	4,455
LIABILITIES			
Insurance and other payables	**264,674**	-	264,674
Reinsurance deposit retained	**35,086**	-	35,086
Insurance contract liabilities	**1,048,431**	1,057,673	(9,242)
Reinsurance contract liabilities	**-**	2,653	(2,653)
Accruals and other payables	**12,881**	67,725	(54,844)

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Key Accounting Policy Choices

IFRS 17 requires Group to make various accounting policy choices. The key accounting policy choices made by the Group are described below.

Accounting Policy	Group Decision
Level of Aggregation – Adopting more granular profitability	Group has adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation – Adopting more granular cohort	Group is using annual cohorts and not using shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognise insurance acquisition cashflows as expense and the Group opted to utilise this choice for all insurance acquisition cashflows.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Group is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense can be split between OCI, and P&L. Group aims to reflect entire finance expense in the P&L and plans not split between OCI and P&L.
Transition Approach	The Group has considered a Full Retrospective Approach.

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

The Group assesses its insurance and reinsurance 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 Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation

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

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

Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

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

The profitability of groups of contracts is assessed by management that take into consideration existing and new business. The Group 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 Group 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.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

The Group's management meets at regular intervals to determine the profitability groupings of each portfolio of contracts. The committee acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

Below are some of the relevant facts and circumstances that the Group considers:

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

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

Recognition

The Group recognises groups of insurance 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, when facts and circumstances indicate that the group is onerous.

The Group recognises a group of reinsurance contracts it holds:

- If the reinsurance contracts provide proportionate coverage: (1) at the beginning or later part of the coverage year of the group, or (2) the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage year of the group the Group adds new contracts to the group when they are issued or initiated.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Contract boundary

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

A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

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

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

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

- For contracts longer than one year, the Group 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 Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

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

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

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

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – subsequent measurement

The Group 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;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage year; and

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

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

Reinsurance contracts

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

Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

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

Or

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

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

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Presentation

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

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

The Group disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result, respectively. The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the year is the amount of expected premium receipts (excluding any investment component) allocated to the year. The Group allocates the expected premium receipts to each year of coverage 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 on the basis of the expected timing of incurred insurance service expenses.

The Group may change the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the years presented, all revenue has been recognised on the basis of the passage of time.

Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group reassess this on quarterly basis and if at quarter end, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage year of the group of contracts the loss component will be zero.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Insurance finance income and expense

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

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

The Group do not disaggregate insurance finance income or expenses between profit or loss and OCI.

Net income or expense from reinsurance contracts held

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

Classification of insurance contracts

The types of insurance contracts issued by the Group, among others, includes:

Medical insurance contracts protect the Group's customers against the risk of incurring medical expenses. Medical selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as persistency, which consider past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport by which the property is transferred, acquired, or held between the points of origin and the final destination.

Engineering Insurance is an insurance policy that covers a wide range of engineering related risks. It is a comprehensive insurance that provides complete protection against risks associated with erection, resting, and working of any machinery, plant or equipment.

Motor insurance comprises Comprehensive Insurance and Third-Party Insurance. Comprehensive Insurance covers the policy holder for any loss or damage to the policy holder's vehicle caused either by themselves or a third party. It also covers any third party for loss or damage caused by the policy holder. Third Party Insurance, on the other hand only covers the third party for any loss of damage caused by the policy holder.

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Classification of insurance contracts (continued)

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

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

3.2 Other revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Dividend income
Dividend income is recognised when the Group's right to receive the payment has been established.

Interest income on financial assets
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income
Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Realised and unrealised gain
Net gains/losses on financial assets classified at fair value through profit or loss and fair value through other comprehensive income are described under the accounting policy for financial assets and liabilities.

3 Material accounting policy information (continued)

3.3 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses, if any. The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

Subsequent costs 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated so as to write off the cost of property and equipment on a straight-line basis over their expected useful economic lives.

The principal useful life used for this purpose are:

Building	40 years
Office decoration	3-4 years
Furniture and equipment	3-4 years
Motor vehicles	3-4 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

3.4 Investment properties

Investment properties are held for the generation of income or capital appreciation and are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

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

Transfers are made to or from investment property only when there is a change in use.

3 Material accounting policy information (continued)

3.5 Impairment of tangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use.

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

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

3 Material accounting policy information (continued)

3.6 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

3.7 Employee benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for end of service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Pension Authority, calculated in accordance with Government regulations. Such contributions are charged to the consolidated statement of profit or loss and other comprehensive income during the employees' period of service.

3.8 Financial assets

Classification and measurement

The Group has the following financial assets: cash and cash equivalents, insurance and reinsurance balances receivables, investments at fair value through other comprehensive income and investments at fair value through profit or loss. The classification depends on the nature of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalent include cash on hand and deposits held at call with banks with original maturities of three months or less.

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

Investments at fair value through other comprehensive income (equity instruments)

Investments at fair value through other comprehensive income (equity instruments) are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in consolidated other comprehensive income and dividend income is credited to the consolidated statement of profit or loss income when the right to receive the dividend is established.

Investments at fair value through other comprehensive income (debt instruments)

Investments at fair value through other comprehensive income (debt instruments) are initially recorded at cost and subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in the consolidated statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in the consolidated statement of other comprehensive income is recycled to profit or loss.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in the consolidated statement of profit or loss, profit from debt securities is recognized in consolidated statement of profit or loss and dividend income is credited to the consolidated statement of profit or loss when the right to receive the dividend is established.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

Impairment of financial assets

The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

a) Overview

The Group is recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (“12mECL”). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorizes its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 also include instruments, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

Impairment of financial assets (continued)

b) The calculation of ECLs

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.

- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Group recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

Impairment of financial assets (continued)

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in consolidated other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in consolidated other comprehensive income is recycled to the consolidated profit or loss upon derecognition of the assets.

c) Forward looking information

The Group, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.9 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Accruals and other payables

Trade payables and accruals are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective rate of return, with the expense recognised on an effective yield basis.

3 Material accounting policy information (continued)

3.9 Financial liabilities and equity instruments (continued)

Accruals and other payables (continued)

The effective rate of return is a method of calculating the amortised cost of a financial liability and of allocating the expense over the relevant period. The effective rate of return is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired.

3.10 Foreign currency

Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the consolidated statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to AED at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses have been dealt with in the consolidated statement of profit or loss and other comprehensive income.

3.11 Fair value measurement

The Group measures financial instruments, such as investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3 Material accounting policy information (continued)

3.11 Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

3.12 Leases

The Group as a lessee

The Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

3 Material accounting policy information (continued)

3.12 Leases (continued)

The Group as a lessee (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3 Material accounting policy information (continued)

3.13 Finance cost on financial assets

Interest paid is recognised in the consolidated statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest rate method.

3.14 Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes purchase cost, together with any incidental expenses of acquisition. The amortisation charge is calculated so as to write off the cost of the intangible asset on a straight-line basis over the expected useful economic life of 6 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period with the effect of any changes in estimation accounted for on a prospective basis.

4 Significant management judgement in applying accounting policies and estimation uncertainty

4.1 Significant management judgement in applying accounting policies

While applying the accounting policies as stated in Note 3, management of the Group has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value through other comprehensive income, fair value through profit or loss or amortised cost. In judging whether investments in securities are as at fair value through other comprehensive income, fair value through profit or loss or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*. Management is satisfied that its investments in securities are appropriately classified.

4 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

4.1 Significant management judgement in applying accounting policies (continued)

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property, plant and equipment. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property, plant and equipment and property held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment* and IAS 40 *Investment Property*, and in particular, the intended usage of property as determined by management.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of investment properties

External valuers may be involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include their market knowledge, reputation, independence and whether professional standards are maintained. Management decided, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

Management, in conjunction with the Group's external valuers, also compares changes in fair value of each property with relevant external sources to determine whether the change is reasonable.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for expected credit losses

Management reviews the provision for expected credit losses (ECL) at each reporting date by assessing the recoverability of the expected premium and reinsurance receipts. For non-insurance financial assets the recoverability is assessed, and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

4 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Classification and estimation of fair value of investment properties

At initial recognition, the Group assess the classification of properties into Investment Property. For properties with dual use, these are recorded proportionately into Property and Equipment and Investment Properties unless the owner-occupied portion is insignificant to the total property, in which case it is recorded as an Investment Property.

The fair value of investment properties is determined by independent real estate valuation consultants based on income approach for building and comparable approach for land plots.. The Investment method analyses potential rental income from the property and deducts the expenses incurred in the operation of the asset. The net rental income is then capitalised at market standards to arrive at fair value.

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, Bornheutter-Ferguson and Expected Loss Ratio methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical 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.

4 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Liability for incurred claims (continued)

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

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

Discount rates:

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

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

	1 year		3 years		5 years		10 years	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Insurance contracts issued								
AED	**5.48 %**	5.56 %	**4.44 %**	4.75 %	**4.22 %**	4.44 %	**4.17 %**	4.24 %
Reinsurance contracts issued								
AED	**5.48 %**	5.56 %	**4.44 %**	4.75 %	**4.22 %**	4.44 %	**4.17 %**	4.24 %

Risk adjustment for non-financial risk

The following assumptions were used to calculate the risk adjustment:

- The standard errors and correlation matrix by risk classes are taken from CBUAE E-Forms.
- Standard deviations for each portfolio were calculated by multiplying their respective Standard errors with their total claim reserves.
- Portfolio-level standard deviations are combined at the entity level, accounting for correlations between portfolios.
- A lognormal distribution is assumed at the entity level, using total reserves as the mean and the
- entity-level standard deviation to influence the distribution's spread.
- The Value at Risk (VaR) at the 75th percentile is calculated based on the lognormal distribution assumption, representing the expected loss at a 75% confidence level.
- The resulting risk adjustment amount is distributed among portfolios using a proportional allocation method. Each portfolio receives a share of the risk adjustment amount proportional to its risk level at the 75th percentile based on the lognormal distribution.

5 Property and equipment

	Land AED'000	Building AED'000	Office decoration AED'000	Furniture and equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost						
At 1 January 2022	300,767	534,456	386	17,326	2,502	855,437
Additions during the year	-	-	13	572	160	745
Disposals during the year	-	-	-	(153)	(650)	(803)
At 31 December 2022	**300,767**	**534,456**	**399**	**17,745**	**2,012**	**855,379**
Additions during the year	**-**	**43,350**	**13**	**5,175**	**-**	**48,538**
At 31 December 2023	**300,767**	**577,806**	**412**	**22,920**	**2,012**	**903,917**
Accumulated depreciation						
At 1 January 2022	-	61,844	288	17,058	2,480	81,670
Charge for the year	-	13,098	40	199	55	13,392
Disposals during the year	-	-	-	(153)	(650)	(803)
At 31 December 2022	**-**	**74,942**	**328**	**17,104**	**1,885**	**94,259**
Charge for the year	**-**	**13,549**	**41**	**2,679**	**53**	**16,322**
At 31 December 2023	**-**	**88,491**	**369**	**19,783**	**1,938**	**110,581**
Carrying amount						
As at 31 December 2023	**300,767**	**489,315**	**43**	**3,137**	**74**	**793,336**
As at 31 December 2022	300,767	459,514	71	641	127	761,120

6 Investment properties

	Land AED'000	Building AED'000	Total AED'000
Balance at 1 January 2022	22,000	56,242	78,242
Change in fair value	1,474	3,636	5,110
At 31 December 2022	23,474	59,878	83,352
Balance at 1 January 2023	**23,474**	**59,878**	**83,352**
Change in fair value	**726**	**203**	**929**
At 31 December 2023	**24,200**	**60,081**	**84,281**

The Group enters into operating leases for its investment properties. Amounts recognised in the consolidated statement of profit or loss in respect of investments properties are as follows:

	2023 AED'000	2022 AED'000
Rental income from investment properties	**2,459**	2,817
Direct operating expenses	**(1,028)**	(1,124)
Increase in fair value of investment properties	**929**	5,110
Net profit arising from investment properties	**2,360**	6,803

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out for the year ended 31 December 2023 by an independent valuer not related to the Group. Chartered Real Estate Valuation Service LLC are registered with Real Estate Regulatory Agency (RERA), and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The investment properties were valued as at 31 December 2023 by the independent valuer at AED 84.28 million using the income approach for building and comparable approach for land plots.

The fair values were determined based on the capitalisation of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on the factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

6 Investment properties (continued)

For the valuation of the property the following significant inputs were used:

- Two buildings located in Abu Dhabi and Al Ain with fair values of AED 23.06. million (2022: AED 23.06 million) and AED 9.80 million (2022: AED 9.74 million) respectively. The rental income for the year net of expenses from each building amounted to AED 0.55 million (2022: AED 1.1 million) and AED 0.07 million (2022: AED 0.8 million) respectively.

- A warehouse in Mussafah with a fair value of AED 13 million (2022 AED 14 million). The rental income for the year net of expenses from the warehouse amounted to AED 0.27 million (2022: Nil).

- Two plots of land in Dubai with fair value of AED 24.20 million (2022: AED 23.47 million). The plots are held for capital appreciation and used by the Group for future investment opportunities.

The investment properties are classified as Level 3. There were no transfers between Level 1 and 2 or to Level 3 during current and previous year.

There are no restrictions on the realisability of investment properties. The Group has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements. The properties are not pledged as collateral.

7 Statutory deposit

In accordance with the requirements of UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) covering insurance companies and agencies, the Group maintains a bank deposit of AED 10 million (2022: AED 10 million) which cannot be utilized without the consent of the Central bank of UAE.

8 Investments carried at fair value through other comprehensive income

	2023	2022
	AED'000	AED'000
Quoted UAE equity securities	**366,242**	**311,555**
Quoted UAE debt securities	**182,505**	**151,961**
Unquoted non-UAE equity securities	**2,579**	**2,579**
	551,326	**466,095**

Quoted UAE debt securities carry interest at the rate ranging from 3.38 % to 8.75 % (2022: 3.38 % to 8.75 %) per annum.

8 Investments carried at fair value through other comprehensive income (continued)

The movement in the investments at fair value through other comprehensive income is as follows:

	2023	2022
	AED'000	AED'000
Fair value at beginning of year	**466,095**	451,758
Additions	**77,122**	24,077
Disposals	**(12,241)**	(7,422)
Change in fair value taken to other comprehensive income:		
Equity instruments	**18,470**	9,354
Debt instruments	**1,880**	(11,672)
Fair value at end of the year	**551,326**	466,095

9 Investments carried at fair value through profit or loss

	2023	2022
	AED'000	AED'000
Quoted UAE equity securities	**3,257**	-

10 Insurance contract liabilities and reinsurance contract assets

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

	31 December 2023			31 December 2022 *(Restated)*		
	Assets AED'000	**Liabilities AED'000**	**Net AED'000**	Assets AED'000	Liabilities AED'000	Net AED'000
Insurance contracts issued						
Life and Medical	**1,872**	**45,366**	**(43,494)**	-	178,209	(178,209)
General and Motor	**-**	**1,019,979**	**(1,019,979)**	-	879,464	(879,464)
Total insurance contracts issued	**1,872**	**1,065,345**	**(1,063,473)**	-	1,057,673	(1,057,673)
Reinsurance contracts held						
Life and Medical	**5,346**	**47,108**	**(41,762)**	166,953	5	166,948
General and Motor	**764,518**	**512**	**764,006**	683,627	2,648	680,979
Total reinsurance contracts held	**769,864**	**47,620**	**722,244**	850,580	2,653	847,927

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

Contracts measured under the PAA

2023	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss component	Liabilities for incurred claims: Estimates of the present value of future cash flows	Liabilities for incurred claims: Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities as at 1 January	282,494	23,947	717,177	34,055	1,057,673
Insurance contract assets as at 1 January	-	-	-	-	-
Insurance contract liabilities as at 1 January	282,494	23,947	717,177	34,055	1,057,673
Insurance revenue	(1,429,385)	-	-	-	(1,429,385)
Insurance service expenses	88,182	(17,929)	492,043	(1,832)	560,464
Incurred claims and other expenses	-	-	737,707	20,018	757,725
Amortisation of insurance acquisition cash flows	88,182	-	-	-	88,182
Losses on onerous contracts and reversals	-	(17,929)	-	-	(17,929)
Changes to liabilities for incurred claims	-	-	(245,664)	(21,850)	(267,514)
Insurance service result	(1,341,203)	(17,929)	492,043	(1,832)	(868,921)
Insurance finance expenses	-	-	35,356	1,784	37,140
Total changes in the statement of comprehensive income	(1,341,203)	(17,929)	527,399	(48)	(831,781)
Cash flows					
Premiums received	1,479,631	-	-	-	1,479,631
Claims and other expenses paid	-	-	(555,584)	-	(555,584)
Insurance acquisition cash flows	(86,466)	-	-	-	(86,466)
Total cash flows	1,393,165	-	(555,584)	-	837,581
Net insurance contract liabilities as at 31 December	334,456	6,018	688,992	34,007	1,063,473
Insurance contract liabilities as at 31 December	337,826	5,578	687,936	34,005	1,065,345
Insurance contract assets as at 31 December	(3,370)	440	1,056	2	(1,872)
Net insurance contract liabilities as at 31 December	334,456	6,018	688,992	34,007	1,063,473

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

Contracts measured under the PAA (continued)

2022 *(restated)*	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities as at 1 January	459,530	71,718	803,167	30,813	1,365,228
Insurance contract assets as at 1 January	-	-	-	-	-
Insurance contract liabilities as at 1 January	459,530	71,718	803,167	30,813	1,365,228
Insurance revenue	(1,107,331)	-	-	-	(1,107,331)
Insurance service expenses	104,396	(47,771)	664,178	2,299	723,102
Incurred claims and other expenses	-	-	892,477	20,658	913,135
Amortisation of insurance acquisition cash flows	104,396	-	-	-	104,396
Losses on onerous contracts and reversals	-	(47,771)	-	-	(47,771)
Changes to liabilities for incurred claims	-	-	(228,299)	(18,359)	(246,658)
Insurance service result	(1,002,935)	(47,771)	664,178	2,299	(384,229)
Insurance finance expenses	-	-	(2,422)	943	(1,479)
Total changes in the statement of comprehensive income	(1,002,935)	(47,771)	661,756	3,242	(385,708)
Cash flows					
Premiums received	935,357	-	-	-	935,357
Claims and other expenses paid	-	-	(747,746)	-	(747,746)
Insurance acquisition cash flows	(109,458)	-	-	-	(109,458)
Total cash flows	825,899	-	(747,746)	-	78,153
Net insurance contract liabilities as at 31 December	282,494	23,947	717,177	34,055	1,057,673
Insurance contract liabilities as at 31 December	282,494	23,947	717,177	34,055	1,057,673
Insurance contract assets as at 31 December	-	-	-	-	-
Net insurance contract liabilities as at 31 December	282,494	23,947	717,177	34,055	1,057,673

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

Contracts measured under the PAA

2023	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Reinsurance contract assets as at 1 January	175,577	18,866	625,212	30,925	850,580
Reinsurance contract liabilities as at 1 January	(3,532)	-	761	118	(2,653)
Net reinsurance contract (liabilities)/assets	172,045	18,866	625,973	31,043	847,927
Allocation of reinsurance premiums	(1,094,609)	-	-	-	(1,094,609)
Amounts recoverable from reinsurers for incurred claims	-	(18,313)	255,692	(2,198)	235,181
Amounts recoverable for incurred claims and other	-	-	386,173	15,463	401,636
Loss-recovery on onerous underlying contracts and	-	(18,313)	-	-	(18,313)
Changes to amounts recoverable for incurred claims	-	-	(130,481)	(17,661)	(148,142)
Net (expense)/income or from reinsurance contracts held	(1,094,609)	(18,313)	255,692	(2,198)	(859,428)
Reinsurance finance income	-	-	29,705	1,582	31,287
Effect of changes in non-performance risk of reinsurers	-	-	20	-	20
Total changes in the statement of comprehensive income	(1,094,609)	(18,313)	285,417	(616)	(828,121)
Cash flows					
Premiums paid	1,032,131	-	-	-	1,032,131
Amounts received	-	-	(329,693)	-	(329,693)
Total cash flows	1,032,131	-	(329,693)	-	702,438
Net reinsurance contract assets as at 31 December	109,567	553	581,697	30,427	722,244
Reinsurance contract assets as at 31 December	182,179	474	556,814	30,397	769,864
Reinsurance contract liabilities as at 31December	(72,612)	79	24,883	30	(47,620)
Net reinsurance contract assets as at 31 December	109,567	553	581,697	30,427	722,244

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

2022 *(restated) (Audited)*	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Reinsurance contract assets as at 1 January	326,370	66,332	661,539	29,461	1,083,702
Reinsurance contract liabilities as at 1 January	(4,463)	20	826	212	(3,405)
Net reinsurance contract assets	321,907	66,352	662,365	29,673	1,080,297
Allocation of reinsurance premiums	(799,299)	-	-	-	(799,299)
Amounts recoverable from reinsurers for incurred claims	-	(47,486)	491,143	473	444,130
Amounts recoverable for incurred claims and other expenses	-	-	703,660	17,973	721,633
Loss-recovery on onerous underlying contracts and	-	(47,486)	-	-	(47,486)
Changes to amounts recoverable for incurred claims	-	-	(212,517)	(17,500)	(230,017)
Net income or expense from reinsurance contracts held	(799,299)	(47,486)	491,143	473	(355,169)
Reinsurance finance income	-	-	(2,506)	897	(1,609)
Effect of changes in non-performance risk of reinsurers	-	-	(656)	-	(656)
Total changes in the statement of comprehensive income	(799,299)	(47,486)	487,981	1,370	(357,434)
Cash flows					
Premiums paid	649,437	-	-	-	649,437
Amounts received	-	-	(524,373)	-	(524,373)
Total cash flows	649,437	-	(524,373)	-	125,064
Net reinsurance contract assets as at 31 December	172,045	18,866	625,973	31,043	847,927
Reinsurance contract assets as at 31 December	175,577	18,866	625,212	30,925	850,580
Reinsurance contract liabilities as at 31 December	(3,532)	-	761	118	(2,653)
Net reinsurance contract assets as at 31 December	172,045	18,866	625,973	31,043	847,927

10 Insurance contract liabilities and reinsurance contract assets (continued)

In addition to scenario testing, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Group's estimate of liability for incurred claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. The following tables illustrate the Group's estimate of total liability for incurred claims for the years up to 2023.

Gross Insurance contract liabilities at 31 December 2023

Restated	2017 and prior AED'000	2018 AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	**2023 AED'000**	Total AED'000
At the end of each reporting year	-	506,592	412,674	309,469	439,340	368,643	**541,436**	2,578,154
One year later	-	471,532	357,605	301,904	392,927	250,449	**-**	1,774,417
Two years later	-	422,962	382,248	246,934	316,029	-	**-**	1,368,173
Three years later	-	377,518	385,760	245,869	-	-	**-**	1,009,147
Four years later	-	380,903	363,828	-	-	-	**-**	744,731
Five years later	-	363,267	-	-	-	-	**-**	363,267
Six years later	-	-	-	-	-	-	**-**	-
Seven years later	-	-	-	-	-	-	**-**	-
Estimate of cumulative claims	65,065	363,267	363,828	245,869	316,029	250,449	**541,436**	2,145,943
Cumulative payments to date	-	(354,920)	(303,665)	(231,827)	(292,102)	(165,697)	**(180,491)**	(1,528,702)
Unallocated loss adjustment expense	214	321	169	172	314	758	**6,126**	8,074
Total gross undiscounted liabilities for incurred claims	65,279	8,668	60,332	14,214	24,241	85,510	**367,071**	625,315
Effect of discounting	-	-	-	-	-	-	**-**	(32,933)
Claims payable	-	-	-	-	-	-	**-**	96,610
Total discounted gross reserves included in the statement of financial position	65,279	8,668	60,332	14,214	24,241	85,510	**367,071**	688,992
Risk Adjustments	-	-	-	-	-	-	**-**	34,007
Gross Insurance contract liabilities at 31 December 2023	65,279	8,668	60,332	14,214	24,241	85,510	**367,071**	722,999

10 Insurance contract liabilities and reinsurance contract assets (continued)

Net Insurance contract liabilities at 31 December 2023

Restated	2017 and prior AED'000	2018 AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	**2023 AED'000**	Total AED'000
At the end of each reporting year	-	333,828	190,696	138,079	132,944	120,259	**170,496**	1,086,302
One year later	-	202,235	181,915	125,640	122,667	108,638	**-**	741,095
Two years later	-	228,892	176,081	123,835	117,082	-	**-**	645,890
Three years later	-	223,209	174,357	119,387	-	-	**-**	516,953
Four years later	-	204,654	175,414	-	-	-	**-**	380,068
Five years later	-	223,385	-	-	-	-	**-**	223,385
Six years later	-	-	-	-	-	-	**-**	-
Seven years later	-	-	-	-	-	-	**-**	-
Estimate of cumulative claims	10,440	223,385	175,414	119,387	117,082	108,638	**170,496**	924,842
Cumulative payments to date	(6,937)	(221,887)	(173,478)	(116,420)	(112,828)	(99,101)	**(104,405)**	(835,056)
Unallocated loss adjustment expense reserve	214	321	169	172	314	758	**6,126**	8,074
Total net undiscounted liabilities for incurred claims	3,717	1,819	2,105	3,139	4,568	10,295	**72,217**	97,860
Effect of discounting	-	-	-	-	-	-	**-**	(5,242)
Effect of non-performance risk of reinsurers	-	-	-	-	-	-	**-**	691
Claim payable – net	-	-	-	-	-	-	**-**	13,986
Total discounted net reserves included in the statement of financial position	3,717	1,819	2,105	3,139	4,568	10,295	**72,217**	107,295
Risk adjustments	-	-	-	-	-	-	**-**	3,580
Net risk adjustments	3,717	1,819	2,105	3,139	4,568	10,295	**72,217**	110,875

11 Other receivables and prepayments

	2023 AED'000	2022 AED'000
Other receivables	**35,862**	23,968
Prepayments	**2,035**	1,531
	37,897	25,499

12 Term deposits

These represent deposits with bank amounting to AED 196 million as at 31 December 2023 (2022: AED 168 million), carry average interest at the rate of 5.37% (2022: 3.75%) per annum with original maturity of 1 year.

13 Cash and cash equivalents

	2023 AED'000	2022 AED'000
Current accounts with banks	**57,742**	88,270
Cash on hand	**149**	77
Time deposits	**195,769**	168,092
Cash and bank balances	**253,660**	256,439
Less: fixed deposits with an original maturity of more than three months (note 12)	**(195,769)**	(168,092)
Cash and cash equivalents	**57,891**	88,347

14 Share capital

	2023 AED'000	2022 AED'000
Authorised, issued and fully paid:		
15,000,000 shares of AED 10 each	**150,000**	150,000

15 Reserves

Legal reserve

In accordance with the UAE Federal Law No. (32) of 2021 concerning Commercial Companies and the Group's Articles of Association, 10% of profit is to be transferred to non-distributable legal reserve until the balance of the legal reserve equals 50% of the Group's paid up share capital. This reserve is not available for dividend distribution.

15 Reserves (continued)

General reserve
Transfers to and from the general reserve are made at the discretion of the Board of Directors as per the authority granted to them in the Group's Articles of Association. This reserve may be used for such purposes as they deem fit.

Technical reserve
The Technical reserve is established to cover unforeseen future risks, which may arise from general insurance risks.

Investment revaluation reserve
Investment's revaluation reserve represents the accumulated unreleased gains or losses that are recognised on investments carried at fair value through other comprehensive income at reporting date.

Reinsurance reserve
In accordance with Article (34) to Insurance Authority's Board of Directors Decision No (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of the United Arab Emirates ("CBUAE") shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (Five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and many not be disposed of without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department of CBUAE. The decision was effective from 1 December 2020. Accordingly, an amount of AED 19.70 million (31 December 2022: 13.91 million) has been recorded in equity as a reinsurance default risk reserve.

16 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group, and the companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Directors are expected to avoid any action, position or interest that conflict with an interest of the Group. Details of all transactions in which a Director and/or related parties might have actual or potential conflicts are provided to the Board of Directors for their review and approval. When a potential conflict of interest arises, Directors concerned neither participates in the discussions nor exercise any influence over other members of the Board. If a major shareholder or a Director has any conflict of interests with any matter to be considered by the Board of Director and the Board of Directors determines that such a matter is significant, the decision thereon by the Board of Directors shall be made in the presence of all Directors and in the absence of the interested Director's vote.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the directors, managing director and his direct reports.

16 Related party transactions and balances (continued)

The following balances were outstanding at the end of the reporting period:

	Nature of relationship	**2023 AED'000**	2022 AED'000
Due from related parties (included in Insurance contract liabilities)			
Related parties due to common directorship	*Affiliates*	**8,457**	5,232
Key management personnel	*Key management personnel*	**319**	336
Due to related parties			
Remuneration of the Directors	*Directors*	**3,845**	7,015

Related party transactions

The Group, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

The following are the details of significant transactions with related parties:

		2023 AED'000	2022 AED'000
Insurance revenue to Directors' affiliates	*Affiliates Directors*	**3,555**	4,388
Net claims paid to Directors' affiliates	*Directors*	**119**	25
Board of directors' remuneration	*Directors*	**3,845**	7,015
Remuneration of key management personnel	*Key management personnel*	**11,795**	12,095

The remuneration of the Board of Directors is subject to approval by the shareholders at the forthcoming Annual General Meeting.

The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

17 Provision for employees' end of service benefits

	2023 AED'000	2022 AED'000
At 1 January	**12,865**	41,512
Charge for the year	**5,488**	5,060
Paid during the year	**(391)**	(33,707)
At 31 December	**17,962**	12,865

During the year, the Group paid pension contributions in respect of UAE national employees amounting to AED 615 thousand (2022: AED 472 thousands).

18 Accruals and other payables

	2023 AED'000	2022 AED'000
Directors' remuneration (note 16)	**3,845**	7,015
Dividend payables	**-**	15,566
Other payables	**41,023**	45,144
	44,868	67,725

19 Profit for the year

Profit for the year is stated after charging:

	2023 AED'000	2022 AED'000
Staff costs	**52,221**	51,130
Depreciation and amortization	**16,397**	13,711

20 Gross written premiums

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

31 December 2023	Life Insurance AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written premiums	1,895	82,866	1,149,153	1,233,914
Assumed business				
Foreign	-	-	88,950	88,950
Local	-	-	196,102	196,102
Total assumed business	-	-	285,052	285,052
Gross written premiums	1,895	82,866	1,434,205	1,518,966

20 Gross written premium (continued)

31 December 2022	Life Insurance AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written premiums	1,560	397,676	290,651	689,887
Assumed business				
Foreign	-	-	80,603	80,603
Local	-	-	152,925	152,925
Total assumed business	-	-	233,528	233,528
Gross written premiums	1,560	397,676	524,179	923,415

21 Income from investments, net

	2023 AED'000	2022 AED'000
Dividend income	**13,714**	10,000
Interest income	**12,858**	10,060
Fair value gain on financial assets carried at FVTPL	**926**	-
Other investment loss/expenses	**(480)**	(205)
	27,018	19,855

22 Other income

	2023 AED'000	2022 AED'000
Hotel income	**21,955**	18,491
Rent income	**1,441**	-
Other income	**1,061**	606
	24,457	19,097

23 Other expenses

	2023 AED'000	2022 AED'000
Depreciation	**13,098**	13,098
Other expenses	**9,793**	1,609
	22,891	14,707

24 Basic and diluted earnings per share

Basic earnings per share amounts for the year are calculated by dividing profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments.

	2023	2022
	AED'000	AED'000
Profit for the year	**34,604**	59,322
Weighted average number of ordinary shares in issue throughout the year (Shares'000)	**150,000**	150,000
Basic and diluted earnings per share (AED)	**2.31**	3.95

As of 31 December 2023, and 2022, the Group has not issued any instruments that have an impact on the basic and diluted earnings per share when exercised.

25 Commitment and contingencies

The Group's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 15.13 million (31 December 2022: AED 14.6 million).

The Group is subject to litigation in the normal course of its business. The contingent liabilities amount to AED 13.54 million (31 December 2022: AED 6.05 million). Although the ultimate outcome of these claims cannot presently be determined, the management, based on advice from independent loss adjusters and internal legal counsel, has considered that existing provision is adequate to cover probable outflow of economic resource.

26 Dividend distribution

The Board of Directors had proposed cash dividends of 25% which is AED 2.5 per share amounting to AED 37.50 million for the year ended 31 December 2022 (AED 45 million for the year ended 31 December 2021). The dividends were approved on Annual General Meeting held on 21 March 2023 and were paid to the shareholders during the year.

27 Risk management

Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group 's shareholders from events that could hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to manage the risks that affect its capital position. The capital management objectives are:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To align the profile of assets and liabilities taking account of risks inherent in the business;
- To hold sufficient capital to cover the statutory requirements;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders; and
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The operations of the Group are also subject to regulatory requirements within the United Arab Emirates where it operates.

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity funds provided by shareholders.

The Group has had no significant changes in its policies and processes relating to its capital structure during the previous years.

No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Capital comprises share capital, legal reserve, technical reserves, general reserve, reinsurance default reserve, investment revaluation reserve and retained earnings, and is measured at AED 1,330 million as at 31 December 2023 (2022: AED 1,312 million).

27 Risk management (continued)

Approach to capital management (continued)

On 28 December 2014, the Central Bank of the United Arab Emirates ("CBUAE") issued Financial Regulations for Insurance Companies and were then subsequently published in the UAE Official Gazette No. 575 on 28 January 2015 and came into force on 29 January 2015. The Group is subject to local insurance solvency regulations. The Group has incorporated in its policies and procedures the necessary tests to ensure compliance with such regulations.

The Group's objectives when managing capital, which the Group considers to be the equity as shown in the statement of financial position, are:

- to comply with the insurance capital requirements required by UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations;
- to protect its policyholders' interests;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In the UAE, the CBUAE specifies the minimum amount and type of capital that must be held by the Group in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the minimum required capital of the Group and the total capital held.

	2023 AED'000	2022 AED'000
Total capital held	**150,000**	150,000
Minimum regulatory capital	**100,000**	100,000

The CBUAE has issued resolution no. 42 for 2009 setting the minimum subscribed or paid up capital of AED 100 million for establishing insurance companies and AED 250 million for reinsurance companies. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Group is in compliance with these rules.

27 Risk management (continued)

Approach to capital management (continued)

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the year. The Group is subject to solvency regulations which it has complied with during the year. The Group has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Group and the total capital held to meet these required Solvency Margins.

	30 September 2023 AED'000	31 December 2022 AED'000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**233,820**	192,421
Minimum Guarantee Fund (MGF)	**77,940**	64,140
Own Funds		
Basic Own Funds	**1,004,598**	954,696
MCR Solvency Margin surplus	**904,598**	854,696
SCR Solvency Margin surplus	**770,778**	762,275
MGF Solvency Margin surplus	**926,658**	890,555

28 Insurance and financial risk

Regulatory framework

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

The operations of the Group are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The chairman of the Insurance Authority (now Central Bank of the UAE) vide Board of Directors' Decision No. (25) of 2014 dated 28th December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE.

28 Insurance and financial risk (continued)

Regulatory framework (continued)

Insurance risk

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

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

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

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

28 Insurance and financial risk (continued)

Insurance risk (continued)

Frequency and severity of claims

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

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

The reinsurance arrangements include excess and catastrophe coverage. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The following tables disclose the concentration of insurance liabilities by line of business. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from the insurance contracts:

	As at 31 December 2023		
	Gross AED'000	**Reinsurance AED'000**	**Net AED'000**
Life and Medical	**43,494**	**(41,762)**	**85,256**
Motor and General	**1,019,979**	**764,006**	**255,973**
	1,063,473	**722,244**	**341,229**

	As at 31 December 2022 (Restated)		
	Gross AED'000	Reinsurance AED'000	Net AED'000
Life and Medical	178,209	166,948	11,261
Motor and General	879,464	680,979	198,485
	1,057,673	847,927	209,746

28 Insurance and financial risk (continued)

Insurance risk (continued)

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

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

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

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

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

28 Insurance and financial risk (continued)

Insurance risk (continued)

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

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

	2023		2022 (restated)	
	Gross loss ratio	**Net loss ratio**	Gross loss ratio	Net loss ratio
Life insurance	**83.46%**	**60.75%**	(33.94%)	(107.11%)
Non-life insurance	**31.27%**	**68.76%**	55.57%	55.13%

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact insurance service result as follows:

	For the year ended 31 December	
	2023	2022
	AED'000	AED'000
Impact of change in loss ratio by +/- 1%		
Motor	**791**	425
Marine Cargo	**15**	6
Marine Hull	**35**	36
Aviation	**1**	1
Fire	**27**	31
General Accident	**4**	2
Liability	**5**	14
Engineering	**14**	15
Energy	**12**	5
Medical	**725**	421
Life	**2**	3

28 Insurance and financial risk (continued)

Insurance risk (continued)

Process used to decide on assumptions

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Group's quarterly claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Group uses assumptions based on a mixture of internal and market data to measure its claims liabilities. The Group has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or Group's accident years within the same class of business. An analysis of Group's claim development is presented in note 10.

Concentration of insurance risk

Substantially all the Group's underwriting business are carried out in the United Arab Emirates (UAE).

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

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

28 Insurance and financial risk (continued)

Insurance risk (continued)

Credit risk

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

Key areas where the Group is exposed to credit risk are:
- reinsurance contract assets
- amounts due from insurance contract holders;
- amounts due from banks for its bank balances and term deposits and debt securities.

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

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

The Group maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition.

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

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are registered banks with sound financial positions.

At 31 December 2023 and 2022, all term deposits were placed with banks within UAE. Management is confident that this concentration of liquid assets at year-end does not result in any credit risk to the Group as the banks are major banks operating in the UAE and are highly regulated by the Central Bank.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk for such receivables and liquid funds.

28 Insurance and financial risk (continued)

Insurance risk (continued)

Credit risk (continued)

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

	Notes	2023 AED'000	*Restated* 2022 AED'000
Statutory deposits	7	**10,000**	10,000
Financial assets carried at FVTOCI	8	**551,326**	466,095
Financial assets carried at FVTPL	9	**3,257**	-
Insurance contract assets	10	**1,872**	-
Reinsurance contract assets	10	**769,864**	850,580
Other receivables	11	**35,862**	23,968
Term deposits	12	**195,769**	168,092
Cash at banks	13	**57,742**	88,270
Total credit risk exposure		**1,625,692**	1,607,005

Market price risk

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

At the end of the reporting period, if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's other comprehensive income would have increased/decreased by AED 36.6 million (2022: AED 31.2 million) in the case of the financial investments at fair value through other comprehensive income.

28 Insurance and financial risk (continued)

Insurance risk (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its debt securities and term deposits that carry fixed interest rates which are detailed in Notes 8 and 12, respectively.

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

The Company is exposed to interest rate risk on:
(i) Liability for incurred claims; and
(ii) Asset for incurred claims.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for interest-bearing financial assets assuming the amount of assets at the end of the reporting period were outstanding for the whole year.

As all the interest-bearing financial assets and liabilities of the Group carry fixed interest rates, the Group is not subject to fluctuation of interest rate at the reporting date.

31 December 2023

	Impact on profit gross of reinsurance AED'000	Impact on profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Risk Adjustment				
1% increase	462	158	462	158
1% decrease	(462)	(158)	(462)	(158)
Discounting				
1% increase	7,029	1,663	7,029	1,663
1% decrease	(7,154)	(1,691)	(7,154)	(1,691)

28 Insurance and financial risk (continued)

Insurance risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

31 December 2022

	Impact on profit gross of reinsurance	Impact on profit net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
	AED'000	AED'000	AED'000	AED'000
Risk adjustment				
1% increase	490	180	490	180
1% decrease	(490)	(180)	(490)	(180)
Discounting				
1% increase	6,283	815	6,283	815
1% decrease	(6,391)	(830)	(6,391)	(830)

Currency risk

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. Management believes that there is a minimal risk of significant loss due to exchange rate fluctuations and consequently the Group does not hedge its foreign currency exposure.

The Group's major transactions in foreign currencies are in US Dollars. As the exchange rates of the UAE Dirham is pegged to the US Dollar, the Group is not subject to significant currency risk.

28 Insurance and financial risk (continued)

Insurance risk (continued)

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. The Group manages the liquidity risk through a risk management framework for the Group's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and bank facilities, to ensure that funds are available to meet their commitments for liabilities as they fall due.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The following table summarises the maturity profile of the Group's financial assets and liabilities based on remaining contractual obligations including interest receivable and payables.

The table below summarises the maturities of the Group's undiscounted liabilities at 31 December 2023 and 31 December 2022, based on contractual payment dates and current market interest rates.

	Current Up to 1 year AED'000	Non-current >1 year AED'000	Total AED'000
31 December 2023			
Insurance contract liabilities	**1,065,345**	**-**	**1,065,345**
Reinsurance contract liabilities	**47,620**	**-**	**47,620**
Provision for employees' end of service benefits	**-**	**17,962**	**17,962**
Accruals and other payables	**44,868**	**-**	**44,868**
	1,157,833	**17,962**	**1,175,795**
31 December 2022			
Insurance contract liabilities	1,057,673		1,057,673
Reinsurance contract liabilities	2,653	-	2,653
Provision for employees' end of service benefits	-	12,865	12,865
Accruals and other payables	67,725	-	67,725
	1,128,051	12,865	1,140,916

28 Insurance and financial risk (continued)

Insurance risk (continued)

Liquidity risk (continued)

The expected maturity profile of the assets at 31 December 2023 and 2022 is as follows:

	Less than one year AED'000	More than one year AED'000	No maturity date AED'000	Total AED'000
31 December 2023				
Statutory deposits	**-**	**-**	**10,000**	**10,000**
Financial assets carried at FVTOCI	**-**	**551,326**	**-**	**551,326**
Financial assets carried at FVTPL	**3,257**	**-**	**-**	**3,257**
Insurance contract assets	**1,872**	**-**	**-**	**1,872**
Reinsurance contract assets	**769,864**	**-**	**-**	**769,864**
Other receivables and prepayments	**37,897**	**-**	**-**	**37,897**
Term deposits	**195,769**	**-**	**-**	**195,769**
Cash and cash equivalents	**57,891**	**-**	**-**	**57,891**
	1,066,550	**551,326**	**10,000**	**1,627,876**

	Less than one year AED'000	More than one year AED'000	No maturity date AED'000	Total AED'000
31 December 2022				
Statutory deposits	-	-	10,000	10,000
Financial assets carried at FVTOCI	-	466,095	-	466,095
Reinsurance contract assets	850,580	-	-	850,580
Other receivables and prepayments	25,499	-	-	25,499
Term deposits	168,092	-	-	168,092
Cash and cash equivalents	88,347	-	-	88,347
	1,132,518	466,095	10,000	1,608,613

29 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of statutory deposits, investments carried at fair value through other comprehensive income, insurance receivables, deposits, bank balances and cash, and certain other assets. Financial liabilities consist of insurance payables, lease liabilities and certain other liabilities.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31 December 2023 and 31 December 2022:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2023				
Investments carried at FVTOCI	**548,747**	**-**	**2,579**	**551,326**
Investments carried at FVTPL	**3,257**	**-**	**-**	**3,257**
	552,004	**-**	**2,579**	**554,583**
31 December 2022				
Investments carried at FVTOCI	463,516	-	2,579	466,095

Valuation technique:
Level 1: Quoted bid prices in an active market
Level 3: Net assets value based on audited financials

During the reporting periods ended 31 December 2023 and 31 December 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

29 Fair value of financial instruments (continued)

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	2023 AED'000	2022 AED'000				
Quoted equity investments – FVTOCI	**366,242**	**311,555**	Level 1	Quoted bid prices in an active market.	None	N/A
Quoted debts instruments – FVTOCI	**182,505**	**151,961**	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity investments – FVTOCI	**2,579**	**2,579**	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value	Higher the net assets value of the investees, higher the fair value
Quoted equity investments – FVTPL	**3,257**	**-**	Level 1	Quoted bid prices in an active market.	None	N/A

30 Segment reporting

30.1 Segment revenue and results

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately because they require different approach, technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business - incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments - incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

	2023			2022 (restated)		
	Insurance AED'000	**Investments AED'000**	**Total AED'000**	Insurance AED'000	Investments AED'000	Total AED'000
Segment Revenue	**1,429,385**	**29,378**	**1,458,763**	1,107,331	26,658	1,133,989
Segment result	**3,660**	**29,378**	**33,038**	28,274	26,658	54,932
Unallocated	**-**	**-**	**1,566**			4,390
Profit for the year			**34,604**			59,322

30.2 Segment assets and liabilities

	As at 31 December 2023			As at 31 December 2022 (restated)		
	Insurance AED'000	**Investments AED'000**	**Total AED'000**	Insurance AED'000	Investments AED'000	Total AED'000
Segment assets	**1,603,038**	**844,633**	**2,447,671**	1,637,343	727,539	2,364,882
Unallocated assets	**-**	**-**	**57,891**	-	-	88,347
Total assets	**1,603,038**	**844,633**	**2,505,562**	1,637,343	727,539	2,453,229
Segment liabilities	**1,157,833**	**-**	**1,157,833**	1,128,051	-	1,128,051
Unallocated liabilities	**-**	**-**	**17,962**	-	-	12,865
Total liabilities	**1,157,833**	**-**	**1,175,795**	1,128,051	-	1,140,916

30 Segment reporting (continued)

30.3 Revenue from underwriting departments

The following is an analysis of the Group's insurance revenues classified by major underwriting departments.

	2023	2022
	AED'000	AED'000
Motor	**124,540**	106,289
Marine and aviation	**62,858**	51,690
Fire and allied perils	**182,372**	173,521
General accident	**103,356**	43,727
Engineering and energy	**770,412**	159,933
Employee benefits, medical and personal assurance	**184,402**	570,393
Life	**1,445**	1,778
	1,429,385	1,107,331

There were no transactions between the business segments during the year.

31 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

For the Group, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 income Taxes, the Group has assessed the deferred tax implications for the year ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not material.

32 Subsequent events

There have been no events subsequent to the consolidated statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2023.

33 Approval of consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 22 February 2024.

Al Ain Ahlia Insurance Co.

Incorporated in Abu Dhabi by Law (18) of the year 1975, and Under Registration No. 3 dated 8/8/1984 And Subject to the Provisions of the Insurance Laws and Regulations Paid Capital AED 150,000,000

Since 1975

شركة العين الأهلية للتأمين

تأسست في أبو ظبي بموجب القانون رم (18 لسنة 1975 ومسجلة تحت رقم 3 في 1984/8/8 وتخضع لأحكام قانون تنظيم أعمال التأمين رأس المال المدفوع 150,000,000 درهم

GOVERNANCE REPORT OF THE YEAR 2023

Approved by the Board of Directors
In the Board Meeting (01/2024) held on 14-02-2024

Since 1975

A- S&P Global

Moody's A3 STABLE

Sponsors of صندوق الوطن SANDOOQ AL WATAN

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FAZAA

First: Practices of Corporate Governance:

1. **Commitment to Governance Principles:**

- **Al AIN AHLIA INSURANCE COMPANY** is among the first companies that committed and interacted with the directives of the Central Bank of the United Arab Emirates, the Securities and Commodities Authority, and the Abu Dhabi Securities Exchange to implement the rules and controls of corporate governance for public shareholding companies (Corporate Governance). The company has expressed its observations on this matter, ultimately supporting all efforts aimed at keeping up with the latest management and ownership methods and applying effective practices for institutional development and modernization to face challenges and achieve growth and stability for economic entities in the country with positive sustainability based on methodological foundations and professional skill that align with the social and economic fabric of the country and its specificities.
- The implementation of the governance rules with its advantages in leading change and restructuring, ensures improved performance and continuity, risk reduction, support for responsibility and transparency, and considers the rights of shareholders. This matter is of great interest to the company's board of directors.
- Based on the foregoing, the company committed to applying the rules of disclosure and transparency to enhance trust. Consequently, the company's board of directors made a decision on 19/4/2010 to fully adopt the governance controls system in accordance with the provisions of Ministerial Resolution No. 518 of 2009.

2. **Implementation of Governance Guide No. (3 / R.M for the year 2020):**

- The company also committed to applying the rules of the governance guide issued by the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority No. (03 /R.M) for the year 2020 regarding the adoption of the governance guide for public shareholding companies. This guide replaced decision No. (7 / R.M) for the year 2016 regarding the standards of institutional discipline and governance of public shareholding companies and its amendments and the Ministerial Resolution No. 518/2009. The company is committed to applying its content**, adhering to the regulatory authorities' issuances, and any instructions that may be issued by the competent authorities.**

3. **Application of Governance Rules Issued by the Central Bank of the United Arab Emirates:**

- **The company is committed to applying the governance rules for insurance companies issued by the Central Bank of the United Arab Emirates, which have been applied since 15/12/2022. The company amended its governance system pursuant to the board of directors' decision issued in its session No. (05) on 23/11/2023.**

Second: **Transactions Securities of Board Members:**

- The provisions and resolutions of the Securities and Commodities Authority frame the transactions of board members and any employee familiar with the Company's basic data including Article No. (14) of the Resolution No. (2) of the year 2001 by the Authority's Board of Directors, regarding the system of trading, clearing, settlements, transfer of ownership and custody of securities.

- On the other hand, the Board Members and employees are banned from trading in the shares of the Company, the parent company, subsidiary company, or affiliated company in short-time limits, whether on a daily or a weekly basis. In addition, they are banned to trade in these shares to dilute the rest of the investors and to affect the Company's prices, whether directly or indirectly. They are banned as well from trading in the Company's shares when it comes to their knowledge of any important events or resolutions aimed at affecting the price of the Company's shares. In all cases, the Company's board members, the general manager, the senior executives, or any employee familiar with the Company's material information's shall not transact with the Company's securities, Parent Company, The Subsidiary and Sister or the Affiliate of the Company on his own or on behalf of others, during the following periods:

  - Ten (10) working days prior to the announcement of any material information's unless the information is a result of emergency or sudden events.
  - Fifteen (15) days prior to the end of the quarterly, semi-annual, or annual financial period, until disclosure of the financial statements.

- **Statement of ownership and transactions in the Company's securities by the board members, their spouses, and their children during 2023:**
- In accordance with the disclosure system and pursuant to Article No. (36) of the disclosure and transparency system issued by the Securities and Commodities Authority, and in relating to the e Service Notification of Abu Dhabi Securities Market, the stock ownership and trading transactions of the Company's shares by the Board Members and their first-degree relatives of the year 2023 are as follows:

Serial No.	Name	The position/relationship	Shares Owned On 31/12/2023	The Total Sale	The Total Buying
1	MOHAMED JOUAN RRASHED AL BADIE AL DHAERI	Chairman of Board of Directors	1.542.307	-	-
	MOZA AYED JABIR AL MAZROUI (WIFE)	Wife of the Chairman of the Board of Directors	27.780	-	-
	AHMED MOHAMED JOUAN RASHED AL BADIE AL DHAERI (SON)	Son of the Chairman of the Board of Directors	564,812	-	-
	MAHA MOHAMED JOUAN RASHED AL BADIE AL DHAERI (DAUGHTER)	Daughter of the Chairman of the Board of Directors	8.730	-	-
	FARIS MOHAMED JOUAN RASHED AL BADIE AL DHAERI (SON)	Son of the Chairman of the Board of Directors	50.000	-	-
2	KHALID MOHAMED JOUAN RASHED AL BADIE AL DHAERI	Vice Chairman of the Board of Directors	1,053,216	-	-
3	SHEIKH ZAYED BIN SULTAN AL NAHAYAN	Member of the Board of Directors	100.000	-	-
4	SAEED AHMED OMRAN AL MAZROUI	Member of the Board of Directors	900,428	-	-
5	GHAITH HAMMEL BIN KHADIM AL GHAITH AL QUBAISI	Member of the Board of Directors	100.658	-	-
	HAMDA KHALIFA FARAIH AL QUBAISI (MOTHER)	Mother of Mr. Ghaith Hammel Bin Khadim Al Ghaith Al Qubaisi	98.000	-	-
6	MOHAMED ABDULJABBAR ABDULMOHSEN AHMED ALSAYEGH		-	-	-
7	FAYSAL JASIM MOHAMED AL KHALUFI		-	-	-

Third: Board of Directors Composition:

1. **Statement of the current Board of Directors composition according to the categories of its members:**

- The board of directors currently consists of seven members elected by the General Assembly and the duration of board membership is three years.

Serial No.	Name	Category (EXECUTIVE, NON-EXECUTIVE, AND INDEPENDENT)	Expertise/Qualifications	Category	Duration of Membership (since)	The membership, positions of Board Directors in other joint stock companies	Their positions, in important supervisory, governmental, and business entities
1)	**Mr. MOHAMED JOUAN RRASHED AL BADIE AL DHAERI**	Chairman of Board of Directors NON-EXECUTIVE / NON-INDEPENDENT	- Businessman - Experience in the insurance, banking, and business sectors	Non-executive / non-independent	Since 1976	• Chairman of Abu Dhabi National Industrial Projects (ADNIP) previously. • Member of the Board of Directors of the National Bank of Abu Dhabi (previously) From 1968 to 2009.	• Owner and major shareholder in many real estate, tourism, and oil projects. • Founder and owner of Al-Badi Group since 1967. • A former member of the Chamber of Commerce and Industry of Abu Dhabi.
2)	**Mr. KHALID MOHAMED JOUAN RASHED AL BADIE AL DHAERI**	Vice Chairman of the Board of Directors NON-EXECUTIVE / NON-INDEPENDENT	• Businessman • Master of Science in Financial Management from George Washington University • Experience in insurance, investment banking and projects.	Non-executive / non-independent /	Since 2006	• Secretary of the Board of Directors of the National Bank of Abu Dhabi (formerly) • Deputy General Manager of Investment Banking Sector at National Bank of Abu Dhabi (formerly) • Head of the Asset Management, Funds and Portfolios Management Group at National Bank of Abu Dhabi (formerly)	• Member of the Board of Directors of the Abu Dhabi Chamber of Commerce and Industry (formerly) • Chairman of the Emirates Insurance Association • Chairman of the Executive Council of the Gulf Insurance Federation.

3)	**SHEIKH ZAYED BIN SUROOR AL NAHYAN**	Member of the Board of Directors NON-EXECUTIVE / INDEPENDENT	- Businessman	Non-executive / Independent	Since 2021	• Businessman	• Member of the Board of Directors of Abu Dhabi Commercial Bank (ADCB)
4)	**Mr. SAEED AHMED OMRAN AL MAZROUI**	Member of the Board of Directors NON-EXECUTIVE/ INDEPENDENT	- Businessman	Non-executive / Independent	Since 2021	• Businessman	• Chairman Of Omran Group
5)	**Mr. GHAITH HAMMEL BIN KHADIM AL GHAITH AL QUBAISI**	Member of the Board of Directors NON-EXECUTIVE/ NON-INDEPENDENT	- Businessman - Experienced in the field of investment and real estate - Board Member in Commercial Bank International - CBI	Non-executive / non-independent	Since 2003	• Vice-Chairman of the Board of Directors of Al Ghaith Holding.	• Member of National Consultative Council of the emirate of Abu Dhabi • Board Member of Commercial Bank International CBI • Board Member of Abu Dhabi Emiratization Council (formerly)
6)	**MOHAMED ABDUL JABBAR ABDULMOHSEN AHMED ALSAYEGH**	Member NON-EXECUTIVE / INDEPENDENT	Bachelor of Finance from Northeastern University, Boston, USA.	Non-executive / Independent	Since 2018	• Financial expert in capital markets. • Businessman who runs many private companies.	• Senior Dealer in the account's management and financial services at Abu Dhabi Investment Council Co.
7)	**FAYSAL JASIM MOHAMED AL KHALUFI**	Member NON-EXECUTIVE/ INDEPENDENT	Bachelor of Business Administration.	Non-executive / Independent	Since 2018	• Investment expert.	• - Head of investments at Department of Private Ownership, Abu Dhabi Investment Council Co.

2. Statement of women's representation in the Board of Directors in 2023:

- There are no women members at the Company's Board of Directors

3. **A statement of the reasons why no women were nominated for the membership of the Board of Directors:**

- No female shareholder candidates participated in the elections held in 2021, noting that the company's board members, according to its articles of association, must be shareholders of the company. As specified in Article 25, paragraph (2) of the articles of association regarding the conditions that must be met by an elected board member, it is required that the member owns a number of shares with a nominal value of no less than 1,000,000 AED (one million AED). These shares are allocated to guarantee against any errors by the board member in managing the company, in addition to other conditions and governance requirements that must be met by a board member.
-

4. **The Total remuneration paid in 2023 to the Board Members for the fiscal year 2022 following the approval of the general assembly:**

- The board members' remuneration was determined based on the provisions of the governance guide and the prevailing Commercial Companies Law at the time of the general assembly's convening and approval on 21/03/2023 to the board's proposal. The board members' remuneration consists of a percentage of the net profit, and in all cases, the remuneration for board members must not exceed 10% of the net profit for the fiscal year ended after deducting depreciation, reserves, and in accordance with the above, the rewards for board members are determined through a proposal or recommendation from the board and submitted to the company's general assembly. In 2023, the total remuneration for board members paid amounted to AED 7,015,350, with the chairman receiving AED 2,551,036, the vice-chairman receiving AED 1,275,518, and each member receiving AED 637,759, (excluding the 5% Value Added Tax).

5. **The Total remuneration Proposed to be paid to the members of the Board of Directors for the year 2023:**

- For the fiscal year 2023, the distribution of remuneration to board members has not yet been carried out. The remuneration distribution ratio will be presented to the company's general assembly, which has the authority to reject or approve it. It is expected that the board's proposal for the board members' remuneration for the year 2023 will amount to AED 3,844,865, with payments not exceeding 10% in accordance with Article (171) of the Federal Decree-Law No. 32 of 2021 concerning Commercial Companies. Board members do not receive any allowances for attending board meetings. The chairman is to receive an amount of AED 1,398,132.73, the vice-chairman AED 699,066.37, and the remaining members a total of AED 1,747,665.92, with each member entitled to AED 349,533.18 (excluding the 5% Value Added Tax)

- **As for the Board Committees and** according to the governance rules, the Board Member shall receive an amount of AED 4,000 for attending each committee (Audit, Risk and Nomination & Remuneration, meeting, as well as the amount of AED 10,000 for attending meeting of the Real Estate & Investment Committee, in addition to AED 8,000 for the transportation of the Board Member outside the city of Abu Dhabi.

6. **Statement of the details of allowances for attending the sessions of the committees derived from the BOD, which were paid to the BOD members for the fiscal year 2023:**

Committee Meetings Summary for 2023	Committee Type				Total
	Audit	Nomination & Remuneration	Risk	Real-estate & Investment	
No. of meetings	12	8	7	18	**45**
Mr. Khaled Al Badie Aldhaheri	112,000.00	-	76,000.00	244,000.00	**432,000.00**
Mr. Ghaith Bin Hamel Al Ghaith Alqubaiasi	-	72,000.00	52,000.00	244,000.00	**368,000.00**
Mr. Mohd Abduljabar Alsayegh	112,000.00	72,000.00	76,000.00	244,000.00	**504,000.00**
Mr. Fayal Jasem Al Khaloofi	112,000.00	72,000.00	24,000.00	-	**208,000.00**
Mr. SAEED AHMED OMRAN AL MAZROUI	-	-	12,000.00	-	**12,000.00**
Total	**336,000.00**	**216,000.00**	**240,000.00**	**732,000.00**	**1,524,000.00**

- **The Board Member did not receive in 2023 any additional allowances, salaries, or fees other than the allowances for attending the committees.**

7. **Statement of the number of meetings of the Board of Directors for the year 2023, their dates and number of attendances:**

- **The Board of Directors of AL AIN AHLIA INSURANCE COMPANY held the number of (6) meetings over the past year, in the following details:**

Date of the meeting	No of Attendees	Number of Attendance by Proxy	Name of Absent Members
13/02/2023	7	None	None
21/03/2023	7	None	None
17/07/2023	6	None	HH Sheikh Zayed Bin Surror apologized for not attending and the Board noted that. None
21/08/2023	7	None	None
23/11/2023	7	None	None
25/12/2023	7	None	None

8. **Number of board resolution passed during the 2023 fiscal year along with its meeting convention dates:**

- No passing decisions were issued.

9. **Statement of the tasks and function delegated by the Board of Directors to the Executive Management during the 2023 fiscal year:**

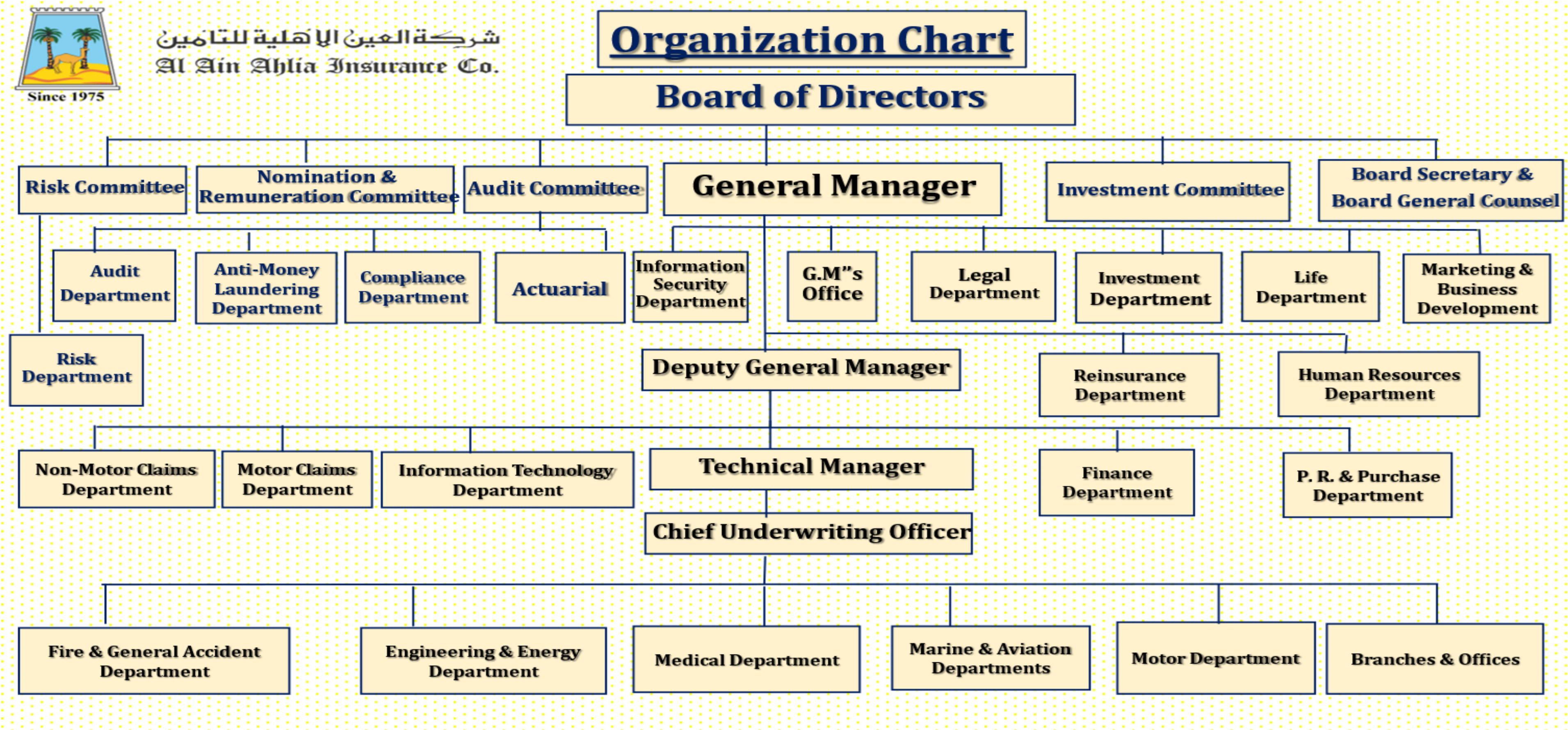
- In addition to the powers provided under the provisions of Articles (27) and (28) of the company's articles of association, concerning managing the company's operations, defending its rights, representing it before others, appointing lawyers, and appealing judgments, Mr. Mohd Mazhar Hamadeh, the General Manager of the company, is authorized to sign on behalf of the company in all administrative, technical, and legal transactions. He has the right to delegate the authority to sign on all or some of the delegated tasks to others. He also has the right to hire and dismiss employees, determine their salaries and allowances, promote them, transfer them, establish disciplinary rules, and carry out all actions required for managing the company according to its purposes.

Authorized Person	Authorization validity
Mr. Mohd Mazhar Hamadeh	Administrative powers and signature on behalf of the company until 20/08/2026

10. **Statement of the details of transactions made with the related parties (stakeholder) during 2023:**

Table of related parties' transactions for the year 2023			بيان بتفاصيل التعاملات التي تمت مع الأطراف ذات العلاقة خلال العام 2023:	
S No	Name English	قسط التأمين بالدرهم Insurance Premium (AED)	الاسم باللغة العربية	الرقم
1	Mohamed Jouan Rashed Albadi Aldhaheri	1,607.00	سعادة / محمد جوعان راشد البادي الظاهري	1
2	Khaled Mohamed Jouan Albadi Aldhaheri	2,688.00	سعادة / خالد محمد جوعان راشد البادي الظاهري	2
3	H.H. Sheikh Zayed Bin Suroor Bin Mohd. Al Nahyan	-	سعادة / الشيخ زايد بن سرور بن محمد آل نهيان	3
4	Ghaith Hammel Khadim Alghaith Alqubaisi	64,397.00	سعادة / غيث هامل خادم آل غيث القبيسي	4
5	Saeed Ahmed Omran Almazrouei	-	سعادة / سعيد أحمد عمران المزروعي	5
6	Mohamed Abduljabbar Abdulmohsen Ahmed Alsayegh	-	سعادة / محمد عبد الجبار عبد المحسن أحمد الصايغ	6
7	Faysal Jasim Mohamed Al Khalufi	-	سعادة / فيصل جاسم محمد الخلوفي	7

11. **Corporate Structure:**


شركة العين الأهلية للتأمين
Al Ain Ahlia Insurance Co.
Since 1975
Organization Chart
Board of Directors
Risk Committee
Nomination & Remuneration Committee
Audit Committee
General Manager
Investment Committee
Board Secretary & Board General Counsel
Audit Department
Anti-Money Laundering Department
Compliance Department
Actuarial
Information Security Department
G.M"s Office
Legal Department
Investment Department
Life Department
Marketing & Business Development
Risk Department
Deputy General Manager
Reinsurance Department
Human Resources Department
Non-Motor Claims Department
Motor Claims Department
Information Technology Department
Technical Manager
Finance Department
P. R. & Purchase Department
Chief Underwriting Officer
Fire & General Accident Department
Engineering & Energy Department
Medical Department
Marine & Aviation Departments
Motor Department
Branches & Offices

12. **Statement of Total salaries and bonuses paid to the executive management in the year 2023:**

SR	Designation	D.O.J.	Total Salaries Expenses Paid for The Year 2023 (AED)	Total Bonuses Paid in the year 2023 (AED)	Other cash / in-kind rewards for the year 2023 (AED)
1.	General Manager	20-03-1976			
2.	FINANCE MANAGER	01-05-2007			
3.	INTERNAL AUDIT Manager	01-03-2010			
4.	LEGAL DEPT MANAGER	13.12.2020			
5.	MARINE DEPT MANAGER	09-08-2022			
6.	Non-Motor Claims Manager	04-04-2022			
7.	NON-MARINE MANAGER	11-04-2022		NA	
8.	Chief Underwriting Officer (last working date31/03/2023).	08-01-2019		NA	
			8,308,200	1,476,513	

Fourth: External Auditors' Fees: Grant Thornton

- **. Summary about Grant Thornton:**
  - The external audit company is independent of the company and the board of directors, the auditors perform the audit works, verifying the accuracy of the financial statements and monitoring the company's accounts for the fiscal year in which it was appointed. To perform its mission, the auditors have the right to review all the company's books, records, and documents at all times and to request data and clarifications that it sees fit. It is necessary to obtain it and to verify the company's assets and obligations.
  - Grant Thornton is one of the world's leading independent audit, tax, and advisory firms.
  - Grant Thornton companies operates in more than 130 countries and has approximately more than 58,000 employees.
  - Grant Thornton is one of the leading business advisors helping critical organizations unleash their growth potential. Its brand is also recognized on a global level, as one of the major global accounting organizations.

- Grant Thornton Company has extensive experience in the field of audit, tax, and consulting services, which made it qualified to provide clients with a series of consultations through its services. The company has won many international awards.
- The external auditor shall attend the General Assembly meeting and verify the procedures followed in calling for that meeting. He shall express his opinion on the Company's budget and on any irregularities that may have occurred during the fiscal year regarding the provisions of the Company's Articles of Association or the Companies Law or the resolutions of the General Assembly.

- **Auditors Fees:** Grant Thornton took over the Company's external audit of the year 2021, which was selected in accordance with the shareholders' resolution at the meeting of the General Assembly in 2021, Where renewed to them at the General Assembly meeting in 2022, and the General Assembly meeting in 2023, their annual fees AED 346,875 and the same amount for the third quarter.

Name Of Audit Office	Grant Thornton
Partner Auditor Mohamed Aly | Partner | Audit, Grant Thornton - United Arab Emirates Box 41255, Al Kamala Tower, Office No. 1101, 11th Floor, Zayed the 1st Street, Khalidiya, Abu Dhabi T +971 2 666 9750 | M | E mohamed.aly@ae.gt.com	
Number of years served as an external auditor for the Company	3 Years
Annual Fees	346,875
1st Quarter audit fee	66,875.00
2nd Quarter audit fee	66,875.00
3rd Quarter audit fee	66,875.00
Total fees for the auditing the financial statements of 2023 (in AED)	547,500.00

- **A statement of the reservations made by the company's external auditor in the interim and annual financial statements for 2023.**
  - No reservations were made by the company's auditor.

Fifth: Statement of Board Committees:

1. **Audit Committee**
   - **Mr. FAYSAL JASIM AL KHALUFI,** Audit Committee Chairman's acknowledges his responsibility for the Committee policy in the company, review of its work mechanism and ensuring its effectiveness.
   - The **purpose** of this committee is to support the role of the Board of Directors in its responsibilities to represent shareholders in relation to the audit of financial information and corporate governance matters on a regular basis to ensure the effective use of

available resources. As well as the supervision and follow-up of the independence of the external auditor, the objectivity, and the review of internal audit systems.

The Audit Committee consists of the following Excellences:

HE/ FAYSAL JASIM AL KHALUFI	**Chairman**
HE/ KHALID MOHAMED AL BADIE AL DHAHERI	**Member**
HE/ MOHAMED ABDUL JABBAR AL SAYEGH	**Member**

- The Committee shall carry out all the specialties and tasks stipulated in Article No. (61) of the Resolution of the Chairman of the Board of Directors of the Securities and Commodities Authority No. (3/R.M) of the year 2020. **The Audit Committee held (12) meetings in the presence of all its members during 2023 with the following dates:**

Meeting No.	Date	Meeting No.	Date	Meeting No.	Date
1	13/01/2023	5	04/08/2023	9	01/12/2023
2	03/02/2023	6	18/08/2023	10	22/12/2023
3	07/04/2023	7	06/10/2023	11	
4	03/05/2023	8	27/10/2023	12	

2. **Nomination & Remuneration Committee:**

- **Mr. MOHAMED ABDUL JABBAR AL SAYEGH**, Nomination & Remuneration Committee Chairman's acknowledges his responsibility for the Committee policy in the company, review of its work mechanism and ensuring its effectiveness.
- The main purpose of the Nomination and Remuneration Committee is to define policies and criteria of the Board of Directors elections, in addition to periodic review of the capabilities and skills required in the Board, the preparation of human resource policies and training. Ensuring the independence of independent members and ensuring that there are no conflicts of interest in the membership of the Boards of Directors and other companies, as well as determining compensation and bonus policies for Board members and senior executives.
- **The Nomination and Remuneration Committee consists of the following excellence's:**

HE/ MOHAMED ABDUL JABBAR AL SAYEGH	**Chairman**

HE/ GHAITH HAMMEL AL GHAITH AL QUBAISI — **Member**
HE/ FAYSAL JASIM AL KHALUFI — **Member**

- **The Committee shall carry out all the specialties and tasks stipulated in Article No. (59) of the Resolution No. (3/R.M) of the year 2020 of the Chairman of the Board of Directors of the Securities and Commodities Authority.**
- **The Nomination and Remuneration Committee held (12) meetings in the presence of all its members during 2023 with the following dates:**

Meeting No.	Date	Meeting No.	Date	Meeting No.	Date
1	03/02/2023	4	11/07/2023	7	01/12/2023
2	07/04/2023	5	06/10/2023	8	22/12/2023
3	03/05/2023	6	27/10/2023		

3. <u>Risk Committee:</u>

- **Mr. Saeed Ahmed Omran Almazrouei**, the Chairman of the Risk Committee, acknowledges his responsibility for the company's Risk Committee Guidance, its operational mechanism review, and ensuring its effectiveness.
- The Risk Committee was formed by the Board' decision No. (144) on 28/02/2021. The main purpose of the Risk Committee is to develop comprehensive strategies and policies for risk management that are consistent with the nature and size of the company's activities, to monitor their implementation, and to review and update them based on the changing internal and external factors affecting the company. It aims to maintain an acceptable level of risks that the company may face, ensuring that the company does not exceed this level. The committee oversees the company's risk management framework and evaluates the effectiveness of the framework and mechanisms for identifying and monitoring risks. It provides guidance to management, as needed, to help improve its risk management practices and/or mitigate certain risks. The committee also seeks assurance from executive management and internal audit that risk processes and systems are operating effectively with appropriate controls and adherence to approved policies, in addition to having periodic reports on the company's risks.

- **<u>The Risk Committee consists of the following excellence's:</u>**
  HE / Saeed Ahmed Omran Almazrouei — **Chairman**

HE/ KHALID MOHAMED AL BADIE AL DHAHERI — Member
Member HE/ GHAITH HAMMEL AL GHAITH AL QUBAISI — Member
HE/ MOHAMED ABDUL JABBAR AL SAYEGH — Member
HE/ Faysal Jasim Alkhalufi — Member

- **The Committee shall carry out all the specialties and tasks stipulated in Article No. (59) of the Resolution No. (3/R.M) of the year 2020 of the Chairman of the Board of Directors of the Securities and Commodities Authority.**
- **The membership of the Risk Committee was amended by the Board of Directors in compliance with governance decisions and the requirement that the majority of the committee members be independent, and that the chairman of the committee be among the independent members. The committee was restructured in accordance with the schedule outlined below.**
- **The Risk Committee held (8) meetings in the presence of all its members during 2023 on the following dates:**

Meeting No.	Date	Meeting No.	Date	Meeting No.	Date
1	13/01/2023	4	11/07/2023	7	01/12/2023
2	07/04/2023	5	06/10/2023	8	22/12/2023
3	03/05/2023	6	27/10/2023		

4. <u>Investment Committee:</u>

- **Mr. Khalid Mohamed Jouan Al Badie Al Dhaheri**, Investment Committee Chairman's acknowledges his responsibility for the **Committee guidance in the company, review of its work mechanism and ensuring its effectiveness.**
- **The Board formed the Real Estate and Investment Committee by the diction Board of Director No. (73) dated 15/04/2007 in order to devise and observe the investment strategy as intended and submitted suggestion on different investment field without canceling its powers or the authority of the Chairman of the Board of Directors in accordance with the Articles of Association of the Company and resolutions of the General Assembly.**
- **Based on the investment committee policy approved by the Board of Directors on 23/11/2023, the name of the Real Estate and Investment Committee was changed to the Investment Committee.**

- **<u>and Investment Committee consists of the following Excellency's:</u>**

HE/ KHALID MOHAMED AL BADIE AL DHAHERI — Chairman

HE/ GHAITH HAMMEL AL GHAITH AL QUBAISI	Member
HE/ MOHAMED ABDUL JABBAR AL SAYEGH	Member
MR/ MOHAMMAD MAZHAR HAMADEH	Member

- The Real State and Investment Committee held (18) meetings in the presence of all its members during 2023 with the following dates:

Meeting No.	Date	Meeting No.	Date	Meeting No.	Date
1	03/01/2023	7	20/07/2023	13	25/10/2023
2	13/01/2023	8	04/08/2023	14	27/10/2023
3	03/02/2023	9	18/08/2023	15	01/12/2023
4	07/04/2023	10	21/08/2023	16	20/12/2023
5	03/05/2023	11	06/10/2023	17	22/12/2023
6	11/07/2023	12	11/10/2023	18	27/12/2023

Sixth: Committee of follow-up and supervision on the transactions of Insiders:

- Pursuant to Article No. (33) of the Resolution No. (3/R.M) of the year 2020 of the Chairman of the Board of Directors of the Securities and Commodities Authority, in relation to the criteria of institutional discipline and the governance of public joint stock companies. On 14/06/2016, a committee was formed to assume responsibility for managing, following up and supervising the transactions of Insiders and their properties, and maintaining a register for them. Whereas the committee consists of:
    - Mr. Yaser Ibrahim Hmedan — Board Secretary & Board General Counsel
    - Mr. Hassan Housam Al Sayed — Manager of the Internal Audit Department
    - Mr. Mohammad Kashif Khan — Finance Manager
- Yaser Ibrahim Hmedan, Hassan Housam Al Sayed and Mohammad Kashif Khan acknowledge their responsibility for the follow-up and supervision system on transactions of the insiders in the company, review of its work mechanism, and clarifying and ensuring its effectiveness. The Committee held its meeting on 23/06/2023 and reviewed the e-mail sent by Abu Dhabi Securities Exchange dated 19/06/2023 Regarding the identification of the list of Insiders and were provided with The Abu Dhabi Securities Exchange in the list of insiders.

Seventh: Internal Audit System:

1. The Company's Internal Audit Department exercises its roles in accordance with the provisions of Article No. (55) of the Resolution No. (3/R.M) of the year 2020 of the Chairman of the Board of Directors of the Securities and Commodities Authority. Consequently, it has sufficient independence to perform its roles and is directly subordinate to the Board of Directors, who acknowledge its responsibility for the Internal Audit System, its audit, and its effectiveness.
2. Mr. Hassan Husam Al Sayed has been the Director of the Internal Audit Department, since 2010. He has accounting and management experience in a number of companies in addition to working as an external auditor in the Kingdom of Bahrain.
3. The Company adopts the application of international standards of internal audit in order to achieve the required purposes efficiently and with less economical cost, in relation to the basics of internal audit to ensure the following:
   - 3.1. Plausibility and compatibility of information and data.
   - 3.2. The extent of compliance with policies, plans, procedures, regulations, laws, and instructions.
   - 3.3. The extent of the protection of the Company's assets and properties.
   - 3.4. The extent to which activities, processes and programs are aligned with the specified strategic purposes and objectives, and to ensure the application of these activities, processes, and programs by the supervisory bodies according to the specified plans and objectives.
   - 3.5. Emphasizing preventive control, intended towards desired achievements and encourages the repetition of its performance, in order to prevent undesired events and correct improper actions.
   - 3.6. Emphasizing the soundness and efficiency of the internal control elements, which are: (the supervisory body, risk assessment, internal control activities, information and communications, oversight, and inspection).
4. The Internal Audit Department, represented by the Internal Audit Director, prepares the following:
   - 4.1. Annual Internal Audit in coordination with the Audit Committee and the managers of the relevant departments or heads of other departments affiliated with the company.

4.2. Executing the approved internal audit plan as well as executing any other special tasks or projects requested by the Board of Directors.

5. The Manager of the Internal Audit Department shall submit detailed reports to the Audit Committee and then to the Board of Directors on the evaluation of the internal control system, on a regular basis and when necessary and at any time, in accordance with the requirements of such evaluation to provide feedback and make suggestions to fill the gaps in the internal control system.

6. In 2023, the Company did not face any major problems to be dealt with by the Internal audit Department, which in case of occurrence; the Internal audit Department will deal with them properly and according to the nature of the problem, which may differ from one another in its causes and components. In addition to submitting reports with facts and solutions to the Board of Directors.

7. Four reports were issued by the Internal Audit Department to the Board of Directors for the Year 2023.

Eighth: Compliance Officer

- Ms. Shaima Al Akberi assumes the position of Compliance Officer by virtue of the Board of Directors' decision issued in session number (05/2023) on 23/11/2023. Since then, she has been responsible for verifying the company's and its employees' compliance with laws, regulations, decisions, and issued policies.

Ninth: Code of Conduct:

- The company applies the system prepared for the rules of code of conduct for the Board of Directors, senior management, and employees, as well as the guidelines provided by the Central Bank of the United Arab Emirates for code of conduct. As part of a wide range of procedures and practices in compliance with all applicable legislation and local customs, the company adheres to general principles of professional ethics.

Tenth: Corporate Social Responsibility:

- Al Ain Ahlia Insurance Company contributes to many social initiatives and participates in a number of community centers and institutions. In 2023, the company supported and sponsored a number of events for governmental and social agencies, including an amount of 10,000 dirhams to the Saed Association for the Prevention of Traffic Accidents, as well as the company's ongoing efforts to preserve the environmental safety by reducing the use of paper, reusing it, and rationalizing water and electricity consumption.

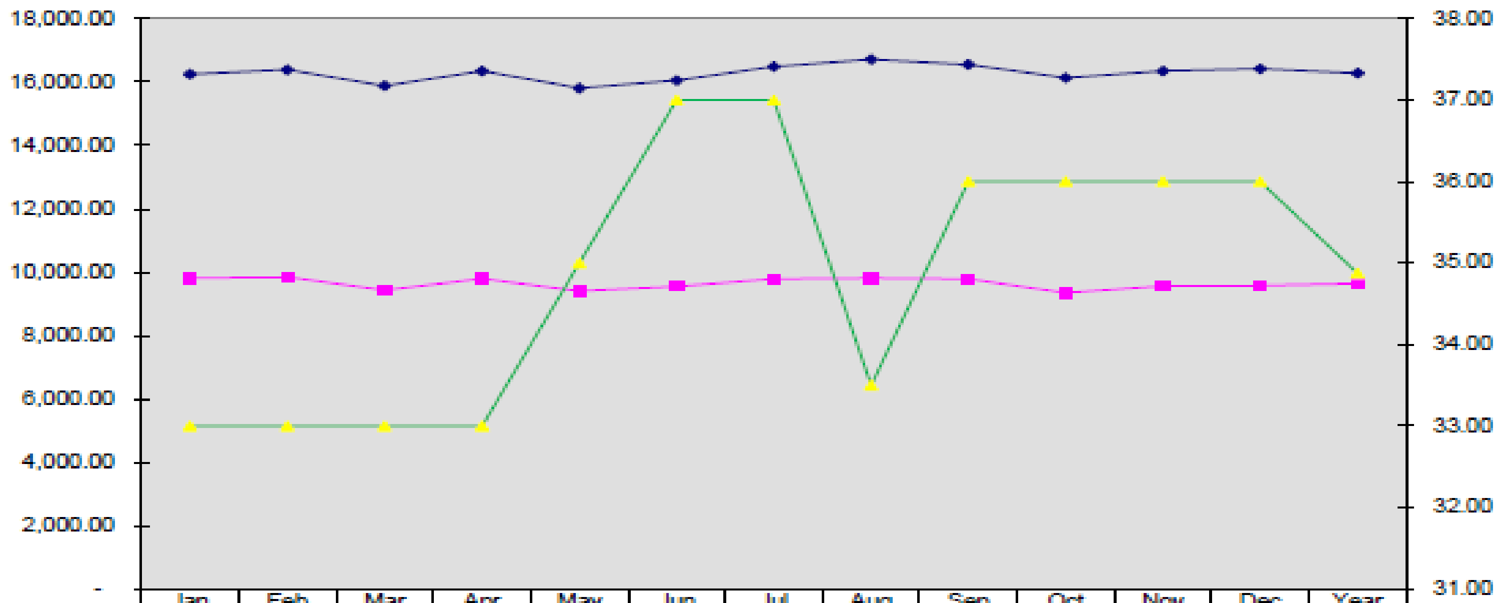
Eleventh: General Information:

1. **A statement of the Company's share price on the Abu Dhabi Securities Exchange (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2023.**

Month	High (52)	Low (52)	Close
Jan-2023	45.00	32.82	33.00
Feb-2023	45.00	32.82	33.00
Mar-2023	45.00	32.82	33.00
Apr-2023	45.00	32.82	33.00
May-2023	45.00	32.82	35.00
Jun-2023	43.00	32.82	37.00
Jul-2023	43.00	32.82	37.00
Aug-2023	37.00	32.82	33.50
Sep-2023	37.00	32.82	36.00
Oct-2023	37.00	32.82	36.00
Nov-2023	37.00	33.00	36.00
Dec-2023	37.00	33.50	36.00

2. **A statement of the comparative performance of the Company's shares with the general market index and the sector index to which the company belongs during the year 2023:**

AAIC Share price against General Index and Financials Index - 2023



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
General Index	9,811.5	9,844.8	9,430.2	9,789.1	9,406.5	9,550.4	9,787.1	9,810.2	9,785.3	9,343.8	9,559.5	9,577.8	9,641.3
Financials Index	16,240.	16,387.	15,876.	16,344.	15,807.	16,047.	16,486.	16,713.	16,547.	16,135.	16,347.	16,415.	16,279.
AAIC closing share price	33.00	33.00	33.00	33.00	35.00	37.00	37.00	33.50	36.00	36.00	36.00	36.00	34.88

3. **Distribution of Ownership of Equity (Individuals, Companies and Governments) on 31/12/2023, categorized as follows:**

Distribution of ownership of equity (Govt, Companies, Individuals) as at 31-12-2023

بيان بتوزيع ملكية المساهمين كما فى 31-12-2023 (افراد وشركات وحكومات) مصنفة على النحو التالي محلى وخليجي وعربي وأجنبي

Geographic Location	مؤسسات عامة Government			شركات Companies			افراد Individuals			المجموع Total		
	عدد المساهمين No. of Shareholders	(الملكية) سهم Ownership (share)	%	عدد المساهمين No. of Shareholders	(الملكية) سهم Ownership (share)	%	عدد المساهمين No. of Shareholders	(الملكية) سهم Ownership (share)	%	عدد المساهمين No. of Shareholders	(الملكية) سهم Ownership (share)	%
UAE	-	-	-	9	4,275,543	28.5	153	10,724,457.00	71.5	162	15,000,000	100
GCC	-	-	-	-	-	-	-	-	-	-	-	-
ARAB	-	-	-	-	-	-	-	-	-	-	-	-
FOREIGN	-	-	-	-	-	-	-	-	-	-	-	-

4. **A Statement of shareholders who owns 5% or more of total capital of the company as at 31-12-2023**

Name (Eng)	%	No. of Shares	Name (Arb)
Al Maamoura Diversified Global Holding Company	19.703	2,955,450	شركه المعموره دايفيرسيفايد جلوبال هولدنغ
Mohamed Jouan Rashed Albadie Aldhaheri	10.282	1,542,307	محمد جوعان را شد البادي الظاهري
Khaled Mohamed Jouan Albadie Aldhaheri	7.021	1,053,216	خالد محمد جوعان راشد البادي الظاهري
Total	37.01	5,550,973	

5. **Distribution of ownership of equity as at 31/12/2023:**

Distribution of ownership of equity as at 31-12-2023
بيان بتوزيع ملكية المساهمين كما في 31-12-2023

No. of shares ranging from and to	No. of shareholder	Total No. of shares	Percentage of total No. of shares
< 50,000	114	1,361,152	9.07%
50,000 - <500,000	41	5,746,255	38.31%
500,000 - <5000,000	7	7,892,593	52.62%
5,000,000 & above	0	0	0.00%
TOTAL	162	15,000,000	100.00%

6. **Controls of Investors Relationship:**

- In 2015, in accordance with the requirements of the governance controls, the Company nominated a person who follow up the Investor relationship work which is now follow up by Mr. Khalid Walid Al Omari, to assume all tasks related to managing the Investors Relationship, in addition to creating a tab on the Company's website.
- https://alaininsurance.com/live/investor-relations/investor-relations-section
- **For the Investors Relationship, noting that the contact data are as follows:**

Company’s Telephone No.	:	02/6119999
Mobile No.	:	050/4959501
Fax No.	:	02/4456685
Email of the authorized person	:	Khalid.omari@alaininsurance.com

7. **Special Resolutions that were presented in the 2023General Assembly:**

- Approving the proposal of the Board of Directors to make voluntary contributions for the purposes of community service to determine the parties to which these amounts will be allocated in accordance with the provisions of Article 244 of Federal Decree Law No. 32 of 2021 regarding commercial companies and the authorization of the Board of Directors or whomever the Board delegates to determine the entities to which these amounts are allocated after obtaining SCA approval. in addition to amend the Article of Association.

8. <u>The Name of the Board Secretary and the Date of his appointment:</u>

- Mr. Yaser Ibrahim Hmedan has assumed the role of Board Secretary at Al Ain Ahlia Insurance Company starting from September 1, 2020. As a lawyer and legal advisor since 1993, he possesses extensive knowledge in the legal field, particularly in company and insurance laws, governance, and commercial law. His expertise also extends to the operations of boards of directors and joint-stock companies, a result of his diverse work with various local, Arab, and international entities.
- In his role, the Board Secretary oversees all legal and administrative duties related to the board of directors and its subcommittees. His responsibilities include preparing meetings, notifying members of schedules, and providing them with new information and developments in governance and company laws. The Board Secretary acts as the main point of contact for all board members, preparing minutes, organizing disclosure records, and board decisions. He emphasizes the importance of separating roles between the board and executive management to ensure decision-making independence and avoid conflicts of interest. Additionally, the secretary plays a key role in establishing sound governance principles within the company.
- The Board Secretary supervises the company's compliance with applicable legislation and regulations, updates internal policies, and develops them to ensure the implementation of best practices in coordination with control functions, especially internal audit, compliance, and risk management. He also works to strengthen the relationship between the board of directors, shareholders, and other stakeholders, contributing to the overall performance improvement of the company and increasing the confidence of shareholders and investors.

9. **Highlights of the Company's significant events during the year 2023:**

- The Company did not encounter any significant events during 2023.

10. **A statement of the deals carried out by the company that is equal to 5% or more of the company's capital during the year 2023.**

- There are no deals carried out by the company that is equal to 5% or more of the company's capital during the year 2023.

11. **Statement of the Emiratization percentage in the Company at the end of 2020, 2021, 2022, and 2023.**

- The percentage of Emiratization at the Company reached.

2020	17.07%
2021	15.00%
2022	18.00%
2023	23.00%

12. **Statement of projects and innovative projects and initiatives carried out by the Company or being developed during 2023:**

- During 2023, the company focused on enhancing the issuance of the new insurance product document for life insurance, "Family and School Care Package.

The Governance Report for the year 2023 signed on 14/02/2024:

Internal Audit Department Manager	Chairman of the Nomination & Remuneration Committee	Chairman of the Audit Committee	Chairman Of the Board Of Director
Hassan Housam Al Sayed	Mohamed Abdul Jabbar Al Sayegh	Faysal Jasim Al Khalufi	Mohamed Jouan Rashed Al Badie Al Dhaeri

Stamp:

ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE REPORT

شركة العين الأهلية للتأمين

Al Ain Ahlia Insurance Co.

Since 1975

ESG SUSTAINABILITY 2023

Approved by the Board of Directors at its Meeting No. (01/2024) on 14/02/2024

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Since 1975

ABOUT THE REPORT

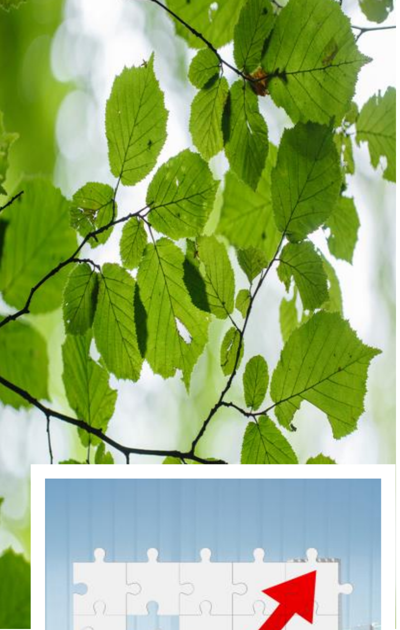
We are delighted to present our Sustainability Report for the year 2023. In this report, we intend to demonstrate AAIC's commitment to sustainable development and progress. Also, we would like to express our support for ADX's initiative to drive sustainability and the Abu Dhabi Economic Vision for the upcoming years.

Through all of its activities in the insurance space, this report highlights AAIC's national and global efforts to adopt sustainable operations. In this report, the AAIC strives to demonstrate the highest levels of integrity and competency.

Since 1975

INTRODUCTION

ESG SUSTAINABILITY 2023



COMPANY OVERVIEW

01 Al Ain Ahlia Insurance Company (PJSC) always strives and seeks to maintain the pioneering approach in sustainability and to ensure its integration with the company's business and assure its application at all levels in accordance with the instructions of the Concerned Authorities, in addition to encourage the concerned and relevant parties to follow the approved mechanisms for creating added value in sustainability through the various fields of the company's businesses

02 Al Ain Ahlia Insurance Company exerts vigorous and deliberate efforts to develop the sustainability culture and create a state of comprehensive, integrated and transparent dialogue towards consolidating the sustainability principle.

03 Issuing the Sustainability Report of 2022 is a continuation of the efforts and initiatives of Abu Dhabi Securities Exchange with the specialized Authorities in the State for adopting, supporting and promoting the best sustainability practices in Public Joint Stock Companies in accordance with the environmental, social standards ESG and in line with the Governance Guide issued by the Decision of His Excellency the Chairman of the Board of Directors of the Securities and Commodities Authority No. (3 / R.M of 2020) regarding the Governance Guide for Public Joint Stock Companies.

EXECUTIVE SUMMARY

Al Ain Ahlia Insurance Company incorporated in Abu Dhabi by Law No. (18) of the year 1975 and under Registration No.(3) with the UAE Central Bank – Insurance Sector. With 25% shares for Abu Dhabi government the Company began Underwriting in 1976, with a paid-up capital of Dh. 5,000,000/-. Al Ain Ahlia's Company owners are prominent citizens of the United Arab Emirates with the major shareholding being held by the Government of Abu Dhabi. As a result, the Company enjoys the privilege of writing Government and Government related business of Abu Dhabi as detailed in Circular No. 21 (6/12/1975) issued by the Executive Council of the Emirate of Abu Dhabi with a current paid up capital of Dh. 150,000,000/- and general reserves of Dh. 600,000,000, Technical Reserves Dh.75 Million and total assets of Dh. 3 billion the Company is rated among the leading insurers in the region. Al Ain Ahlia Insurance Company has established an excellent relationship with worldwide markets enjoying first class security and writing all classes of business, predominantly Energy, Property and Casualty in which the Company participates in a wide variety of territories both in Abu Dhabi and abroad. The Company is recognized for its meticulous underwriting philosophy and has gained an excellent reputation for writing profitable business and strong relationship with reinsurance all over the world.

Since 1975

Mission

To provide financial security and protection to customers through quality insurance products with a focus on providing excellent personal service, claims handling and diligent underwriting of risks.

Vision

To experience increased growth and set industry standards of excellence. We aim to exceed customer expectations through continuous innovation and become the nation's first choice for insurance services

Since 1975

OUR OBJECTIVE

The efforts of Al Ain Ahlia Insurance Company are always focused on maintaining its pioneering role through its permanent and continuous cooperation with all Insurance Companies operating, within the Insurance Market in the State or companies that operate in the rest of the regional, Arab & international markets.

The company also seeks the optimal application of the governance rules and compliance with the laws, regulations and decisions issued by the concerned Authorities, particularly the UAE Central Bank, the Securities and Commodities Authority and Abu Dhabi Securities Exchange.

The company also seeks to strength the teamwork between the various Insurance Companies in the State through its continuous cooperation in the Emirates Insurance Association.

The company was keen during the year 2022 to provide a healthy and safe work environment.

Since 1975

GOVERNANCE

ESG SUSTAINABILITY 2023

BOARD OF DIRECTORS

H.E. Mohamed Jouan Rashed Albadi Aldhaheri
Chairman

H.E. Khaled Mohamed Jouan Albadi Aldhaheri
Vice Chairman

H.E. Sheikh Zayed Bin Suroor Bin Mohammed Alnehayan
Member

H.E. Saeed Ahmed Omran Almazroui
Member

H.E. Ghaith Hammel Khadim Alghaith Alqubaisi
Member

H.E. Faysal Jasim Mohamed Al Khalufi
Member

H.E. Mohamed Abduljabbar Abdulmohsen Ahmed Alsayegh
Member

H.E. Mohammed Mazhar Hamadeh
General Manager

INDEPENDENCE OF THE BOARD OF DIRECTORS

The company's Board of Directors consists of seven members who are citizens of the United Arab Emirates. Most of them are independents.

There is a complete separation between the Chairman of the Board of Directors and the Executive Management of the Company, whereas the Chairman of the Board of Directors does not undertake or practice any work of the Executive Management.

Since 1975

GOVERNANCE AND INSTITUTIONAL DISCIPLINE RULES

01 In 2022, the company has updated its articles of association to be in accordance with the provisions of the Companies Law and its amendments. The new article of association allows holding the general meetings of the company such as AGM, Board of Directors and Committees Meeting remotely and electronically, and allows sending invitations to shareholders by text messages and e-mail.

02 The General Assembly of the Company appoints an independent auditor who presents his report and financial statements independently in the meetings of the shareholders and the Board of Directors. They are disclosed according to the rules and principles followed and applied to the Public Joint Stock Companies

03 The company follows and applies the Corporate Governance Rules for Public Joint Stock Companies

04 The Audit Committee, the Nomination and Remuneration Committee and the Risk Committee emanate from the Board of Directors of the Company

05 The company has a specialized Internal Audit Department that is directly headed by the Audit Committee and the Board of Directors

GOVERNANCE AND INSTITUTIONAL DISCIPLINE RULES

06 In line with the updated Governance rules, the company has reviewed its policies, especially the policy of nominations and remuneration, and AML policy and procedures

07 The Company's governance policy and rules are frequently updated to take into account evolving regulatory requirements, challenges, technologies, global events, and stakeholder expectations

08 The company's and management's strategic plans for the next few years will focus on improving the working environment in all its offices and branches throughout the UAE

09 The Company will focus on exploring any social initiatives that will be valuable to the local community.

10 The company discloses its General Assembly meetings and core and essential events when they occur

WHISTLE BLOWER POLICY

01 Following the updated Governance Regulations, AAIC implemented a Whistleblower Policy that provides employees, contractors, and stakeholders with the opportunity to report concerns or suspicions of unethical or illegal activities without fear of retaliation.

02 A culture of integrity is promoted within the Company through the promotion of transparency, accountability, and a culture of integrity.

Since 1975

OUR RATINGS

ICV CERTIFICATE RATING 67.30%

Al Ain Ahlia Insurance Company participated in the National In?Country Value Program (ICV) aims to enable the Ministry of Industry & Advanced Technology to improve the performance and sustainability of the industrial sector. We are always proud to keep up the latest industry trends to boost the domestic economy

S&P GLOBAL RATING A-

According to S&P global rating Al Ain Ahlia Insurance Company is among the top performers in the UAE insurance market continues its efforts to expand and diversify its portfolio in the UAE and wider Middle East.

MOODY'S RATING A3

Al Ain Ahlia Insurance Company's financial strength rating reflects the company's strong market position and brand, as top five insurer in the UAE insurance market.

Since 1975

Preserving Values and Promoting Innovation

01 Our vision in Al Ain Ahlia Insurance Company as a pioneering national company has always guided to exert efforts in sustainability by embodying the values of cooperation, love, harmony and development that characterize the United Arab Emirates Society and the established values that also form the foundations on which all our activities are based

02 Our initiatives in the company started from investing in our employees and enhancing their insurance and practical knowledge, and through our fruitful and transparent cooperation with all our customers, which allowed enhancing the experience, setting solid rules and building a strong reputation in the customer service field and meeting their requests and requirements.

03 The Company has followed an approach to encourage innovation, promote the principle of entrepreneurship, and apply best practices that are socially and environmentally responsible.

AUDIT & COMPLIANCE

ESG SUSTAINABILITY 2023

AUDITING PROCEDURES

By conducting an internal audit of the internal divisions and internal departments based on the annual plan, the internal audit identifies the risks and their significance. Through the internal audit reports, the internal audit function makes recommendations for risk management that are discussed with the audit and senior management committee. Moreover, Further, our data is analyzed and detailed reports are generated.

RISK MANAGEMENT

Ensuring that AAIC remains resilient and adaptable to environmental, social, and governance (ESG) challenges while driving long-term value for stakeholders by embedding sustainability considerations into our risk management framework.

OBJECTIVES

- The governance and compliance function.
- ESG risk integration in a comprehensive manner.
- Employee Training and Capacity Building.
- A transparent reporting processes.
- The importance of stakeholder engagement
- Resilience to climate change.
- The concept of social inclusion.
- Sustainable and green product innovation.
- The collaborative approach.
- The continuous improvement processes

Since 1975

COMPLIANCE MANAGEMENT

01 KEY ELEMENTS

AAAIC is committed to complying with all applicable environmental regulations because we recognize our responsibility to protect the environment. By utilizing responsible management practices and continuous improvement, AAIC aim to minimize our environmental impact

02 KEY ELEMENTS

The company and the management strategic plans for the coming years are on focus of better healthy working environment in the all offices and branches across UAE

Since 1975

SOCIALLY RESPONSIBLE

ESG SUSTAINABILITY 2023

OUR SUSTAINABILITY APPROACH

Our sustainability approach does not always stop evolving, which allows us to continue to reinforce our responsibility, supervise our various capital flows and understand the interlinkages between what is best, in addition to our support in consolidating a comprehensive and integrated approach towards its various groups in terms of the decision-making and practices, and keeping our concentration focused on creating value in the short, medium and long term

This report represents an important part of our relentless efforts to open and transparent communication with relevant and concerned parties internally and externally, as well as being part of our internal measures to monitor operations and ensure full harmony between our operations and practices on the one hand, and our strategic vision on the other hand

The company is committed to prepare the financial statements in accordance with the International Financial Reporting Standards (IFRS 4) approved by the International Accounting Standards Board (IASB) and to publish them in accordance with the Regulatory Requirements of the Securities and Commodities Authority in the United Arab Emirates.

Since 1975

CORPORATE SOCIAL RESPONSIBILITY

- The company abides by its social responsibility by balancing its main businesses with the needs of the society, in which the company operates, and undertaking the management of social responsibility permanently.

- The company has undertaken many initiatives, including providing financial or moral support to specific groups of society and providing contributions in some community activities.

- The company also participated in the launching session of special label standards for gender balance for the Private Sector, which was the outcome of the Government Accelerator Team

Since 1975

DONATION OR CHARITY

AAIC consider that the donations and charity are playing an important role in corporate social responsibility and individual philanthropy. This is done by channeling resources towards social, environmental, educational, and health-related causes

As a result, AAIC participates in a wide variety of social activities and supports throughout the year.

HUMAN RESOURCE

ESG SUSTAINABILITY 2023

ELECTRONIC SYSTEM AND REMOTELY WORKING

01 The company developed its electronic systems and prepared the modern electronic system for the work of the specialized Departments and the connection between them. It speeds up the production process and handling claims

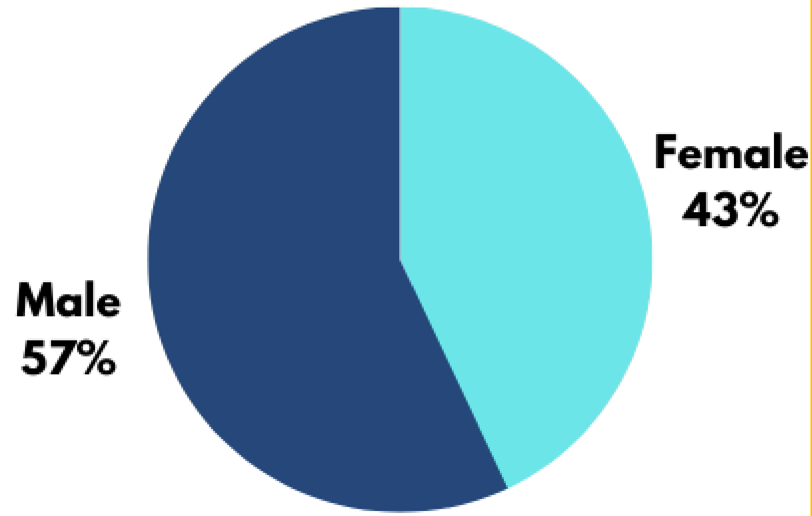
02 The company has prepared modern electronic applications for selling insurance policies through computers and mobile devices, in order to facilitate payment and obtaining the document electronically, quickly and safely

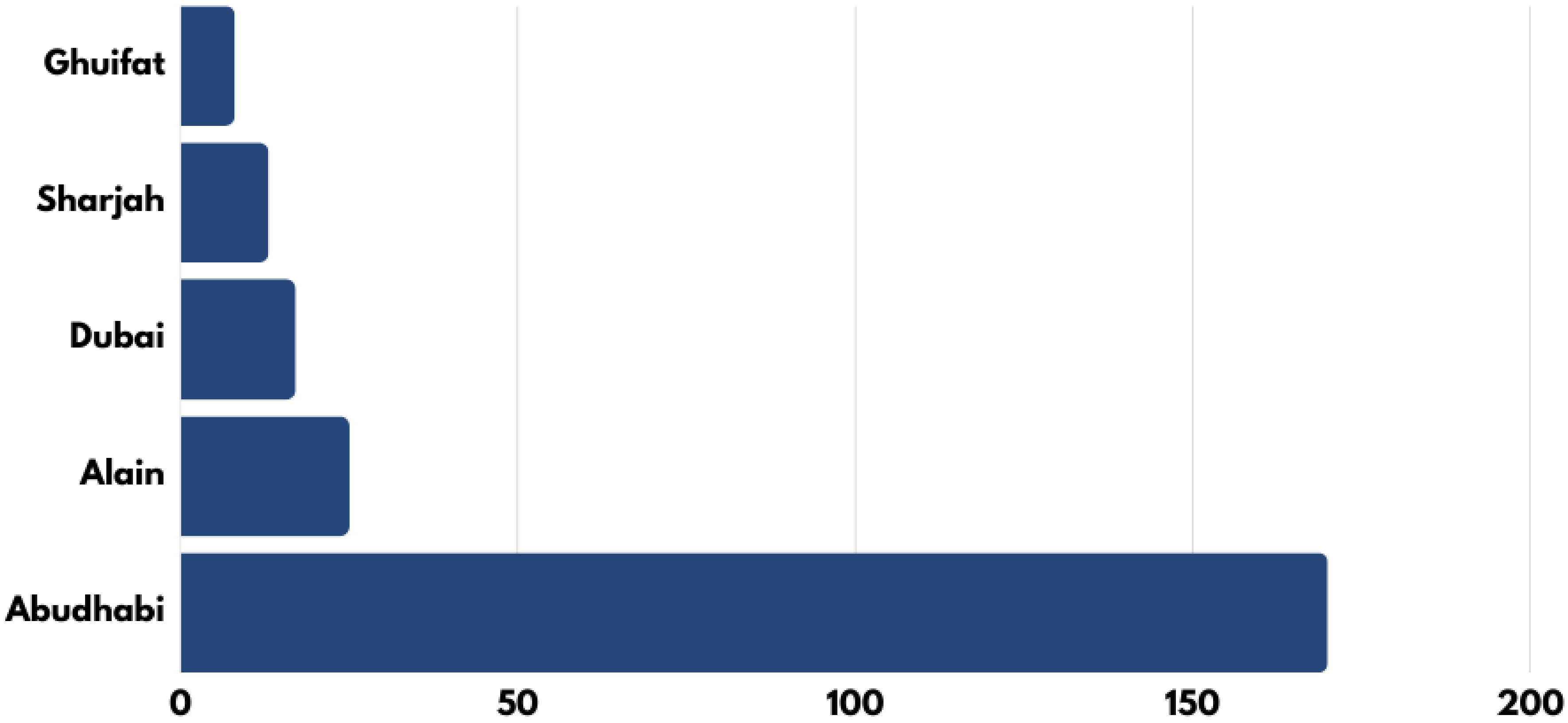
03 The company applies and follows the highest standards in electronic security and data protection in a confidential and effective manner

04 According to the procedures followed, the work environment in the company is now ready to work remotely when needed.

05 Through implementing the electronic systems, the work environment in the company has become compatible with the global trends, especially the adoption of the green environment system and the reduction of paper consumption in order to preserve a clean and sustainable environment

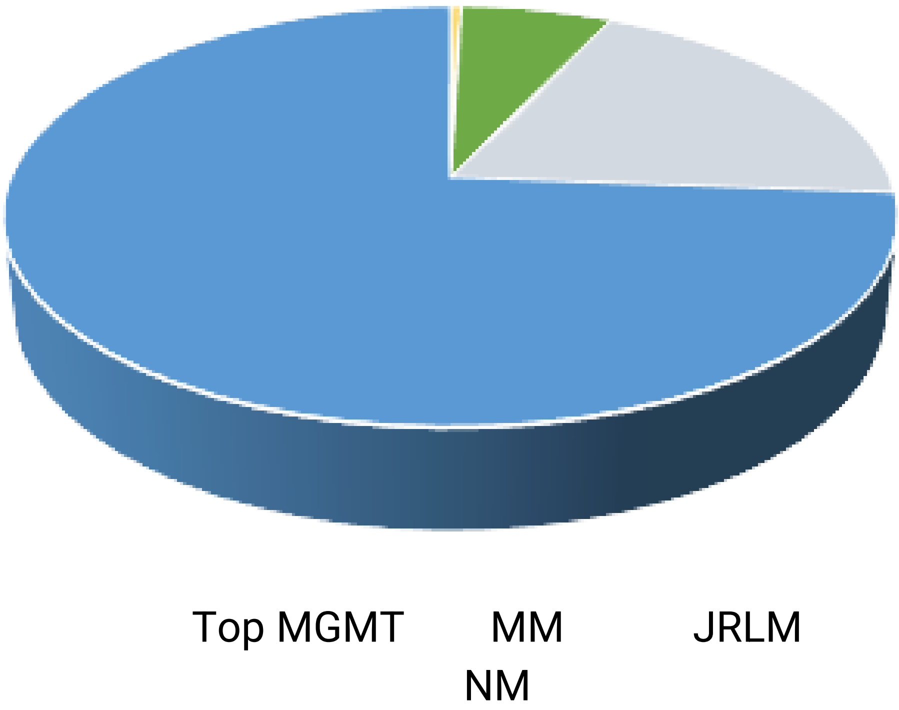
WORK FORCE PROFILE



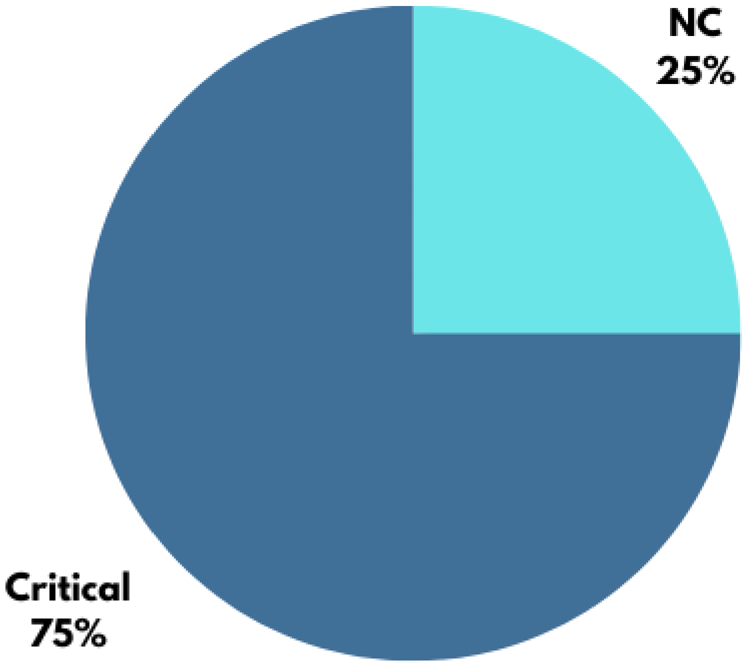


WORK FORCE PROFILE

JOB TYPE



JOB CRITICALITY



EMPLOYEE BENEFITS

COMMITMENT WITH OUR PEOPLE

We believe that our employees are our greatest asset and that by fostering a positive and supportive work environment, we can enable them to reach their full potential. We offer training programs, workshops, and mentorship initiatives to help our employees enhance their skills and knowledge. Additionally, we prioritize the well-being and work-life balance of our employees. We understand that a happy and healthy workforce is more productive and engaged. Therefore, we offer flexible work arrangements. Furthermore, open communication and transparency are integral to our commitment with our employees

TRAINING & DEVELOPMENT

Our T& D policy aims to enhance employee skills and knowledge, promote career growth, and support the overall growth and success of our company and it applies to all employees, of AAA. It covers various aspects of training and development, including orientation, job-specific training, professional development, continuous learning opportunities and training with EIF

Since 1975

AL AIN AHLIA ROLE IN EMIRATIZATION 2020-2021-2022

Emiratization is a strategic initiative that aims to increase the participation of Emiratis in the workforce of the UAE. During the year 2023 we have recruited 23 UAE nationals which brings our UAE national percentage to 26%.

- To implement the Emiratization we at Al Ain Ahlia Insurance Company has always been at the forefront for the development of UAE Nationals by designing, implementing and monitoring efficient talented UAE Nationals for their future development

- There was a drastic improvement in the recruitment of UAE nationals during the year 2022 when compared to 2021 & 2020

- Our company has achieved the Emiratisation rate, of 18 % during the year 2022 and we achieved more than the targeted point given by the Central Bank (reached 148 points out of 141 points) . We also achieved our recruitment point target ie 8 points(recruitment of 8 UAE nationals with Bachelor degree)

Since 1975

TRAININGS AT AL AIN AHLIA INSURANCE

TRAINING PROGRAMS

- As part of its training program, AAIC developed the skills and knowledge of its employees in technical and general areas through in-house training programs or through outside resource providers.
- Furthermore, the Company supports local employees through continuous training and development progress through a tactical human resources development plan

TRAINING OF UAE NATIONALS

- Department / Branch Managers identifies the need of training of UAE nationals based on their recommendation all UAE nationals where send for the training through EIBFS , During the year 2022 all most 95% of UAE national attended various training programs conducted by EIBFS
- One of the UAE national has been nominated by the company to study for ICA certificate in Anti Money Laundering with 12 month Associate Membership

Since 1975

AVERAGE SALARIES BETWEEN MEN AND WOMEN:

The company follows a clear approach to the salary and wages policy on the basis of competence and experience in accordance with unified standards for both men and women.

SOCIAL DIVERSITY BETWEEN THE GENDERS

The company is characterized by the social diversity between the genders and equating the percentage of male or female workers in various senior, medium and ordinary jobs

EMIRATISATION

Emiratisation is a government initiative designed to encourage UAE nationals to work in all sectors including the private sector.

Al Ain Ahlia Insurance is one of the insurance companies in the UAE that is dedicated to the supporting efforts to increase Emiratization rates and working towards in attaining the required ratios as part of Cabinet Resolution No. (5) on the implementation of the Emiratisation Strategy in the insurance and banking industries.

Since 1975

PerformaNCE APPRAISALS

All employees are evaluated by their concerned Managers in a fair and respectful way , as per our policy Performance evaluation provide a valuable opportunity for managers and employees to engage in open and honest discussions about performance. By providing feedback, setting goals, and offering support, managers can help employees grow and achieve their full potential. It is crucial for both parties to maintain a collaborative and constructive mindset throughout the evaluation process

POLICIES AND PROCEDURES

We have a well defined policies and procedures

EMPLOYEE ENGAGEMENT ACTIVITIES

such as: (Volunteer activities, Health Camps, Blood Donations, awareness campaigns, employee wellbeing sessions)

FUNDAMENTALS OF CYBER

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INFORMATION TECHNOLOGY

DATA PRIVACY & ETHICS

Al Ain Ahlia Insurance has 12 important points, which are Data Protection Policies. Maintaining data privacy and ethics in business is essential to protect individuals' rights and trust, comply with regulations, and uphold a positive reputation.

CYBER SECURITY & RISK

Al Ain Ahlia Insurance Maintaining cybersecurity and managing cyber risks are crucial for businesses in the present digital world. We developed the following procedures and methods to lower our cyber security risk in order to manage cybersecurity effectively and reduce risks for our businesses

INFORMATION SECURITY

Al Ain Ahlia Insurance to protect sensitive data, guarantee compliance with laws, and foster trust with consumers, and stakeholders, businesses must maintain information security. we Complete information security policies and procedures that define security standards, guidelines, and best practices have been developed and implemented

TECHNOLOGY ADVANCEMENT

Al Ain Ahlia Insurance For businesses to remain competitive, increase efficiency, and satisfy customer expectations, technology improvement is essential.it is essential to regularly assess and update our technology roadmap in order to maintain innovation and competitiveness

DIGITALIZATION

ESG SUSTAINABILITY 2023

PRODUCT ORIENTATION

DIGITALIZATION

Al Ain Ahlia Insurance adoption and adaptation of digital technologies and tactics on a continuous basis in order to promote innovation, efficiency, and competitiveness is the maintenance of digital transformation in business Maintain the adaptability of our digital transformation strategy to account for shifting business priorities and technological trends.

INNOVATION

Al Ain Ahlia Insurance Maintaining company innovation is critical for being competitive, driving growth, and adjusting to changing market conditions. Develop a well-defined innovation strategy that corresponds with your company goals and objectives and ensure that senior leadership actively supports and advocates innovation activities. Employees have been given the freedom to originate and explore creative ideas.

CUSTOMER'S PRIORITY

Al Ain Ahlia Insurance Maintaining a customer-centric approach in business is crucial for building strong customer relationships, fostering loyalty, and ensuring long-term success. Map out the customer journey to understand their interactions with our business from the first touchpoint to post-purchase, use these metrics to assess the effectiveness of our customer-centric efforts.

ENVIRONMENTAL IMPACT

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE STANDARDS

01 EFFICIENT ENERGY USE

Based on the company's keenness on optimal use of energy and saving consumption in all fields in a manner that would have a good impact on the environment and health, the company, at the level of the General Administration or Branches, replaced lamps and lighting tools with modern types of low consumption, which was reflected in saving the consumption value and energy bills in addition to reducing emissions.

02 WATER CONSERVATION

The company has monitored the water consumption and replaced some water distribution devices with modern types that work on the principle of reducing consumption in a manner that would be positively reflected on the environment and public safety

Since 1975

03 WASTE MANAGEMENT

- We at AAIC are committed to reducing the environmental impact of our waste and effluent management.
- Across all our offices and branches, a comprehensive waste management system has been implemented.

04 PAPERLESS ENVIRONMENTAL AND DIGITALIZATION:

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AAIC recognize that using sustainable forestry paper, recycled paper, or exploring alternative materials can mitigate the impact of paper on the environment if paper is necessary for your business, and the future, technology advancements such as cloud storage, e-signatures, and efficient document management systems will further reduce the need for paper.

05 PROCUREMENT POLICY

AAIC implemented this policy in order to outline the approach and guidelines that should be followed when procuring goods and services, and to ensure that value for money, transparency, and compliance with applicable laws and regulations are met

Since 1975

شركة العين الأهلية للتأمين

Al Ain Ahlia Insurance Co.

Since 1975